



**Netspar**

Network for Studies on Pensions, Aging and Retirement

Wieteke Conen

Kène Henkens

Joop Schippers

## **Are Employers Changing Their Behavior Toward Older Workers?**

**Discussion Paper 03/2010 - 021**

March, 2010

## **Are Employers Changing Their Behavior Toward Older Workers?**

### *An analysis of employers' surveys 2000-2009*

Wieteke Conen<sup>1</sup>, Kène Henkens<sup>1,3</sup> and Joop Schippers<sup>2</sup>

Drs. W.S. Conen, Netherlands Interdisciplinary Demographic Institute (NIDI), P.O. Box 11650, NL-2502 AR The Hague, The Netherlands. Email: [Conen@nidi.nl](mailto:Conen@nidi.nl), telephone: ++ 31 70 3565 261, fax: ++ 31 70 364 7187.

Corresponding author

Professor K. Henkens, Netherlands Interdisciplinary Demographic Institute (NIDI), P.O. Box 11650, NL-2502 AR The Hague, The Netherlands. Department of Sociology, Tilburg University. Email: [Henkens@nidi.nl](mailto:Henkens@nidi.nl), telephone: ++ 31 70 3565 235, fax: ++ 31 70 364 7187

Professor J.J. Schippers, Utrecht University, Faculty of Law, Economics and Governance, Janskerkhof 12, 3512 BL, Utrecht, The Netherlands. Email: [J.J.Schippers@uu.nl](mailto:J.J.Schippers@uu.nl), telephone: ++31 30 253 7116, fax: ++ 31 30 253 7373

<sup>1</sup> Drs. W.S. Conen and Prof. K. Henkens, Netherlands Interdisciplinary Demographic Institute (NIDI), The Hague

<sup>2</sup> Professor J.J. Schippers, Utrecht University, Faculty of Law, Economics and Governance.

<sup>3</sup> Professor K. Henkens, Tilburg University, Faculty of Social and Behavioural Sciences.

This research is funded by the EU Seventh Framework Programme (FP7/2007-2013) under grant FP7-216289 (ASPA).

**Are Employers Changing Their Behavior Toward Older Workers? *An analysis of employers' surveys 2000-2009***

**ABSTRACT**

This paper addresses possible changes in Dutch employers' behavior regarding the recruitment and retention of older workers during the last decade. We analyze surveys administered to Dutch employers in 2000, 2002, 2005, 2008 and 2009. The results show that efforts to recruit older workers are changing congruous with the economic climate, whilst retention behavior shows a clear and rather gradual time effect. We conclude that the position of older workers has improved between 2000 and 2008 and has done so in comparison with other underrepresented groups in the labor market. During the recession, recruitment of older workers declined substantially, while efforts to retain older workers are in both absolute and relative terms higher than in 2000. With respect to organizational policies, we conclude that throughout the period under observation these policies are dominated by measures that "spare" older workers.

**KEYWORDS** *Older workers, aging, employers' behavior, recruitment, retention, organizational policies*

## Introduction

Raising the participation levels of older workers is one of the key objectives of policymakers in most Western countries (OECD, 2001). However, macro-economic targets for increasing participation and increasing older people's working life are unlikely to be met without employers' active support. There is still limited insight into how employers are behaving toward older workers, whether this behavior is subject to change and whether it is in line with those macro-level policies aimed at extending the working life (European Commission, 2004, 2005). Earlier research among employers, carried out in the United States and several European countries, shows that there is often a lack of corporate focus on older employees; this is reflected in an absence of programs to retain and retrain them (Barth, McNaught & Rizzi, 1993; Chiu, Chan, Snape & Redman, 2001; Guillemard, Taylor & Walker, 1996; Henkens, 2005; Taylor & Walker, 1998; Van Dalen, Henkens & Schippers, 2009). Furthermore, micro- and meso-level actors, including employers and employees themselves, seem to hold a double standard toward increasing the number of older workers and postponing retirement; while agreeing that working longer may well become necessary in the future, workers and employers still do not think it will apply to them individually (Van Dalen, Henkens & Schippers, 2009). This situation raises several questions. Are employers responsive to all kinds of "management by speech" from public officials and becoming more aware of the challenges ahead? And—an even more interesting question—do they behave accordingly? After all, Vickerstaff, Cox and Keen (2003) have concluded earlier that any significant change in retirement behavior will come primarily from policy modifications initiated and undertaken by employers. This paper examines the behavior of employers in retaining and recruiting older workers and will address three main questions:

- Viewed over the last decade, does employers' retention and recruitment behavior toward older workers show any major changes?

- Has the relative position of older workers in the “job queue”, as compared to other underrepresented groups in the labor market, been changing over the last decade?

The “job queue” (Thurow, 1975) refers to the idea of employers—who are in the process of recruitment and selection—ranking potential employees and placing them in a fictitious order of preference.

- Have organizational policies regarding older workers been changing over the last decade?

