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Abstract:

Retirement is characterized as a dynamic process that can designate different outcomes: from early retirement to re-entry to the labour force. Recent studies on the Dutch population show that a substantial number of early retirees re-enter the work force after early retirement. Yet others do not succeed, even though they want to return to the labour force. The question arises as what are the factors that affect managers' likelihood of hiring early retirees. In this study we aim at explaining which individual and organisational characteristics affect managers' decisions. To answer this question, a vignette study among Dutch managers and business students was conducted. Profiles of hypothetical early retirees were presented to the respondents who were asked to make specific employment decisions. The results show that hiring early retirees is of low priority to managers and students, and depends to a large extent on organisational forces such as personnel shortages and the age of the retiree. This study suggests that despite equal opportunities policies, age discrimination is still present on the Dutch labour market.

Key words: early retirees, recruitment, vignette study

Introduction

Retirement used to be characterized as a definite and abrupt exit from the work force after a long working career (Hardy 2002). Recently however, retirement is seen rather as a more gradual and dynamic transition from a working to a non-working life, where deliberate choices are made with respect to timing of retirement and preferred level of occupational activity (Wang *et al.* 2008). This more dynamic process is extended in time and can designate different outcomes: from early retirement or part-time retirement to re-entry in the labour force, depending on the specific regulations that apply (Hardy 2002). Recent studies indicate that a substantial number of early retirees re-enter the work force after early retirement (Henkens, van Dalen and van Solinge 2009). Reasons for retirees to re-enter the labour market are diverse: a need for social contacts and recognition as well as financial needs may play important roles behind the aspiration to remain active on the labour market (Kim and Feldman 2000; Wang *et al.* 2008). While older workers have some agency in whether to retire from work, the prospects of retired workers to return to the labour force are largely determined by employers and the opportunities and constraints they provide within organisations (Henkens, van Dalen and van Solinge 2009). Yet, not much is known about this decision-making process and the factors affecting managers' decisions of re-employment of early retirees. The current study aims to fill this void. The main research question is: *What factor influence managers' decisions concerning the re-employment of early retirees?*

Earlier research conducted among employers about their role in the employment of older workers point out that many employers tend to be biased against older workers (Henkens 2000; Rosen and Jerdee 1976 a, b; Taylor and Walker 1998). Many studies

demonstrate that employers often see older workers as inflexible, unwilling (or unable) to adapt to the changing work environment, less productive and more expensive than their younger colleagues (Chiu *et al.* 2001; Finkelstein and Burke 1998; Lee and Clemons 1985; Loretto, Duncan and White 2000; Rosen and Jerdee 1976; Taylor and Walker 1998). Moreover, McCann and Gilles (2002) suggest that in many organisations a common belief prevails that older workers want to retire as soon as possible. However, the same studies that present negative features of older workers also indicate that older workers are valued for their trustworthiness, specific knowledge and interpersonal skills (Chiu *et al.* 2001; Finkelstein and Burke 1998; Lee and Clemons 1985; Rosen and Jerdee 1976; Taylor and Walker 1998).

While older workers can still be of value to organisations, there is evidence that older unemployed workers and early retirees re-entering the workforce often return to the secondary labour market: jobs of a lower status than jobs held previously and for a limited number of hours (Jorgensen and Taylor 2008; Taylor and Walker 1998). It is not clear to what extent these outcomes reflect the preferences of retirees or are the results of opportunities offered to them by employers. It has been suggested, for instance, that older workers who work part time do so not as a result of free choice but rather because they lack opportunities to work full time; older workers indicate often that they would prefer to increase their labour market participation and work more.

Moreover, a recent study on the Dutch population shows that a substantial number of early retirees failed to regain employment, even though they expressed a wish to re-enter the labour force (Henkens, van Dalen and van Solinge 2009). This calls for an analysis of the factors behind this failure and raises the question: What restrictions do

older workers face on the labour market? The impairment of re-entry of early retirees into the workforce becomes even more important if we consider future labour force shortages: the potential necessity of early retirees to re-entry the labour force requires more insight into the process of their re-employment. Moreover, this aspect has not yet drawn broad attention of the scientific community.

