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The Employer's Perspective on Retirement

DP 05/2011-053

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Date, May, 2011

Abstract
In this chapter we discuss the literature with respect to the role of employers in retirement processes of older workers and provide suggestions for future research. In the first part of this chapter we will review existing theoretical insights regarding the employers' actions and attitudes toward older workers and retirement. In the next section we will discuss empirical findings with regard to age related stereotypes in the workplace and age norms with respect to retirement and present some results form an international comparative employer study. We conclude with a section on the management of retirement processes, focussing on the exit and hiring of older workers.

1. Introduction

Extending people's working life is seen as a key element in curtailing the rising costs associated with an ageing population. In the countries of the OECD and of the European Union, a host of initiatives have been taken that aim to delay retirement and support the labour force participation of older workers (OECD 2006b). At the government level, these initiatives vary from pension reforms that limit opportunities for an early exit from the workforce to legislation against age discrimination and public campaigns to combat negative stereotyping in the workplace. At the organisational level, employers are urged to develop policies geared towards increasing the employability of older workers, for instance by means of life-long learning. However, these government initiatives may not achieve their goals if proposals and targets for extending the working life of older workers are not actively supported by employers. Vickerstaff, Cox and Keen (2003) state that any significant change in retirement behaviour will come primarily from changes in employer policies. In this article we argue that for a better understanding of older workers' career decisions we need to incorporate the driving forces of retirement processes at the demand side of the labour market. Employers are key players in defining the opportunities for retirement as well as the opportunities for working longer. As a result, the success of policies aimed at delaying retirement depend to a large extent on the actions and attitudes of employers.

Although retirement has traditionally been thought of as a discrete and abrupt discontinuation of work, today's "retirement" can be characterized as a process which can take multiple forms offering the option of a gradual transition from full time work to 'full time' retirement. While some older workers are affected by processes of disengagement from work and mental withdrawal from their jobs even years before they actually retire

(Ekerdt and DeViney 1993), others of the same generation continue to work and sometimes take on a second career. Increasing numbers of older workers continue to extend their working lives through continued career or bridge employment (Von Bonsdorff, Shultz, Leskinen, and Tansky 2009). Many others are in some type of hybrid employment or phased retirement situation, and increasingly fewer older workers appear to be opting for full retirement. How retirement processes evolve is to a large extent determined by employers decisions regarding exit and re-entry of workers at the end of their career. Yet, how employers view the changing nature of retirement is largely unknown (Wang, Zhan, Liu, and Shultz 2008).

In this article we discuss the relevant literature with respect to the role of employers in retirement processes of older workers. In the first part of this article we will review existing theoretical insights regarding the employers actions and attitudes toward older workers and retirement. In the next section we will discuss empirical findings from the literature. Much of what we know about employers and retirement comes from studies designed from the supervisor's (Henkens 2000; Henkens, Van Solinge, and Cozijnsen 2009; Rosen and Jerdee 1982) or employer's (Taylor and Walker 1998; Van Dalen, Henkens, Hendrikse, and Schippers 2010) point of view. These studies, using samples of employers or supervisors, reveal a huge variety in organization's age management policies, which is reflected in considerable differences in the extent to which organizations support delaying labor force exit of their older workers, are willing to hire older workers, as well as in the policies employed to maintain and enhance the productivity of their workers. In the final paragraph we discuss the main findings and we will present suggestions for future research.

2. Aging, productivity and wages and retirement: theoretical perspectives

In understanding the employer's perspective it is instructive to start from first and very basic principles capturing the most essential elements which an employer has to deal with in his organization. Standard economic theory predicts that the demand for labour depends crucially on the relative prices of labour and capital and the technology employed to produce goods and services (Hamermesh 1996). For matters of brevity we will not discuss the influence of changes in the price of capital. Static neoclassical theory predicts that the price of labour is in line with the labour productivity of the individual worker. This so-called spot market view of the labour market is bound to give a false impression because the declining age-wage profile, as predicted by human capital theory, rarely occurs (OECD 2006a). A more realistic model of labor demand is to be traced in theories which cover the life-cycle of workers. Thurow (1975) was one of the first to suggest that whilst labour income and productivity are related, they are not necessarily related at every single moment in a worker's career. He explained that employers have an understanding – an implicit contract – with their employees regarding the relationship between productivity and earnings during the course of their careers. This understanding, Thurow stated, is based on the seniority principle, such that during the first phase of workers' careers their earnings are lower than their productivity and during the second phase their earnings are higher than their productivity. He explained that the prospect of a gradual rise in their incomes acts as an incentive for employees to continue working for 'their' employer, where their investments yield the highest returns. Moreover, the prospect of an increasing age-income profile may serve as an incentive for older workers to transfer their skills and knowledge to younger colleagues without the risk of losing their competitive advantage.