In order to answer these questions we analyze the results of independent surveys among Dutch employers carried out in 2000, 2002, 2005, 2008 and 2009. In this paper we make a distinction between two elements of a time effect: (1) a *trend effect* or *structural effect* and (2) a *business cycle effect*. The first effect refers to a trend, or structural change, in the time period under observation. This trend effect indicates a fundamental change from the point of reference in a positive or negative direction. The second effect refers to an effect caused by changes in the business cycle. In our case it means e.g. that when the demand for workers changes, the demand for older workers changes along.

## Policy Context

### *Reversing the Exit Culture: Blocking Pathways Out of the Labor Market*

Since the 1980s, the mobility of older workers has been dominated by exit mobility in the Netherlands. The three most important pathways out of the labor market have been early retirement, disability and unemployment. From the 1990s onwards the Dutch Government has concentrated on reversing the exit culture by blocking those exit routes. The first route the Government attempted to close was the disability route; a route that was frequently used by employers to lay off workers. The measures taken have resulted in a strong decline in the inflow of workers into disability arrangements.

But the three pathways out of the labor market are not independent: closing one road results in more use of the other roads (Van Imhoff and Henkens, 1998). That is why in recent years the Government - in its attempts to increase older workers' labor force participation - has also directed its attention to the other two exit routes: early retirement and unemployment schemes. Voluntary early retirement schemes, based on pay as you go funding, have been transformed into actuarially neutral pre-pension schemes on a capital funded basis and early retirement was further restricted by a new law in 2006. Both adjustments make it financially more attractive for older workers to prolong working life. Blocking unemployment schemes was addressed by reducing the maximum period of unemployment benefit entitlement and tightening rules on eligibility criteria.

Currently, the Dutch Government is considering additional measures to reverse the exit culture. In 2009 plans have been launched to raise the public pension age from 65 to 67 in about 2025. The way this increase will be realized (gradually, stepwise or with a 'big bang') is still under discussion.

#### *Age Discrimination Legislation*

Age discrimination is one of the forces behind the phenomenon of the Dutch 'early exit culture'. Koppes et al. (2009) show that in the Netherlands age discrimination is perceived to be substantial: self-reported rates of age discrimination in the category of older workers (55-64 years) are 20%. Just like in other European countries, age discrimination laws in the Netherlands are of fairly recent date. In 2004, the government introduces specific regulation to combat age discrimination by enacting the Age Discrimination in Employment Act. This act prohibits discrimination based on age or behaviors which are the result of the difference in age in the field of labor. The act applies to filling vacancies, employment-finding and the beginning or ending of labor relations. Someone who presumes to be a victim of age discrimination can request the Dutch Equal Treatment Commission to start an inquiry. The

Dutch Equal Treatment Commission reports that about one quarter to one third of discrimination complaints refers to cases of age discrimination (Equal Treatment Commission, 2007).

#### *Trends in Participation and Unemployment Rates*

Looking at participation rates of adults aged between 55 and 64 over the years (see Figure 1), policy makers might conclude that these rates gradually move into the “right” direction. In 2001, the European Council defined a target for raising the average labor force participation of adults aged between 55 and 64 to 50% by 2010 (European Council, 2001). Although the participation rate of Dutch workers aged 55 to 64 has increased substantially in recent years, with 47% in 2009 it is still below the target set.

Over the last decade, there has been both expansion and contraction in the Dutch labor market as is reflected in fluctuations of the overall unemployment rate (see Figure 2). The period 2000 to 2005 was marked by growing unemployment, while 2005 to 2008 was a period of sharp contraction. In 2008, the unemployment rate was at a similar level as in 2000. Since the beginning of the economic downturn in the second quarter of 2008, unemployment rates have been rising again.

Particularly when economic prospects are weak, older workers find themselves in a vulnerable position. Note in Figure 2 that the unemployment rate of older workers remains relatively high for several years after the “general” peak in 2005. This seems to underscore the idea that when there is enough “other fish in the pond” older workers are among the last in line in the “job queue”. Thus, their position still remains precarious during the period after an economic downturn, when younger workers already benefit from job growth.

The time frame of 2000 to 2009 thus provides us with the opportunity to analyze whether employers’ behavior toward older workers is affected by labor market fluctuations and corresponding perceived labor shortages, or whether there is a more constant time effect.

## Theoretical Background

### *Rational Organizations and Aging*

A basic tenet of organizational theory is that organizations are goal-oriented systems that strive for profit maximization, continuity and a healthy market position (Kalleberg, Knoke, Marsden, & Speath, 1996). These objectives could be described as basic organizational goals. Employers' behavior toward older workers is assumed to be dependent on older workers contribution in achieving these goals given the restriction that organizations face. One organizational characteristic that may influence employers' behavior toward older workers is the skill level required to do a job properly. Assuming that highly educated and experienced workers are better equipped to acquire skills and prevent their knowledge from becoming obsolete, we hypothesize that organizations that rely more heavily on high skilled workers are more likely to recruit and retain older employees than organizations relying more on low skilled workers (*human capital hypothesis*).