Our study was carried out in the Netherlands. Labour market policies in the Netherlands have been changing substantially over the past years from encouragement of early exit (supported by financially attractive early retirement programs) to encouragement of working longer. The Netherlands is, however, still characterized by a strong early exit culture and low job mobility among older workers (Organisation for Economic Co-operation and Development 2006). Age discrimination is one of the forces that are assumed to be behind these phenomena. A substantial number of retirees consider their transition into retirement as forced and involuntarily (van Solinge and Henkens 2007). Although the government has introduced specific macro-level regulations to combat age discrimination, Koppes *et al.* (2009) show that in the Netherlands age discrimination is still perceived to be substantial: self-reported rates of age discrimination in the category of older workers (55-64 years) are 20 per cent. Over the past years, attempts have been made to increase the labour market participation of older workers. Early exit schemes have been tightened and re-entry of (early) retirees is, in most cases, not restricted by labour force regulations. It is, however, yet to be seen whether employers' decisions align with these macro-level policies.

The current analysis focuses on how different characteristics of retirees and organisations affect the likelihood of re-employment of a given retiree. To investigate

specific employment decisions, a factorial study was designed (Rossi and Anderson 1982). A factorial survey is a method that allows the exploration of actions in context and clarifies people's judgments. Factorial design offers an opportunity to simulate employment decisions regarding early retirees. In the current study, virtual hiring decisions are made by managers working in Dutch companies and by business students (e.g. future managers). This extends previous work in the field of employment decisions towards older workers where students were the primary respondents (e.g. Avolio and Barret 1987). The current study is one of the few studies in which not only business students but also managers are asked to take specific decisions. This focus allows the exploration of differences in how these two groups perceive the ageing labour force and whether they evaluate hiring desirability of early retirees similarly.

The remainder of this article is organised as follows: The next section presents the theoretical background and introduces the hypotheses tested; the section following that discusses methods of data collection and study design. The results of the analysis are then discussed and finally the conclusion is presented at the end.

The determinants of hiring desirability

A basic tenet of organisational theory is that organisations are goal-oriented systems that strive towards profit maximization, continuity and maintenance of a healthy market position (Kalleberg *et al.* 1996). Managers in organisations are supposed to contribute towards these goals by realizing high production levels and low costs, reduced absenteeism, good social relations and maintenance of good sources of knowledge and contacts. Similarly, the achievement of organisational goals depends on the selection of a

qualified staff (Kalleberg *et al.* 1996). Managers are expected to react to organisation workforce shortages by choosing the best candidates from the available pool of applicants. In the selection process, the costs and benefits of hiring different applicants are evaluated. Managers take these decisions under uncertainty, as individual productivity capabilities are not known at the time an employer hires an applicant (Phelps 1972; Spence 1973). Moreover, because workers often change positions over their life course, it is difficult to assess the productivity and skills obtained in different occupations. Managers deal with this uncertainty by evaluating a combination of different observable attributes in assessing the potential productivity of applicants (Phelps 1972; Spence 1973). Successful applicants are thus the ones who are believed to be the most capable of fulfilling assigned tasks. The same mechanism applies to the employment of early retirees. A manager decides to hire an early retiree if he or she is expected to contribute best towards achieving organisational goals.

The decision regarding the hiring of retirees lies in the competences of a manager or supervisor; this choice however, is always embedded in the broader context of a dynamically changing organisation. Macro-level developments (e.g. economic changes, supply of the labour force) influence the choices made by managers. When organisations are shedding jobs as a result of an economic downturn, managers are assumed to assign less priority to hiring retired workers. The employment of retirees may be seen as hampering the work prospects of younger generations and conflicting with existing norms on generational employment equity (van Dalen and Henkens 2002). On the other hand, managers in organisations facing structural labour force shortages may be inclined to hire retirees as a remedy for workforce shortages. The same may apply to

organisations experiencing incidental labour force shortages as hiring retirees may become a solution to short-term demands. Therefore we expect that *managers are more inclined to hire early retirees when the organisation faces labour force shortages rather than when the organisation faces no labour force shortages.*

Moreover, organisations that face incidental labour force shortages may require short-term or project-based support. In such situations, workers with on-call contracts (i.e. project-based or part-time, without commitment of permanent appointment) would be required in particular. There is some evidence suggesting that employers are more prone to offer older workers part-time, flexible positions (Taylor and Walker 2008). Flexibility of working arrangements seems more attractive to organisations as it offers the possibility to respond to organisational needs without the commitment of permanent employment. Consequently, we expect that *managers are more likely to hire retirees who accept on-call contracts than retirees who want a fixed contract.*