Lazear (1979) stressed that this implicit contract is bound to be unsustainable if workers work beyond the age at which the net present value of wages exceeds that of the productivity profile. If people can keep on working until their time of death such a deal will clearly be unsustainable. Therefore, employers will either opt for mandatory retirement schedules or the use of private pension schemes which penalize continued employment beyond a certain age. The trouble with these types of implicit contracts is that the sustainability of the contract is negatively affected by the ageing of the population Lazear (1979). Seniority wages imply a heavy wage burden for employers. Whereas firms in some countries in the past could thrive because of a relatively young population age structure enjoying 'a demographic dividend' (Bloom and Williamson 1998), now firms will have to face an ageing population structure and bear the costs of a 'demographic hangover' if nothing changes and labour force ageing takes its course. In that respect , one can understand the changes in pension design and retirement over time. The option of using private pension systems as an instrument of retirement policy has been used in Western European countries where early retirement plans have been designed in such a manner that retiring early is an offer one cannot refuse (Venti and Wise 1998). The issue of mandatory retirement was a moot problem in these welfare states. However, this situation has changed with the aging of populations. In the past decade governments in most European countries have implemented or announced radical pension reforms which have phased out the option of early retirement and have stimulated working longer and the credit crunch has put a serious dent in the nest eggs of most older workers. As a consequence the issue of mandatory retirement has increased in prominence. Aligning wage and productivity over the life course, thereby changing the implicit contract, will be the focus of attention in most firms.

Additional factors make an ageing population an even more serious liability. First of all, there are taxes, social security premiums and pension premiums which increase the price of labour. This is a relevant factor as an ageing population increases the fiscal burden due to age-related pension and health care costs. For the US Munnell and Sass (2008) state that whereas pension reforms make the costs of providing retirement benefits more age neutral, health insurance has taken its place as a major factor that drives up compensation costs as workers age.[1] An ageing population thus increases the gap between net and gross wages, making it either increasingly difficult to survive as a firm vis-à-vis firms in other countries that are not so hard hit by ageing populations, or necessary to shift the ageing burden towards employees, thereby decreasing the incentive to supply labour.

2.1 Age and discrimination

According to human capital theory, productivity depends on initial education and experience acquired over the life course. However, the older workers become, the more divergent experiences they accumulate. Labour supply is heterogeneous and employers can never be sure about the future productivity of an individual employee. This applies to employees currently enrolled, but even more so to new employees still to be hired. Employers are well aware of their employees' track records within their organization and they have information about employee productivity. However, employers do not know how workers' health may change as they age and whether they will be able to keep up with new technological developments. Employers have access to what Phelps (1972) called 'previous statistical experiences': information on how certain categories of employees tend to behave and develop.

[1] To bare the increasing costs of health insurance for employers are inclined to cut the health benefits and shift costs to retirees. Mermin et al., (2007) conclude that the erosion of employer retiree health benefits is the most important factor explaining the US baby boomers' expectations to work longer than people born a decade earlier.

In particular when hiring, many employers use these statistical experiences to formulate expectations regarding the future productivity of employees who belong to a particular category (the uncertainty surrounding the productivity of the existing workforce is assumed to be less pronounced). In an earlier study, Becker (1957) pointed out that employers may have ‘a taste for discrimination’ against some groups, and that this may – under certain circumstances – result in these groups not being employed by them at all.