The decision to retain or recruit older workers is made within the context of the broader organization. This is not a static context, but rather one that is dynamically changing. Macro-level developments, such as economic changes, influence the choices made by managers. When organizations are shedding jobs as a result of an economic downturn or a declining demand for output, managers will be more pressured to implement cost-savings measures than in a favourable economic climate. We predict that perceived labor shortages will increase the likelihood of recruitment or retention of older workers (*business cycle hypothesis*).

### *Institutional Isomorphism*

The larger cultural and political contexts in which employers operate, or more general the "institutional surroundings", may play an important role in how employers behave toward

older workers. In the theory of DiMaggio and Powell (1983) the notion of “institutional isomorphism” (literally: taking on the same form or structure as another organism) identifies three mechanisms through which institutional change occurs: coercive, mimetic and normative institutional isomorphism. Coercive institutional isomorphism stems from political influence and concerns the pressure exerted, either formally or informally, by other organizations, society’s expectations or by the government. Mimetic isomorphism results from standard responses to uncertainty and concerns the imitation of practices of other organizations. Normative isomorphism results from managers going to the same university or school, reading the same journals, going to the same conferences and picking up the same ideas about what an organization should be like; it concerns the professionalization of the organization.

As stated before, during the last decade policy makers have preached the necessity to reverse the exit culture. Besides the more formal pressure we discussed in the political context, management by speech may also be interpreted as the kind of pressure that results in coercive institutional isomorphism. For example, in 2001, the Dutch Government installed the “Taskforce on Older People and Employment” and in 2005 the coordinating group “Grey Works.” These initiatives relied to a large extent on management by speech; by giving lectures, calling work committees, advertising and informing the press on topics they aimed at improving the employment prospects of older adults. A growing awareness of the aging process may have changed behavior of employers in a positive direction, so that employers are gradually more likely to recruit and retain older employees within their organizations. In case a time effect persists to exist even if controlled for business cycle fluctuations this indicates a trend or structural effect. We hypothesize that, corrected for business cycle effects, over the time period 2000-2009 employers have increasingly recruited and retained older employees (*trend effect hypothesis*).

## Methods

## *Data*

The research questions will be answered using data from comparative surveys carried out independently among Dutch employers in the years 2000, 2002, 2005, 2008 and 2009. The questionnaires used in each of the five years contained similar questions on recruitment and retention measures, personnel policies and features of the organization. The names and addresses of the private-sector organizations were taken from samples drawn from the trade register of the Chamber of Commerce. To include public-sector organizations, questionnaires were sent to organizations active in public administration and in the health and welfare sector. All questionnaires were sent by postal mail.

The total number of completed questionnaires amounts to 4,386, of which 1,016 are from 2000, 1,054 from 2002, 597 from 2005, 674 from 2008 and 1045 from 2009. The total response rate ranged from 15 to 36% (see Appendix A), which is lower than the average response rate for individual surveys but in line with the rate generally found in corporate surveys. In Europe and the United States, response rates have been found to be 20 to 30% at most (see Brewster, Hegewisch, Mayne & Tregaskis, 1994; Kalleberg, Knoke, Marsden & Spaeth, 1996). For the purpose of this study we used 2,833 questionnaires completed by a board member/managing director (29%), the owner (17%), a plant manager (7%), or the head of the human resources department (48%). In appendix A these respondents are referred to as 'executives'. All relevant data has been merged to obtain a pooled cross section data set.

Appendix A shows that data collection covered all sectors of the Dutch economy. Comparison with information from Statistics Netherlands revealed that the data are not representative for the sector distribution in each year. This has been corrected for by taking "sector" into account in the regression analyses and by attaching weights according to the population of organizations from Statistics Netherlands in the presentation of cross tabulations.

### *Variables and analyses*

A pooled cross section data set was used for the analyses. To answer the first research question, we performed multivariate logistic regression to analyze employers' behavior toward older workers over the last decade. The dependent variable on retention behavior was operationalized by asking respondents whether they encouraged workers to continue working until they reach the age of 65 ("1" currently applied, "0" not applied). Recruitment behavior was operationalized by asking whether employers recruited older workers ("1" currently applied, "0" not applied). 'Older workers' were defined in the questionnaire as 'workers aged 50 years and older'. Descriptive statistics of the variables used in the analyses are presented in table 1.

In our models, the trend effect and business cycle effect are separated in order to examine whether a possible time effect is either cyclical or structural in nature. For the trend effect we constructed year dummies. To account for business cycle effects we included two variables: on size changes and experienced labor shortages. The organizations' demand for labor is related to growth or contraction of the organization. This is captured in the question of whether the number of employees changed in the last few years ("1" Yes, it grew, "2" No, it stayed (more or less) the same, "3" Yes, it contracted). Whether this demand for labor is being met is influenced by the external labor market. The degree of personnel shortages experienced was measured by asking respondents to what extent they encountered problems finding staff ("1" with a relatively large number of positions, "2" with some positions, "3" hardly ever).

To test the human capital hypothesis we included a breakdown of the workforce by level of education ("1" predominantly low skilled, "2" predominantly medium skilled, "3" predominantly high skilled, "4" equally distributed).