In addition to the context of an organisation, employment decision processes involve the evaluation of different observable attributes of applicants. Human capital is one of the most important features considered at the time the employment decision is made (Becker 1975). In line with human capital theory, investments in human capital are mostly made during one's educational career. Additional skills and experience are also built up over a longer period of time during one's work career and have a strong influence on level of productivity (Thurow 1975; Van Eijs and Heijke 2000). This job-specific experience is an important facet that managers weigh in the selection process; as indicated by Thurow (1975), managers evaluate applicants based on potential training cost differences and favour candidates who require less additional training. The costs of

hiring a retiree whose skills and experience are in alignment with the job requirements are significantly lower than the hiring costs of applicants whose skills do not match these requirements. Consequently, we expect that *managers are more likely to hire retirees who apply for a position similar to their previous occupation than retirees with an unrelated employment background.*

Human capital accumulated during one's educational and professional career is an important indicator of an early retiree's potential productivity. By means of investments, one can increase one's own human capital, but once no longer applied, human capital may deteriorate. As indicated by Blanchard and Summers (1986), workers who are unemployed lose the opportunity to maintain and update their skills. By the same token, the human capital of an early retiree may become more and more obsolete the longer they are out of the workforce. Various studies show that employers perceive obsolete skills to go hand in hand with lower productivity (Taylor and Walker 1994, Remery *et al.* 2003). This, in turn, may result in less support for hiring an early retiree. Therefore we expect that *managers are less inclined to hire early retirees who are absent from the labour force for a longer period of time.*

The health of older workers is regarded as an important predictor of retention. Similarly, we assume that when evaluating the desirability of hiring an early retiree, managers are supposed to consider the applicant's health condition. Poor health puts the productivity of the worker at risk and cast doubts about performance continuity. Although research shows that older people are less often absent due to sickness, once ill, they need more time to recover (Gellatly 1995; McCann and Gilles 2003). Also, their illness is likely to be more severe and consequently the length of absenteeism is higher.

As a result, managers may be reluctant to hire retirees whose health condition casts uncertainty about performance continuity. We expect therefore that *managers are more inclined to hire early retirees who are in good health than retirees who are in bad health.*

A not necessarily related characteristic is the age of an early retiree. Although age discrimination is prohibited in the Netherlands, it is well established in the literature that negative stereotypes are associated with increasing age. Older people are deemed to suffer more often from health deterioration, and thought to be less productive and unwilling to get trained (Chui *et al.* 2001; Finkelstein, Burke and Raju 1995; Finkelstein and Burke 1998; Hassel and Perrewe 1995; Henkens 2005; Rosen and Jerdee 1976 a, b; Taylor and Walker 1994, 1998; Warr and Pennington 1993). While there are only a few studies that examine the differences in stereotypes held about workers in their fifties as compared to workers in their early sixties (McGregor and Gray 2002), we assume that negative stereotypes are associated with the increasing age of older workers. Therefore we expect that *managers are more inclined to hire younger early retirees and less inclined to hire older early retirees.*

The last element taken into consideration as a predictor of the propensity to hire a retired worker refers to the perceived disposition of the retiree to re-enter the workforce. The motivation to return to an occupational career, demonstrated by sending an unsolicited application, might be an indication of the retiree's employability and self management (Fugate, Kinicki and Ashforth 2004). This proactive attitude in search of a position that matches the applicants' preferences and skills contradicts the stereotypical image of an older person as being inactive (Chiu *et al.* 2001; Taylor and Walker 1998; Loretto and White 2006; Berger 2009). This, in turn, may positively influence a

manager's attitude towards the hiring of an early retiree. Consequently, we expect that *managers are more likely to hire retirees who send an unsolicited application.*

Methods

To answer the research question posed above, a vignette study was administered to both managers and business students. A vignette study (factorial survey) is a method intended for the investigation of human actions (Ganong and Coleman 2006; Wallander 2009). The basic item of the survey is a vignette—a card with a short description of a situation or a person, generated by combining characteristics randomly manipulated by the researcher (Ganong and Coleman 2006). An important condition for using vignette-style surveys is that the number of characteristics used should remain limited because participants are typically unable to process large amounts of information. If too many dimensions are introduced, it becomes difficult for the participant to visualize the hypothetical person and situation clearly (Rossi and Anderson 1982).

In our study, hypothetical retired job applicants were described in terms of several individual characteristics and the hiring decision was put into a specific organisational context. Each participant was presented with a set of unique vignettes and was asked to make hiring decisions regarding the various hypothetical applicants. By randomly varying the characteristics on the vignettes, it is possible to determine the weight respondents attach to each characteristic.