3. Employers and retirement: empirical results

This short overview of the theory on the relationship between age and productivity brings a number of issues to the foreground. The first question is to what extent age and productivity are related in everyday practice, how employers perceive this relationship and to what extent employers expect that an ageing work force increases the gap between pay and productivity (section 2.1). In the next section (2.2) e discuss the existing stereotypes about the timing of retirement. The second issue deals with the question how employers’ manage their aging workforce and the retirement processes. In section 4.1 we discuss employers’ support for workers working longer and whether employers opt for additional training to enhance the productivity of workers over the course of their career, or do they consider the option of demotion of older workers so as to bring pay and productivity in line for the incumbent workers? In section 4.2 we look at employers ‘preferences and practices when it come to hiring older workers.

3.1 Relationship age-productivity between facts and stereotypes

Research on the relationship between age and productivity takes place within various disciplines and with various methods and various units of measurement (see for an overview Skirbekk, (2008; 2004). For instance, macroeconomic studies tend to focus on isolating the effect of population age structure on labor productivity and the general consensus seems to be that an aging population is associated with a negative effect on labor productivity (Davis 2005; Feyrer 2008; Tang and MacLeod 2006) or economic growth (Bloom and Williamson 1998; Headey and Hodge 2009). Studies with a focus at the micro level of firms or employees have produced mixed results. For instance, an early meta-analysis performed by Waldman and Avolio (1986) showed that age was positively related to productivity measures of job performance, but somewhat negatively related to supervisors' ratings of performance. McEvoy and Cascio (1989) showed on the basis of 65 empirical studies that the relationship between age and performance was virtually absent. Later on Sturman (2003) refined the previous insights by performing a meta-analysis of 115 empirical studies. By making use of three age-related variables (chronological age, job experience and organizational tenure) he showed that the relationship follows an inverted U-shape: a positive relationship between age and performance at young ages and a negative job performance relationship when age is high (49 years or older). Finally, in a meta-analysis, Ng and Feldman (2008) evaluated the relationship between age and ten dimensions of job performance on the basis of 380 empirical studies. They suggest that the reason for mixed findings is to be traced to the fact that previous studies have focused rather narrowly on core task activities and neglected the activities that affect the environment in which core tasks take place, such as "organizational citizenship behavior" (Borman, Penner, Allen, and Motowidlo 2001; LePine, Erez, and

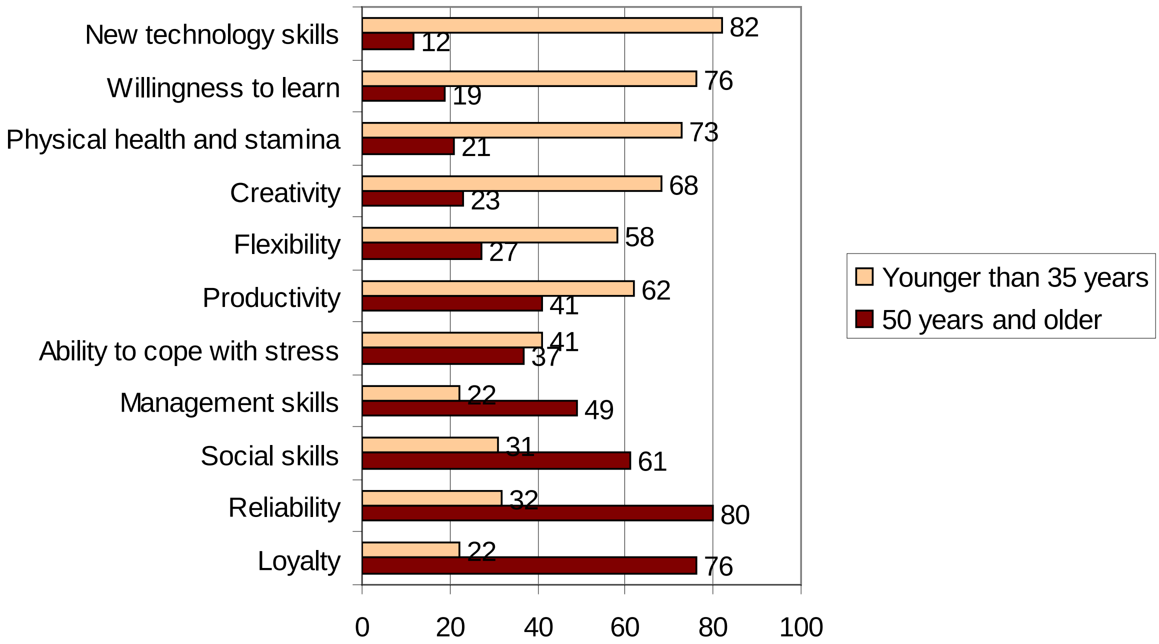
Johnson 2002). The literature shows that the relationship between age and productivity is difficult to measure on the basis of empirical data. For instance, productivity assessments are often based on perceptions that might by biased by ageism attitudes; a stereotypical and often negative bias against older adults.