In addition, employment prospects of older workers may differ according to organizational settings (e.g. size, sector and gender or age composition) and personal attributes of the employers or manager (Henkens, 2005). The control variables on organizational characteristics and characteristics of the respondent were assessed using six variables. To control for sector differences, respondents were given a list of industrial sectors defined by Eurostat (1990) and were asked to indicate the sector in which their own organization operated. We categorized the sectors into “industry and construction,” “services” and “public sector.” Furthermore, respondents were asked for the number of male, female and total number of employees; the share of female employees and the size of the organization were derived from these questions. Fourth, the share of older workers aged “50 and older” was categorized in 2000 (“1” no older workers, “2” 1-9%, “3” 10-19%, “4” 20-29%, “5” 30% or more of workers over 50). For the years 2002, 2005, 2008 and 2009, when the “share of older workers aged 50 and older” was a continuous variable, the number was recoded to the same categories. This variable has been transformed into a series of dummies. To account for possible differences in personal employers attributes, we included age and sex as control variables in the analysis (“1” male, “0” female).

To answer the second research question we examined the relative position in the job queue. This position was derived from the behavior toward older workers as compared to other underrepresented groups in the Dutch labor market. Behavior toward older workers was derived from the question of whether the organization encouraged workers to continue working until they reach the age of 65 and whether employers recruited older workers (“1” currently applied, “0” not applied). The behavior toward other eminent underrepresented groups is measured by asking whether employers recruited women, non-natives and disabled or partially disabled people (“1” currently applied, “0” not applied).

To answer the third research question of whether organizational policies regarding older workers have been changing over the last decade, we measured policies aimed specifically at older workers. The questionnaires included several policy measures regarding older workers, including measures aimed at adjusting tasks and capabilities, enhancing work-leisure trade-off and measures aimed at over fatigue prevention (“1” currently applied, “0” not applied). The list of policy measures was based on an earlier study into age-conscious personnel policies in organizations (SZW, 1991).

## Results

### *Retention and Recruitment Behavior*

In Table 2, the results are presented of multivariate logistic regression analyses, to explain employers’ retention and recruitment behavior toward older workers over the last decade. The odds ratio represents the ratio of the probability that employers retain or recruit older workers to the probability they will not. The depicted odds ratio is a way of comparing whether the probability of a certain event is the same for different groups.

With respect to retention of older workers, the results show that organizations with a predominantly highly skilled staff are more inclined to retain older workers. This is in line with what one would expect from our human capital hypothesis (*hypothesis: organizations that rely more heavily on high skilled workers are more likely to recruit and retain older employees than organizations relying more on low skilled workers*). With respect to the recruitment of older workers, the human capital hypothesis is not supported.

Furthermore, the findings show that personnel growth in the recent past positively affect efforts in recruiting older employees and that the degree of personnel shortages experienced positively influence retention and recruitment behavior. In other words, the business cycle hypothesis is supported for both recruitment and retention (*hypothesis: labor shortages will increase the likelihood of recruitment or retention of older workers*).

Additionally, it is noteworthy that despite the fact that the unemployment rate rises during the period 2000-2005, the efforts to retain older workers are not negatively affected. In 2008, the results show a significant increase in employers' behavior aimed at retaining older workers. In 2009, although less significant than in 2008, employers still are more likely to retain older workers as compared to the year 2000. So, the data show a trend effect with employers being more supportive toward later retirement in their organization. For recruitment, the results show that during the time period 2000-2005, efforts to recruit older workers declined significantly. In 2008, when the external labor market contracted, the results show an increase in efforts made by employers to recruit older workers. In 2009, efforts to recruit older workers declined significantly again. Overall, recruitment behavior aimed at employing older workers seems to 'breathe' in accordance with the economic climate and there seems to be no clear trend effect, indicating that employers in the Netherlands are becoming more inclined to recruit older workers. The trend effect hypothesis is thus only supported in case of the retention of older workers (*hypothesis: over the time period 2000-2009 employers have increasingly recruited and retained older employees*).

Besides, the results show that a higher share of workers over 50 years of age has a positive impact on employers' recruitment and retention of older workers. Finally, the results show that employers in 'industry and construction' and in 'services' are more inclined to recruit older workers than employers in the public sector.

#### *Relative Position of Underrepresented Categories*

Employers may take different measures to deal with personnel shortages. In times when demand is high and the labor supply pool is "drying up," employers will become more creative and diverse in their actions to fill vacancies (cf. Henkens et al., 2005). A number of target groups (women, older workers, ethnic workers, and the disabled) are often identified as alternatives to the indigenous male labor force, which in many organizations traditionally

constitutes the core of the workforce. From a job-search theoretical perspective (Phelps, 1970), employers associate each of these groups to a greater or lesser degree with higher labor or training costs – or lower expected benefits in terms of output – compared with the reference group of indigenous male workers. Based on these expectations employers will rank members of different groups into a fictitious order of preference in the so-called “job queue” (Thurow, 1975).

Increasing labor shortages may not only be beneficial for older workers, but also for other less preferred groups in the labor market. The question however is whether older workers have benefited more than other groups or—on the contrary—less. So what has happened to the relative position of older workers in the queue as compared to other underrepresented groups in the labor market? And what has happened to the relative position of older workers during the current recession?