Participants

The survey among managers and students was conducted in 2009. First, a vignette survey was administered to eight managers who attended the focus group meeting on re-

employment of older workers held in May 2009 at NIDI (the Netherlands Interdisciplinary Demographic Institute; for details see van Dalen *et al.* 2009). Conducting vignette experiments during a focus group meeting is common practice (Beaulieu *et al.* 1999). To increase the number of raters and the potential generalizability of the study, managers from public and private organisations were approached using snowball sampling techniques. Snowball sampling has proved to be a valuable method of data collection for groups that are difficult to reach (Salganik and Heckathorn 2004), as is often the case with managers' samples. In total, 20 managers (12 males, 8 females, M age = 42) took part in the study.

In April 2009, the survey was also administered to business students of Utrecht University. In total, 17 students participated in the study (11 males, 6 females, M age = 21). In the field of personnel psychology, students are often used as respondents (Sears 1986). Although they may lack hands-on experience, business students take courses on personnel management, which prepares them for the role of manager. Furthermore, current business students have been confronted with the problems of an ageing society and prospects of their own extended work careers. Both education and generational experience may influence their judgment regarding the hiring of early retirees. In the current study we intend to compare how younger cohorts of future managers (i.e., the students) view hiring practices relative to older cohorts of supervisors.

Study design

The vignette study examined the factors that affect managers' and students' decisions to hire virtual early retirees. The instruction was as follows:

The general labour force shortages present on the labour market limit prospects for recruiting new workers. Below are various descriptions of early retirees who would like to work for your organisation. Please indicate for each profile, what is the likelihood that you would be willing to hire this person?

The independent variables used in the construction of the vignettes were: *organisational context* (e.g. organisation is facing: structural labour force shortage, incidental labour force shortage, no labour force shortage, need for downsizing); *willingness to accept an on-call appointment* (yes/no); *experience in a similar position* (yes/no); *length of retirement* (retired one month ago, half a year ago, or one and a half years ago); *health condition* (good health/not very good health); *applicant's age* (58, 62 or 65 years old); and, *whether a retiree has sent an unsolicited application* (yes/no)(see Appendix A for an overview of the variables). The number of the unique vignettes (vignette universe) was 576 (i.e. $4 \times 2 \times 2 \times 3 \times 2 \times 3 \times 2$). Contrary to factorial design in which all possible combinations of dimension are evaluated, in a vignette survey only a random selection from the vignette universe is judged by respondents (Wallander 2009). This makes it possible to include a larger number of vignette dimensions and levels in the design, thereby enhancing the resemblance between the real and experimental worlds (Wallander 2009). In our study, each participant received a random sample of 12 vignettes and rated items on an 11-point scale, ranging from 1 (hiring very undesirable/low priority) to 11 (hiring very desirable/high priority). For an example of a vignette, see Appendix B.

Analysis

In a vignette design, a unit of analysis is the vignette (Ganong and Coleman 2006). The total number of observations in this study is 240 for the managers' sample and 204 for the students' sample. We used multivariate regression analysis (OLS) to determine which characteristics play a role in assessing the desirability of hiring older retirees. In order to control for design effect, we adjusted for clustering at the participant level. We applied robust regression analysis, using the SURVEY command in STATA (Stata 2003). Without controlling for design effects, we would be likely to produce standard errors that are much smaller than they should be. In order to test for group differences between managers and students, we used a Chow test of equality between coefficients (Gould 2002). All independent variables used in the analysis were coded as dummy variables. Variables that originally contained three or four categories (e.g. *organisational context*, *age of early retirees* and *length of retirement*) were also transformed into dummy variables representing each category and were included in the analysis with one category serving as a reference category. The dichotomous coding of each level of each predictor through means the magnitude of each observed slope provides meaningful information as to the magnitude of respondents' ratings. Consequently, the weights estimated for each factor included in the analysis are comparable to one another. This applies not only to comparisons between the different characteristics (e.g. weight assigned by managers to experience versus weight assigned to health), but also to the comparisons between managers and business students (i.e., whether managers and business students rate characteristics differently).

Results

Table 1 presents the results of the analyses to explain the propensity to hire retirees. The first column shows the results of the managers' sample and the second column presents the results of the students' sample.