It is well documented in the psychological literature that many stereotypes prevail among employers regarding the productivity of older workers. Stereotypes may partly be accurate representations of reality, or at least of the local reality to which the perceiver is exposed (Judd and Park 1993). Stereotypes may, however, also lead to the social exclusion of older workers, not only because one may judge employees on the basis of average and inaccurate representations of the category, but also because stereotypes may lead to self-fulfilling prophecies, when those who are subject to negative stereotypes behave accordingly (Hilton and vonHippel 1996). These stereotypes do not only relate to older workers' productivity, adaptability and loyalty, but also to norms about the appropriate timing of retirement (Henkens 2005).

Although gradually more and more information is cumulated in the literature on the aging labor market (cf. Munnell and Sass, 2008), research of perceptions of productivity by employers and employees is still rather limited. One early study carried out by Kirchner and Durnette (1954) asked workers and supervisors about the problems of older employees. Kirchner and Durnette (1954) and Bird and Fishers' (1986) replication of this study led to the conclusion that supervisors had less positive attitudes toward older workers than did workers. Several other studies have shown that biases against older workers are quite pervasive (Chui, Chan, Snape, and Redman 2001; Finkelstein and Burke 1998; Finkelstein, Burke, and Raju 1995; Hassell and Perrewe 1995; Henkens 2000; Loretto, Duncan, and White

2000; McGregor and Gray 2002). Most of the studies are, however, highly descriptive. Finkelstein et al. (2000) carried out a study in which managers were asked to give written justifications of employment-related ratings. This study showed that the age of rated employees mattered to most managers. The analysis of employers' attitudes stresses the importance to distinguish stereotypes regarding various dimensions of productivity. This body of research has shown that attitudes and stereotypes about older workers are mixed, that is, older persons are viewed as having both positive and negative attributes. Positive characteristics attributed to older employees include experience, loyalty to the organization, reliability and interpersonal skills. Qualities such as the acceptance of and the ability to use new technologies and the adjustment to organizational changes are attributed primarily to younger workforce members. The first large scale survey among European employers has been carried out within the framework of the ASPA in which approximately 6.000 Employers in eight European countries participated. The survey underscore the wide existence of age related stereotypes among employers. Employers report large differences between younger and older workers in terms of each of the productivity dimensions presented to them. In short, on abilities for which younger workers score high points, older workers scored low points, and vice versa. Older workers are considered to have better social skills, to be more reliable, more accurate, and more committed to their work. Younger employees, on the other hand, score much better on qualities such as new technology skills, mental and physical capacity, willingness to learn and flexibility. A recent study by Van Dalen et al (2010b) comparing stereotypes among employers and employees indicated that the patterns found among the answers given by employers and employees are remarkably similar. Both employers and employees share most of the prevailing stereotype views, though employers rate the productivity of older workers generally lower than employees.

Figure 1. Employer ratings of dimensions of the productivity of younger and older workers. Percentage of employers that consider the dimension a "strong" point.



The study revealed that two dimensions were found to underlie perceptions of productivity: stereotypes about hard qualities and stereotypes about soft qualities. Hard qualities refer to qualities such as flexibility, physical and mental capacity, the willingness to learn and new technology skills. Soft qualities refer to qualities such as commitment to the organization, reliability and social skills. The comparative advantage of the older worker (50 years and older) lies primarily in their soft skills, whereas the comparative advantage of younger workers lies primarily in their hard abilities. However, the weights attached to the hard and soft qualities of productivity differ substantially. Hard qualities carry a much greater weight in the evaluation of the productivity of workers than soft qualities. This holds for the evaluation of the productivity of older and younger workers alike. For both employees as well as employers, the results indicate that younger raters have is significantly poorer opinion of older workers that older raters. It is unclear whether these differences reflect prejudice against older workers by younger rates or prejudice in favor of older workers by older raters. But it does indicate that non-economic factors affect evaluations of older workers. Employers often draw on seemingly neutral justifications pertaining to market and corporate financial well-being to justify ageist stereotypes and discrimination toward older workers (Roscigno, Mong, Byron, and Tester 2007).