Table 3 summarizes measures applied by employers to counteract personnel shortages by year. Enlisted are the most eminent underrepresented groups in the Dutch labor market: female workers, older workers, non-native workers, disabled and partially disabled workers. The results show that the recruitment of female workers, older workers and non-natives and the reintegration of disabled and partially disabled workers follow the labor market pattern: between 2000 and 2005 we find a decrease in employers’ willingness to hire these groups, while they become more attractive in 2008. The only exception to this pattern comes from the increase in employers’ efforts in encouraging workers to continue working until the age of 65; this is the only dimension of employers’ behavior not following the labor market pattern and showing a substantial increase over the years 2000-2008. In 2009, all recruitment and retention of personnel plummets. However, the relative position of older workers catches up: the retention of older workers in 2009 is the second most applied measure and – although lower than in 2008 - is relatively high as compared to the period 2000-2005.

In relative terms, the results suggest that the position of older workers as compared with female workers, disabled workers and partially disabled workers and non-natives has improved over the last decade. However, older workers are still last in line when it comes to their recruitment.

### *Organizational Policies*

Organizations can apply different sets of policies in order to retain older personnel. In Table 4, policies are grouped into the following categories: measures to adjust tasks or capabilities, measures to balance work and leisure in a way more suitable to older workers, and measures aimed at preventing older workers from getting overfatigued.

In 2009, 44 percent of the employers applied ergonomic measures and extra leave opportunities for older workers. Least applied are measures to adjust tasks and capabilities. Measures in the area of overfatigue prevention and work-leisure trade-off are applied two to three times more frequently than measures to adjust tasks and capabilities.

In the time period 2000 to 2009, results show that organizational policies “breathe” simultaneously to the economic climate: a reduction of policies between 2000 and 2005, a revival in 2008 and a reduction in 2009 again. Part-time early retirement is the exception and shows a gradual increase during the time period 2000 to 2008 and a small reduction in 2009.

Policies can be stimulating or permissive in nature. Overall, the higher levels of policies aimed at overfatigue prevention and possibilities in the field of work-leisure trade-off suggest employers apply predominantly permissive policies regarding older workers. “Activating” measures, such as training programs for older workers, are considerably less sought after by employers.

### Conclusions and Discussion

In this paper three main questions have been addressed: has employers’ retention and recruitment behavior toward older workers been changing over the last decade? Has there

been a change in the relative position of older workers in the “job queue” as compared to other underrepresented groups in the labor market? And have organizational policies regarding older workers been changing? In order to answer these questions we analyzed employers’ recruitment and retention behavior and compared organizational policies for the years 2000, 2002, 2005, 2008 and 2009.

Both retention and recruitment behavior of employers has been changing markedly over the last decade, though in different ways. Employers’ retention behavior shows a clear and rather gradual time effect between 2000 and 2008: there is a significant increase in the number of employers encouraging workers to remain employed till the age of 65, even when changes in labor demand and experienced shortages are taken into account. During the recent recession there has been a strong decline in efforts to retain older workers, but still the retention level is high when compared to the period 2000-2005.

When it comes to employers’ recruitment behavior we see a different picture. In the period 2000-2005, efforts to recruit older workers decline significantly, following the pattern of a rise in unemployment rates. In 2008, employers are more inclined to recruit older workers than they were in 2005; again following the development of unemployment rates. In 2009, employers’ efforts to recruit older workers decline significantly again. Overall, recruitment behavior seems to change parallel to the economic climate. Despite the improvement of the relative position of older workers as compared to other underrepresented groups in the Dutch labor market – female workers, non-native workers, disabled and partially disabled workers – there is no indication that employers are becoming more favorably-disposed to recruit older workers.

Employers predominantly take permissive measures regarding older workers; policies aimed at overfatigue prevention and extra leisure time opportunities. Generic policy measures that seek to accommodate older workers - for example by offering them additional leave - are

often perceived and put into practice as ‘age conscious’ personnel policies. The paradox of this type of age consciousness is that these actions seem in fact to limit the opportunities of the older worker in Dutch the labor market (Euwals et al., 2009). Employers are especially sceptic about the application of measures imposed by government or sector wide labor agreements as these measures reduce older workers’ employability and raise costs. Only very few organisations have personnel policies that are targeted at narrowing the growing productivity-wage gap. So, although there is a growing tendency of employers to stimulate older workers to continue working till the age of 65, this behavior goes hand in hand with policies that imply a rather passive role for older workers.

The obstacles faced by older workers are not a typically Dutch phenomenon. These obstacles are found in many western European countries, as shown in the OECD report *Live Longer, Work Longer* (2006). The Netherlands does differ from other countries, however, by the fact that the labor costs of older employees are high and that incumbent employees are relatively well-protected, which reduces their labor market mobility. The paradoxical situation is that older workers occupy quite different positions in the Netherlands: the insiders hold a rather strong position, but outsiders, those who want to (re)enter the labor market hold a weak position. This constitutes the crux of the policy dilemma which elaborate welfare states, especially in Europe, have to deal with. One aspect of employment protection — income security and the seniority principle — stands in the way of the other aspect of protection — giving unemployed a reasonable chance in finding a job.