*** Table 1 about here ***

The impact of the organisational context on the hiring decisions of managers is in line with our expectations. Both managers and students are more inclined to hire early retirees if an organisation faces structural labour force shortages, as compared to the reference category (organisation in need of shedding jobs). The desirability of hiring becomes less pronounced in organisations that face incidental labour force shortages but is still positive and significant as compared to the reference category. The context of institutions that face no labour force shortages or are in need of shedding jobs does not affect managers' and students' decisions significantly. In other words, the hiring of older retirees is most likely to occur in a situation when organisations face structural or, to a lesser extent, incidental labour force shortages.

With respect to retirees' willingness to accept on-call contracts, we see a discrepancy between evaluations made by managers and by students. Whether a retiree is willing to accept on-call contracts does not affect a manager's decision-making process significantly. Students however, are more inclined to hire retirees who are willing to work according to a more flexible scheme.

The applicants' human capital is of great importance for retirees' chances for re-employment. Managers are more inclined to recruit early retirees who have experience in

a position similar to the ones to which the retirees apply. Also among students, experience of the retiree plays an important role in the assessment of hiring desirability.

While human capital accumulated during the professional career increases managers' interest for re-employment of retirees, its potential decline connected to longer absence from the labour force diminishes hiring desirability. Managers' propensity to hire retirees is not affected by a retiree's absence of half a year as compared to absence for a month. Yet, we find that managers are much less likely to hire somebody who has been absent for more than one and a half years (as compared to the reference category). A similar pattern holds for the student sample.

With regard to early retirees' health condition, our results confirm that managers are more inclined to hire early retirees who enjoy good health. A similar pattern holds for students. In fact, health condition was found to be the most important characteristic affecting the hiring decisions of business students.

Furthermore, we investigated how the age of early retirees would affect managers' and students' support for their re-employment. In line with our hypothesis, higher age proves to be negatively related to managers' and students' willingness to hire early retirees. Managers are much less inclined to hire a retiree at the age of 62 as compared to a retiree who is 58 years old (the reference category). Retirees at the age of 65 obtained the lowest score, in both managers' and students' samples. While this pattern is similar in both samples, the respective scores show that managers are more negative towards hiring the eldest early retirees.

The last aspect that we took into consideration in our study was the perceived disposition of retirees to re-enter the workforce. The result of our analysis confirms our

hypothesis: both managers and students are more inclined to hire an early retiree who has sent an unsolicited application. Although all vignettes presented profiles of applicants motivated to return to the labour force, the raters were more likely to select those who took additional action to gain employment. In other words, this extra activity on the part of early retirees paid off.

Hiring desirability

To illustrate what priority managers assign to the hiring of early retirees under different organisational conditions, hiring desirability scores for different groups of applicants were calculated. Based on the employability of applicants (e.g. capability of a person to gain employment, maintain it or obtain new employment; Fugate, Kinicki and Ashforth 2004), we distinguished three categories: applicants characterised by high, moderate and low employability. Employability of early retirees was defined by the characteristics included in the vignettes. A retiree with *high employability* was identified as an applicant who has experience in a similar position, retired a month ago, is healthy, is 58 years old, and has sent an unsolicited application. *Moderate employability* referred to an applicant who has experience in a similar position, retired half a year ago, is healthy, is 62 years old, and has sent an unsolicited application. *Low employability* described an applicant who does not have experience in a similar position, retired one and a half years ago, is healthy, is 65 years old, and has sent an unsolicited application. The scores for each category of retirees were computed and are presented in Table 2.

Remarkably, in general, the hiring of retirees has a low priority for managers. Even in the most beneficial conditions, if we consider a retiree with all characteristics in

favour of re-employment (e.g. highly employable; see Appendix B for an example), in an organisation facing structural labour force shortages, the overall score is 6.6 on a scale of 1 to 11. This score is almost of a neutral value. For each retiree whose profile differs, the scores representing the desirability for hiring drop, being the lowest for the applicants who are characterized by low employability, indicating that re-entry becomes undesirable or very undesirable. We also observed that virtually identical scores are assigned to respective categories of applicants in organisations facing *no labour force shortages* and *need for downsizing*.

Differences between managers and students

The results of the vignette study show that when making decisions about the desirability of hiring of retirees, managers and business students evaluated similar factors in the same way but the weight assigned to those factors might differ. The questions that we address here is whether business students differ significantly from managers in their assessments and the extent to which there are significant differences among the various vignette characteristics.