Besides issues that have to do with the accuracy of images and stereotypes toward older workers there are several other research questions that have received relatively limited attention in the scientific literature. The first has to do with the origins of employers perceptions of older workers. To what extent are these perception tied to a specific context, how stable are these perceptions? The literature suggests that stereotypical beliefs and discriminatory attitudes are at least to some extent related to the frequency of contact with older workers, suggesting that familiarity with older workers may reduce negative stereotypes and discrimination. More contact with older workers is related with less negative age stereotypes and more support for older workers working longer. Many questions remain with respect to the importance of type and intensity of the interaction in reducing negative stereotyping and the possible mediating effects of employers' age. The second issue has to do with the consequences of stereotype views for employers policies and behaviors and to employees subjected to these attitudes. Redman & Snape (2006) show that age discrimination acts as a stressor, with adverse psychological consequences for job and life satisfaction, but also for commitment and withdrawal cognitions at work. The question whether (and if so which) stereotypes have an impact on organizations' retirement policies have received little attention to date. A study carried out by Chui al. al., (2001) using part-time management students as respondents showed that age stereotypes influence discriminatory attitudes at work in terms of decisions on training, promotion and retention.

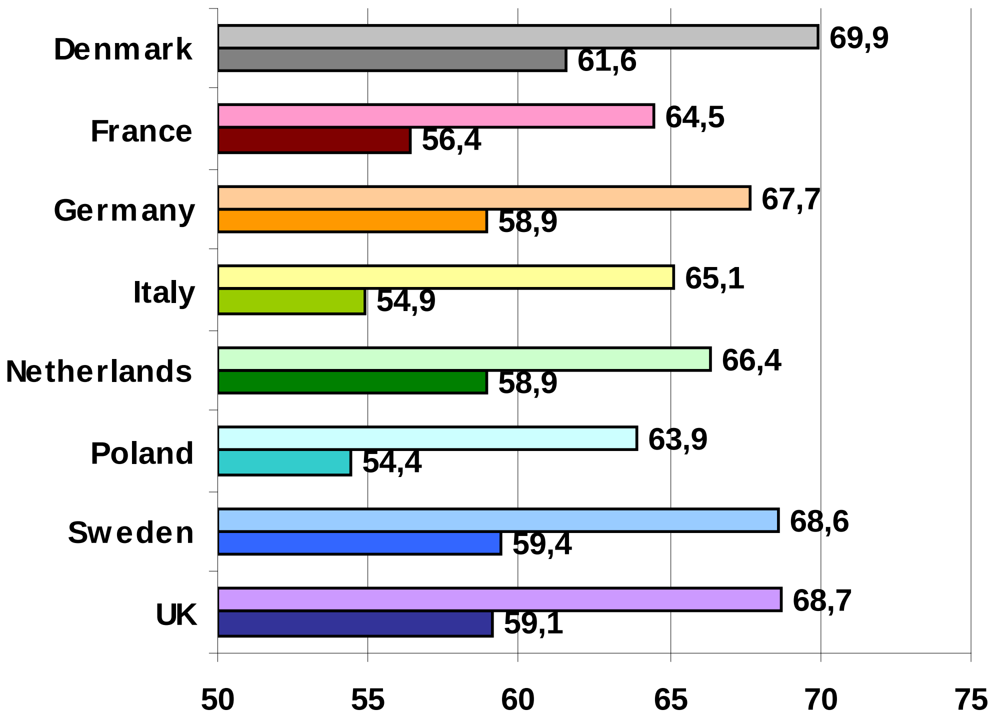
3.2 Stereotype view on the timing of retirement

