An Innovative Work Behavior-Enhancing Employability Model Moderated by Age
a Study in Small and Medium-sized Enterprises

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Introduction
Context and Variables

Small and Medium-sized Enterprises (SMEs) in the Netherlands represent 99% of all enterprises; 68% of the employment (European Commission, 2011).

Role of SMEs stands in stark contrast to the limited understanding of HRM activity within them (see, for instance, Hornsby and Kuratko, 2003; Van der Heijden, 2011).

SMEs have an enormous potential for innovation (Hallberg, 2000; Roth, 2011). When employees are innovative, SMEs are better able to meet the changing demands of their customers.
Introduction
Context and Variables

To achieve a continuous flow of innovations, employees need to be willing and competent to innovate as well (Stoffers and Van der Heijden, 2009, 2014).

According to West and Farr (1989) innovative work behavior is “the intentional creation, introduction and application of new ideas within a work role, group or organization (Janssen, 2000).

Innovative work behavior depends on knowledge, skills, and expertise (Leonard and Sensiper, 1998; Youndt et al., 1996), hence representing employees’ employability (Stoffers and Van der Heijden, 2009, 2014).

Introduction
Context and Variables

Employability can be defined as “the continuously fulfilling, acquiring or creating of work through the optimal use of competences” (Van der Heijde and Van der Heijden, 2006).

The aging workforce and its consequences for employees’ knowledge, skills and expertise (Dychtwald et al., 2006) influences knowledge-based economies and especially innovation.

It is a key theme in socio-economic debates among politicians, scholars, and managers.
Aim of the Study

To establish the predictive validity of employability on innovative work behavior within the context of SMEs. And to empirically validate an innovative work behavior-enhancing model of employability, and examine possible moderating effects of age.

Originality / Value

Several studies already reported relationships between employability and positive work outcomes (De Cuyper et al., 2011; De Vos et al., 2011). However, moderation tests of age - a significant socio-demographic characteristic - on these relationships are rare (see Van der Heijden et al., 2009, for an exception in this regard).
Theoretical Framework: Employee Age and Employability

Through maturation, older employees experience, to a greater or lesser extent, reductions in their capabilities (European Agency for Safety and Health at Work, 2007). However, the impact of these alterations for workers’ employability depends on their specific occupation (Billett, 2011).

Complex mental capacities and expertise in a certain field increase with aging (Baltes and Smith, 1990; Ericsson, 1999).

Hence, employee age and employability relate contradictory, herewith stressing the need for further investigation.

Theoretical Framework: Employee Age and Innovative Work Behavior

Aging and innovation also relate contradictory (Nonaka et al., 2006).

The aging and maturation of knowledge and experience, resulting in wisdom or intelligence, enhances innovative behavior (Glynn, 1996; Nonaka et al., 2006). However, aging and out-dated knowledge can also reduce innovation, and Leonard (1998) referred to these as core rigidities, conservative thinking, and old mental models.
Multi-rater / Multi-source Approach

In this study, a multi-rater approach (self-ratings versus supervisor ratings) was used to better understand the influence of rater source in the association between employability and innovative work behavior.

The validity of self-ratings appears to be greater when employees are aware that ratings are also be given by their supervisors (Mabe and West, 1982).

Prevents the common-method bias (Podsakoff et al., 2003).

Figure 3. Multi-source Approach: an Innovative Work Behavior-Enhancing Model of Employability in SMEs
Hypotheses

By investing in workers’ employability, innovative work behavior is assumed to be nurtured.

Hypothesis 1a:  
Self-rated employability correlates positively with supervisor-rated innovative work behavior.

Hypothesis 1b:  
Supervisor-rated employability correlates positively with self-rated innovative work behavior.

Hypotheses

Employee age may affect employability and innovative work behavior, and given previous contradictory results (see our theoretical framework), we are not able to hypothesize about a direction of the moderation effect.

Hypothesis 2a:  
Employee age moderates the relationship between self-rated employability and supervisor-rated innovative work behavior.

Hypothesis 2b:  
Employee age moderates the relationship between supervisor-rated employability and self-rated innovative work behavior.
Methods

Final sample consisted of 487 pairs (of employees and their immediate supervisors) working in 151 SMEs.

Structural Equation Modeling (SEM) analyses were carried out using the AMOS software package (Arbuckle, 2006).

In order to test the moderating effects of age, we conducted Multi-Group SEM.

Our sample \((N = 487)\) was split into two sub-samples: Employees in the younger age category \((N = 255)\) as opposed to the category of their older counterparts \((N = 232)\).

Dichomatization of Age

A considerable amount of scholars has used the age of 40 as the cut-off because of its consistency with how the Age Discrimination in Employment Act (ADEA) of 1967 defines the “older” worker (Finkelstein and Farrell, 2007; Scidurlo, 2006).

The age of 40 also comprises a threshold as supervisors are less inclined to provide opportunities for training and development at the workplace (see also Boerlijst et al., 1993).

This dichomatization of age has also been argued for and used in other employability research to examine moderation effects (see also Van der Heijden et al., 2009).

Therefore, our first sub-sample consisted of employees under the age of 40, and the second sub-sample included employees who were 40 years of age or older.
Results

Hypotheses 1a and 1b: Relationship between Employability and Innovative Work Behavior
Results suggested that self-rated employability correlates positively with supervisor-rated innovative work behavior, and that supervisor-rated employability correlates positively with self-rated innovative work behavior.

Hypotheses 2a and 2b: Test of the Innovative Work Behavior-Enhancing Employability Model Moderated by Age
Age appeared to have a weak influence on the relationship between employability and innovative work behavior, more specifically, in case of a higher age the relationship was stronger.

Table 1. Results of SEM-analyses:
Standardized Betas of the Innovative Work Behavior-Enhancing Model of Employability

<table>
<thead>
<tr>
<th></th>
<th>Standardized betas (β)</th>
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<tbody>
<tr>
<td></td>
<td>Full Sample</td>
</tr>
<tr>
<td></td>
<td>N = 487</td>
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<tr>
<td>Self-rated employability → Supervisor IWB</td>
<td>.285**</td>
</tr>
<tr>
<td>Supervisor employability → Self-rated IWB</td>
<td>.288**</td>
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</tbody>
</table>

* p < .01, ** p < .001.
Conclusion

For the older workers in particular, attention for employability enhancement is important given its higher predictive validity for innovative work behavior in comparison with the added value for their younger counterparts.

Practical Implications

Supervisors appear to play an essential role in providing an age-friendly working life for employees (Ilmarinen, 2011).

As SMEs often do not employ professionals to manage human resources, supervisors themselves have to carry the responsibility to encourage aging employees to develop themselves enhancing innovative work behavior.

Previous research already indicated that stereotyping of older employees is a broad phenomenon (Boerlijst et al., 1993; Van der Heijden et al., 2009).
Practical Implications

Following a predominantly instrumental style of leadership, instead of people management, supervisors are less inclined to invest in training and development of their older subordinates (Boerlijst et al., 1993).

This while exactly the latter category of employees appears to benefit most from a growth in employability in the light of their innovative work behavior.