In order to answer these questions we tested whether regression coefficients for the various characteristics significantly differed from one another using the Chow test (Gould 2002). Interestingly, managers do not attach as much importance to the health status of retired applicants as business students do (managers $B = 0.56$, students $B = 1.59$, $F(1, 420) = 11.19$, $p < 0.001$). In fact, the retiree's health condition is the most important factor affecting students' evaluations of hiring desirability. Other factors related to

individual and organisational attributes do not differ significantly, indicating that fairly consistent weights were assigned to these factors by managers and business students.

Discussion and Conclusions

In the present study, we investigated the factors affecting decisions to recruit early retirees. The research question we posed was: what are the factors influencing managers' decisions of re-employment of early retirees? A vignette survey was used to collect data on the hiring decisions of managers and business students. In the vignette survey, profiles of hypothetical retirees were presented to the participants who accordingly made recruitment decisions. In our analysis, we focused on the impact of organisational labour force shortages and various characteristics of potential applicants on managers' propensity to hire early retirees. Multivariate regression tools for clustered data are applied to analyse the data and the weights assigned to each factor are assessed.

Our analysis shows that managers' employment decisions concerning early retirees are affected by the organisational context. Managers in organisations facing structural or incidental labour force shortages are more inclined to hire early retirees, while this issue is not at all present in the thinking of managers in other organisations. The results suggest that re-employment comes only into the picture, once organisations face problems with recruiting new staff. This result supports evidence from earlier research regarding the hiring of older workers; Remery *et al.* (2003) suggest that although Dutch managers do not actively recruit older workers, a significant share should consider doing so in the case of labour force shortages, because other sources of employees will run dry in the near future. Our results imply that while labour force shortages may be

beneficial to early retirees' employment prospects, their chances for re-employment are low when labour force supply is sufficient and positions could be filled by younger applicants.

Considering the individual characteristics of applicants, we find that experience in a position similar to the one a retiree is applying for increases the retiree's chances for re-employment. While this aspect contributes significantly to managers' support of re-employment, there is also the other side of this coin; if managers highly value existing specific human capital, they may be less prone to employ retirees in different positions or in a different sector. This suggests that the opportunity structure available for retirees is contingent on earlier work experience and moreover, that access to other occupations is limited.

With respect to the age of retirees, our study clearly shows that despite anti-discrimination policies, managers still consider age as an important aspect in their assessment of applicants. Managers are much less inclined to employ older early retirees as compared to their younger counterparts. These results put complaints by employees regarding age discrimination into a different perspective. As shown by Koppes *et al.* (2009), older workers often indicate they are subject to age-related discrimination. Also, applicants perceive the selection process to be affected by age discrimination (Berger 2009). Our results suggest, that these complains of older workers may reflect actual situation of the organizations. As such, this indicates that there may be a discrepancy between official public policies and actual practices applied in the organisations.

The influence of perceived attitudes of retirees towards re-employment—represented by sending an unsolicited application—is also found to be substantial. As

illustrated in a recent study of Henkens, van Dalen and van Solinge (2009), a worker's perceived motivation to retire was an important weight in managers' decisions of whether to retain them or, on the contrary, to advocate their early retirement. In a similar vein, Sterns and Kaplan (2003) emphasise the importance of skills maintenance for the employment success of older workers. The prominence of retirees' self management is also evident in our study as it sways managers to consider hiring retirees. This result suggests that managers value applicants whose appearance may promise continuous employability. Moreover, this result implies a more active role of retirees in the re-employment process; their employment chances may be to a greater extent influenced by their own circumstances rather than only being determined by managers.

Moreover, managers' and students' decisions regarding early retirees clearly show that length of absence is important. The results suggest that only a short absence is permitted; a longer absence brings risk of punishment. This implies that early retirees who are not able to regain employment soon after taking an early retirement scheme may be at risk of exclusion from the labour force in the future.

Yet, another issue addressed in the paper refers to the differences in how two cohorts, managers and business students (e.g. future managers), assess the desirability of hiring early retirees. We find that manager and business students, while assessing hiring desirability, differ only with respect to the weight they assign to health of retirees. With respect to other factors no significant differences are found. This result implies that despite the lack of hands on experience, students make similar judgment as their older, more experienced colleagues.