Whereas negative stereotypes about older workers' productivity may be related to a low support for extending working lives, opinions about retirement are subject to existing age norms, inside and outside the organisation. The importance of age norms is emphasized among life course scholars interested in aging. Life transitions, including retirement, are subject to social norms about appropriate timing. Age norms are woven into the fabric of many social institutions in both formal and informal ways (Settersten 1998). Formal age norms are codified in diverse laws and rules; norms about the 'right time' to retire are formally expressed in age boundaries established by public and private pension schemes. Scholars believe that informal age norms, defined as shared judgments or expectations regarding age-appropriate behavior, exert significant influence on behavior of group members (Settersten and Hagestad 1996). Like other social groups, work organizations have shared expectations about ages at which particular transitions ought to occur (Lawrence 1996). Organizational or workplace norms regarding retirement will signal older employees when they should move out of the workplace (e.g., Feldman and Beehr under review; Henkens 2005; Potocnik, Tordera, and Peiró 2009; Van Dam, Van der Vorst, and Van der Heijden 2009). One of the more pervasive beliefs in today's workplace is that older workers should retire somewhere in their mid 50s or early 60s (Joulain and Mullet 2001; McCann and

Giles 2003). At this point in life one should reap the rewards of years of hard work and enjoy one's 'golden years'. On the one hand these views may be well intended and reflect positive attitudes toward older workers: a well earned retirement at the end of a long career of hard work. On the other hand, as McCann and Giles (2003) indicate, the support of retirement may also reflect underlying attitudes that younger workers have more to offer to an organization than older workers. A belief among employers that older workers want to retire as soon as possible will hamper efforts to extend the working life. Till date, only limited information about the existing age norms and their impact on organizations policies and practice is available. Data from the European ASPA-project about age norms among employers suggest that these norms are widespread and provide little support for those workers willing to work in their late sixties. Employers in the ASPA-survey were asked the following two questions. First, at what age would you say a person is too old to be working 20 hours or more per week? Second, at what age would you say a person is generally too young to retire permanently? The results indicate that employers in most countries have explicit idea's about the appropriate timing of retirement. In most countries the public pension age serves as a point of reference and workers are perceived as too old to work much longer beyond that age. The results also indicate that the exiting norms provide limited support for the Barcelona target of a progressive increase of about 5 years in the effective average age at which people stop working in the European Union, to be realized in 2010.

A particularly relevant aspect of the organizational context are the opinions and attitudes hold by the older worker's supervisor. Supervisors operate as a link between organizational goals and the work environment. There is evidence that supervisors prefer to not interfere with retirement issues, which they consider to be a private affair. And that they are hesitant to raise a discussion on extending working life (Henkens, Van Solinge, and Cozijnsen 2009). This is of some interest because for the older workers themselves, perceived support of the supervisor for remaining in the workforce is an important motivation to delay retirement. A large scale survey among recently retired older workers in The Netherlands (Henkens and Van Solinge 2003) made clear that one third of the retirees would have remained in the workforce for an extra year if they had been asked to do so by their supervisors.

Figure 2. Existing age norms among employers: The age at which a person is too young to retire. The age at which a person is too old to work 20 hours a week.