This study has a number of limitations. One limitation of this study is its reliance on self-reported behavior. It is possible that respondents report to recruit or retain older workers in accordance with a dominant organizational or national policy although not complying. Future studies may combine self-reported behavior with direct measures of hiring and retention behavior. Another limitation is that respondents are mainly recruited among the ‘higher

management', such as board members, managing directors, owners, plant managers and heads of HR. There may be a gap between what these higher managers think is happening in their organization and what is actually happening in day to day business. On the one hand one may argue that higher management is well informed and has the best insight in the policies and organizational behavior. On the other hand one may argue that higher management may have a limited view on practices in lower levels of the organization; people who are closer to the 'real world' may provide other and maybe more reliable outcomes.

It remains to be seen whether the current economic recession obstructs the process of especially retaining older workers. The first pleadings to re-establish voluntary early retirement schemes have been already uttered in the Dutch media. The Dutch still carry their legacy of "the early exit culture," meaning that many employers share the opinion—and they are no exception to the large majority of Dutch people—that many older workers have "paid" their share and are entitled by now to a well-deserved period of rest and retirement. This inheritance of the early exit culture is also reflected in the fact that although the statutory retirement age is 65, very few workers (less than 20%) reach that age while still in the labor force. Employers contribute to this early exit culture: many older workers would have worked longer if it had not been forced to quit earlier (Van Solinge and Henkens, 2007). From this perspective, the intention of the Dutch Cabinet to raise the statutory age of retirement from 65 to 67 reflects high ambitions; Dutch employers and employees seem to be not even used to the idea of working till the age of 65. Future research will tell whether a more permanent change of employers' behavior has begun, or whether during the recession we will eventually "return to go" again.

## References

- Barth, M. C., McNaught, W., & Rizzi, P. (1993). Corporations and the Ageing Workforce. In P. H. Mirvis (Ed.), *Building the Competitive Workforce: Investing in Human Capital for Corporate Success* (pp. 156-200). New York: Wiley and Sons.
- Becker, G. S. (1957). *The Economics of Discrimination*. Chicago: University of Chicago Press.
- Beek, K. W. H. van, Koopmans, C. C., & Praag, B. M. S. van. (1997). Shopping at the labor market: A real tale of fiction. *European Economic Review*, 41, 295–317.
- Brewster, C., Hegewisch, A., Mayne, L., & Tregaskis, O. (1994). Methodology of the Price Waterhouse Cranfield Project. In C. Brewster & A. Hegewisch (Eds.), *Policy and practice in European human resource management* (pp. 230–245). London: Routledge.
- Chiu, W. C. K., Chan, A. W., Snape, E., & Redman T. (2001). Age stereotypes and discriminatory attitudes towards older workers: An East-West comparison. *Human Relations*, 54(5), 629–661.
- DiMaggio, P. J., & Powell, W. W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review*, 48, 147–160.
- Equal Treatment Commission. (2007). *Annual report 2007*, Utrecht.
- European Commission. (2004). *Increasing the Employment of Older Workers and Delaying the Exit from the Labor Market*. COM (2004) 146 final, Brussels.
- European Commission. (2005). *Confronting Demographic Change: a New Solidarity Between the Generations*. Green paper. COM (2005) 94 final, Brussels.
- European Council. (2001). *Presidency Conclusions*. Stockholm 23 and 24 March. Brussels.
- Eurostat. (1990). *Statistical Classification of Economic Activities in the European Community, NACE Rev. 1*, Luxembourg.

- Euwals, R., De Mooij, R., and Van Vuuren, D. (2009) *Rethinking Retirement*, The Hague: CPB Report.
- Guillemard, A., Taylor, P., & Walker, A. (1996). Managing an ageing workforce in Britain and France. *Geneva Papers on Risk and Insurance – Issues and Practice*, 21, 478–501.
- Henkens, K. (2005). Stereotyping older workers and retirement: The managers' point of view. *Canadian Journal on Aging*, 24(4), 353–366.
- Henkens, K., Remery, C., & Schippers, J. (2005). Recruiting personnel in a tight labor market: An analysis of employers' behavior. *International Journal of Manpower*, 26(5), 421–433.
- Imhoff, E. van, & Henkens, K. (1998). The budgetary dilemmas of an aging workforce: A scenario analysis for the public sector in the Netherlands. *European Journal of Population*, 14(1), 39–59.
- Kalleberg, A. L., Knoke, D., Marsden, P., & Spaeth, J. (1996). *Organizations in America: Analyzing their structures and human resource practices*. London: Sage.
- Koppes, L.L.J., De Vroome, E.M.M., Mol, M.E.M., Janssen, B.J.M., & Van den Bossche, S.N.J. (2009). *Nationale Enquête Arbeidsomstandigheden 2008* ('National survey labor conditions, 2008') Delft: TNO.
- OECD. (2001). *Ageing and Income – Financial Resources and Retirement in 9 OECD Countries*. Paris: OECD.
- OECD (2006). *Live longer, work longer*. Paris: OECD.
- Phelps, E. S. (1970). *Microeconomic foundations of employment and inflation theory*, London: Macmillan.
- SZW, Ministry of Social Affairs and Employment. (1991). *Ouderenbeleid in arbeidsorganisaties*. The Hague: Ministry of SZW/ Loontechnische Dienst.
- Taylor, P. & Walker, A. (1998). Employers and older workers: Attitudes and employment practices. *Ageing and society*, 18(6), 641–658.