We conclude with some remarks on the research method used. As is true of studies conducted in laboratory settings, the factorial survey method has the advantage of researcher control over the various levels of independent variables. Factorial surveys are very suitable to investigate issues that are difficult to examine because they are rare or involve complex considerations. A clear advantage of this method is that a relatively small number of respondents create a large data set suitable for the analyses of a complex decision making process (Ganong and Coleman 2006, Wallander 2009).

However, the method used here also has some disadvantages. The major limitation of the method is the fact that respondents are asked to assess a hypothetical situation. As a result, participants may be inclined to act differently than they would have in a real-life situation. Another restriction relates to the relatively small number of participants, which does not allow the incorporation of participants' characteristics (e.g. gender, age), as well as attributes of their companies. Further research combining a large scale survey and a vignette study would provide more possibilities to disentangle the different aspects of the process described. This design, with a considerably larger sample of the managers, would permit the application of multilevel modelling and consequently would answer the research question more adequately.

The results of our analysis show that early retirees are not received with open arms into organisations; in the best case scenario managers are moderately positive about hiring them. In other cases the likelihood of hiring early retirees is relatively low. This is an important observation in view of the changing dynamics of retirement in the Netherlands. As indicated before, retirement is a dynamic process where changing transition patterns, labour force exits and returns depend largely on managerial support.

Our study demonstrates that managers hinder this dynamic, restricting the re-employment chances of the population around retirement age.

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Appendix A. A Description of Vignette Characteristics.

Situation:

Organisational Context	0	Structural labour force shortage
	1	One-time labour force shortage
	2	No labour force shortage
	3	Need of downsizing

Applicant:

Age	0	58 years old
	1	62 years old
	2	65 years old
Experience In Similar Position	0	Yes
	1	No
Willing to Accept a Flexible Appointment	0	Yes
	1	No
Sent an Unsolicited Application	0	Yes
	1	No
Health	0	Healthy
	1	Not very healthy
Retired	0	A month ago
	1	Half a year ago
	2	One and a half years ago

Appendix B. An Example of a Vignette Used in the Study

The general labour force shortages present on the labour market limit prospects for recruiting new workers. Below are various descriptions of early retirees who would like to work for your organisation. Please indicate for each profile, what is the likelihood that you would be willing to hire this person?

Vignette number 5	
Situation:	
Organisational context	Structural labour force shortage
Applicant:	
Age	58 years old
Experience in similar position	Yes
Willing to take a flexible appointment	Yes
Sent an unsolicited application	Yes
Health	Healthy
Retired	A month ago

What is the likelihood that you would be willing to hire this person?

1	2	3	4	5	6	7	8	9	10	11
Hiring very undesirable			Neutral				Hiring very desirable			

Table 1. Multivariate Regression Analysis of the Impact of Organisational and Individual Characteristics on the Hiring Chances of Early Retiree Applicants

	Managers		Business Students		Difference between coefficients
	B	t	B	t	
Constant	2.24***	6.68	2.85***	8.72	
Organisational context					
Structural Labour Force Shortage	1.88***	5.48	1.53***	4.14	ns
Incidental Labour Force Shortage	1.30**	2.77	1.44**	3.06	ns
No Labour Force Shortage	0.06	0.21	.72	1.85	ns
Need for Downsizing- reference category					
Applicants characteristics					
Flexible Appointment ^a	0.23	0.92	0.75**	3.23	ns
Experience in Similar Position ^a	1.76***	5.18	1.17***	5.50	ns
Retired					
A month ago – reference cat.					
Half a year ago	-0.21	-0.75	-0.33	-1.51	ns
One and a half years ago	-0.80**	-3.10	-0.47*	-2.32	ns
Health ^b	0.56*	2.01	1.59***	10.93	** p< 0.01
Age					
58 years old – reference cat.					
62 years old	-0.71**	-2.76	-0.67**	-2.43	ns
65 years old	-1.54***	-6.71	-0.95***	-4.77	ns
Sent Unsolicited Application ^a	0.59*	2.16	0.62**	3.33	ns
R-squared	0.417		0.450		
N	240		204		

*** p< 0.001, ** p< 0.01, * p< 0.05

^a 1= Yes; 0=No; ^b 1= Good health; 0= Not very good health

Table 2. Hiring desirability of different categories of early retirees- managers' scores.

Organisation	Applicant's employability		
	High	Moderate	Low
Structural labour force shortages	6.6	6.0	3.0
Incidental labour force shortages	6.5	5.5	2.4
No labour force shortages	5.2	4.3	1.1
Need for downsizing	5.3	4.5	1.0