- Thurow, L. C. (1975). *Generating Inequality: Mechanisms of Distribution in the U.S.* New York: Basic Books.
- Van Dalen, H., K. Henkens and J. Schippers (2009), Dealing with an ageing labour force: What do European Employers expect and do?, *Journal of European Social Policy*, 19 (1): 47-60.
- Van Solinge, H., & Henkens, K. (2007). Involuntary retirement: The role of restrictive circumstances, timing and social embeddedness. *Journal of Gerontology: Social Sciences*, 62B(5), S295–S303.
- Vickerstaff, S., Cox, J. & Keen, L. (2003). Employers and the management of retirement. *Social Policy & Administration*, 37, 271–287.

## Appendix A

<i>Year</i>	<i>N</i>	<i>Response rate</i>	<i>N (executives)</i>	<i>Sector distribution in the sample</i>	<i>Sector distribution according to Statistics Netherlands</i>
2000	1016	36%	694	Industry and construction (29%) Service sector (30%) Public sector (41%)	Industry and construction (19%) Service sector (64%) Public sector (17%)
2002	1054	31%	697	Industry and construction (21%) Service sector (24%) Public sector (55%)	Industry and construction (20%) Service sector (63%) Public sector (17%)
2005	597	15%	282	Industry and construction (23%) Service sector (44%) Public sector (33%)	Industry and construction (19%) Service sector (62%) Public sector (19%)
2008	674	17%	367	Industry and construction (30%) Service sector (33%) Public sector (37%)	Industry and construction (21%) Service sector (63%) Public sector (17%)
2009	1045	23%	793	Industry and construction (33%) Service sector (31%) Public sector (36%)	Industry and construction (21%) Service sector (63%) Public sector (17%)

Table 1 – Descriptive statistics (N=2,833)

		<i>Mean</i>	<i>St.dev.</i>	<i>Min</i>	<i>Max</i>
	<i>Dependent variables</i>				
<i>Recruitment</i>	Recruitment older workers (0=no, 1=yes)	0.18	0.38	0	1
<i>Retention</i>	Retention older workers (0=no, 1=yes)	0.18	0.39	0	1
	<i>Independent variables</i>				
<i>Trend effect</i>	Year (2000 = reference category)				
	2002	0.25	0.43	0	1
	2005	0.10	0.30	0	1
	2008	0.13	0.34	0	1
	2009	0.28	0.45	0	1
<i>Business cycle effect</i>	Size change (contraction = reference category)				
	Constant	0.34	0.47	0	1
	Growth	0.50	0.50	0	1
	Experienced shortages (no shortages = reference category)				
	With some vacancies	0.49	0.50	0	1
	With relatively many vacancies	0.22	0.42	0	1
<i>Human capital hypothesis</i>	Educational level (predominantly low skilled = reference category)				
	Predominantly medium skilled	0.31	0.39	0	1
	Predominantly high skilled	0.14	0.29	0	1
	Equally distributed	0.15	0.30	0	1
<i>Control variables</i>	Size of the organization (logarithm)	4.68	1.40	0.69	11.66
	Sector of industry (public sector = reference category)				
	Industry and construction	0.31	0.46	0	1
	Services	0.32	0.47	0	1
	Share of workers over 50 years (none = reference category)				
	1-9% of the workers over 50	0.18	0.39	0	1
	10-19% of the workers over 50	0.28	0.45	0	1
	20-29% of the workers over 50	0.26	0.44	0	1
	30% or more of the workers over 50	0.23	0.42	0	1
	Share female staff	36.68	28.05	0	100
	Age of respondent	45.54	9.02	19	83
	Gender of respondent	0.70	0.46	0	1

Table 2 - Retention and recruitment of older workers (logistic regression analysis)

		<i>Retention</i>		<i>Recruitment</i>	
		Odds Ratio	z-value	Odds Ratio	z-value
<i>Trend effect</i>	Year (2000 = reference category)				
	2002	1.39*	1.99	0.81	-1.45
	2005	1.28	1.09	0.29**	-4.31
	2008	3.18**	6.81	1.30	1.63
	2009	2.10**	4.66	0.79	-1.56
<i>Business cycle effect</i>	Size change (contraction = reference category)				
	Constant	0.92	-0.55	0.96	-0.21
	Growth	1.26	1.56	1.59**	2.94
	Experienced shortages (no shortages = reference category)				
	With some vacancies	1.34*	2.28	2.33**	5.76
With relatively many vacancies	1.51**	2.62	2.17**	4.50	
<i>Human capital</i>	Educational level (predominantly low skilled = reference category)				
	Predominantly medium skilled	1.31	1.68	1.04	0.25
	Predominantly high skilled	1.74**	3.02	1.37	1.71
	Equally distributed	1.46*	1.97	0.89	-0.59
<i>Control variables</i>	Size of the organization (logarithm)	1.10*	2.55	1.10*	2.36
	Sector of industry (public sector = reference category)				
	Industry and construction	1.21	1.16	1.65**	2.91
	Services	1.30	1.87	1.43*	2.43
	Share of workers over 50 years (none = reference category)				
	1-9% of the workers over 50	1.22	0.63	2.07	1.94
	10-19% of the workers over 50	1.34	0.96	2.91**	2.87
	20-29% of the workers over 50	1.72	1.76	3.15**	3.04
	30% or more of the workers over 50	2.06*	2.32	3.86**	3.53
	Share female staff	1.00	0.38	1.01**	3.12
	Age of respondent	1.00	-0.52	1.00	-0.43
	Gender of respondent	0.87	-1.22	0.69**	-3.22
	Pseudo R <sup>2</sup>	5.3		7.4	
	Log likelihood	-1279.5		-1232.8	
	Chi <sup>2</sup>	142.2		196.4	
N=	2833		2833		

Notes:

\* Significant at  $p < 0.05$ ; \*\* significant at  $p < 0.01$ .

Dependent variable: Do you encourage workers to remain employed till the age of 65? (1=yes, 0=no)

Dependent variable: Do you recruit older workers? (1=yes, 0=no)

Table 3 - Measures applied by employers in response to personnel shortages, 2000-2009 (%)

<i>Measures</i>	<i>2000</i>	<i>2002</i>	<i>2005</i>	<i>2008</i>	<i>2009</i>
Recruiting more older workers	20	15	6	28	17
Encouraging workers to continue working until the age of 65	13	13	15	32	22
Recruiting more female workers	55	38	23	41	31
Reintegrating (partially) disabled workers	35	34	26	45	21
Recruiting more non-natives	*	33	23	43	21

\* Data not available

Source: Employers survey, 2000, 2002, 2005, 2008 and 2009.

Table 4 – Policies applied by employers in order to retain older personnel, 2000-2009 (%)

<i>Measures</i>	<i>2000</i>	<i>2005</i>	<i>2008</i>	<i>2009</i>
Adjusting tasks/ capabilities				
Training programs for older workers	20	14	21	16
Demoting older workers to a lower rank and pay package	7	6	17	10
Work-leisure trade-off				
Part-time early retirement	35	39	46	42
Possibilities of extra leave for older workers	53	49	66	44
Long-term career breaks (e.g. sabbatical leaves)	8	8	15	*
Overfatigue prevention				
Decreasing the workload for older workers	36	31	42	36
Exemption from working overtime for older workers	32	29	39	*
Working time adjustments	45	28	38	*
Ergonomic measures	57	50	66	44

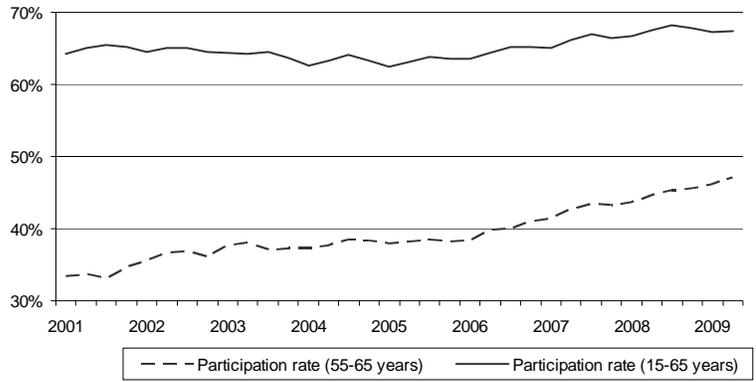
Data not available for 2002

Source: Employers survey, 2000, 2005, 2008 and 2009.

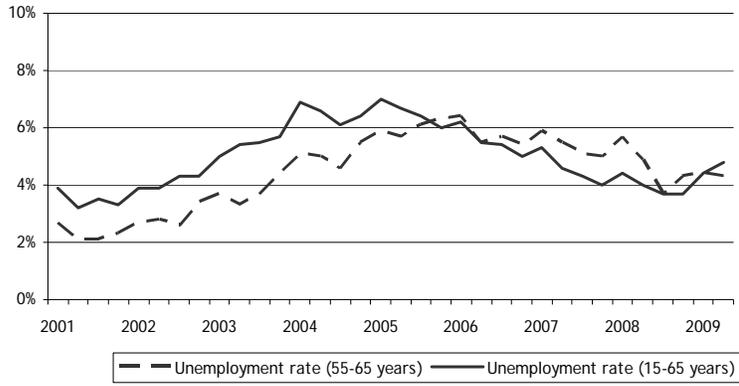
## Figure Captions

Figure 1 – Labor force participation rate, period 2001–2009

Figure 2 - Unemployment rate, period 2001–2009



Source: Statistics Netherlands, 2009



Source: Statistics Netherlands, 2009