4. Managing the retirement process

4.1 Keeping or dismissing older workers?

Prior to the 1970s retirement was mainly conceptualized as resulting from factors beyond individual control, like health problems or employers' considerations (Hurd 1990). Later research frames retirement as mainly a matter of individual choice. Ekerdt, Kosloski, and DeViney (2000) stated that, around the turn of the century, retirement is a formalized transition within the life course, but one that grants worker's agency in directing that transition. The shift from retirement as a transition beyond individual control to retirement as a matter of individual choice is reflected in the retirement literature. Retirement is mainly viewed as a voluntary and employee-driven transition (e.g., Hanisch and Hulin 1990; Hardy 2002). Early retirement arrangements, however, are often tied to labor market conditions. The practice of offering employees early retirement incentives as a way of reducing the company's workforce is forcing many older people to withdraw from the labor force involuntarily (Armstrong-Stassen 2001). Moreover, empirical studies consistently indicate that a substantial proportion of retirees (20-30%) perceive their retirement as forced or involuntary (see: Isaksson and Johansson 2000 (Sweden) ; Shultz, Morton, and Weckerle 1998 (USA)). Many studies acknowledge that retirement may occur under conditions that leave the individual limited choice over the transition, such as poor health or job loss (e.g., Gallo, Bradley, Siegel, and Kasl 2000; Herzog, House, and Morgan 1991; Isaksson and Johansson 2000). As such, retirement may be less a matter of individual choice and agency and much more externally structured and constrained than previously assumed. Dorn & Sousa-Poza (2010) show that generous early retirement programs do not only trigger more voluntary early retirement, but also more involuntary retirement, suggesting that social security benefits make it more attractive for firms to reduce their workforce using early retirement In many countries social security and pension reforms make it increasingly difficult for employers to lay off older workers via social security prior to the retirement age. To what extent these reforms are supported by employers eager to retain their older employees is not well documented. Research in several European countries suggest that employers' support for delaying retirement in their country as a whole may be modest, but their support for delaying retirement in their own organizations is still low(Van Dalen, Henkens, and Schippers 2009). This is a remarkable finding giving the characteristics of current generations of older workers, who are generally healthier, higher educated and working in jobs and sectors that place less emphasis on physical carrying capacity. The lack of support for delaying retirement may to a certain extent be traced back to the labour market circumstances that are characterized by an excess supply of workers and high unemployment rates.

Lack of support for delaying retirement cannot be seen in isolation of employers personnel policies toward their aging workforce. A central question is in that respect whether employers succeed in reducing the wage productivity gap at later ages. Reasoning from a human capital perspective, one might expect that policies to make older workers more attractive to employers emphasize measures to enhance productivity (by means of training programmes) or bring wages in line with productivity (by means of demotion). Both policies do not seem to play a major role in policies of most employers.

On-the-job training is often reserved for younger workers who are viewed as cheaper and more worthy of the long-term investment (Taylor, Brooke, and di Biase 2010; Taylor and Urwin 2001). It may seem like older workers are caught in a Catch 22 dilemma: to remain attractive to employers they should be trained, but they are not trained because they are expected to retire soon. As the expected retirement ages rises, so should investments in training, which would allow workers to remain productive longer.

Lazear's theory of implicit contracts contends that it is not necessarily a decline in productivity that is behind the lack of support for working longer and application of mandatory retirement rules. It is in the nature of the contract that workers are paid more than they are worth at older ages, even when productivity remains the same. From the perspective of the employer a reduction of wages might therefore be an alternative to retirement. While, wage policies are frequently discussed as a solution among policy makers, employers generally avoid cutting wages as a means to rebalance costs and productivity of older workers (Munnell and Sass 2008; van Dalen, Henkens, and Schippers 2010a). Employers point out first, that employees are little inclined to move down the ladder. And those employees who *are* prepared to take a step down in terms of their position and duties tend not to be willing to do so in terms of their employment conditions. So in the end, demotion may lead to quits by the firm's better workers and a reduced effort of those who remain. Another reason why employers might be reluctant to applying wage declines at a prescribed age is the probability that this would be branded as a violation of age discrimination laws (Hatcher 2003)

In many countries in least in Europe, the most widely implemented measures tend to be the ones that "spare" the older workers such as additional leave, increased holiday entitlements, workload reductions, age limits for working overtime of irregular work. These policies are based on insights that stressful working conditions, heavy workloads, and physical demands promote early retirement (Hayward 1986; Henkens and Tazelaar 1997;

Kubicek, Korunka, Hoonakker, and Raymo 2010).[2] These policies however, do not address the other side of the coin. Older workers retirement preferences do not only have to do with the degree to which workers find work mentally or physically demanding, but also with the extent to which the job is intrinsically rewarding in term of job challenge ((Adams 1999; Zappalà, Depolo, Fraccaroli, Guglielmi, and Sarchielli 2008) and autonomy (Blekesaune (Blekesaune and Solem 2005) and socially rewarding in terms of social support from colleagues and supervisors (Armstrong-Stassen 1994; Vecchio 1993). Many policy initiatives are aimed at reducing the workload, but few are aimed at making work more attractive. One of the elements in organizational policies that may provide opportunities to rebalance costs and productivity at the end of workers careers is the option of phased retirement. Workers gradually reduce their working hours to adapt to a post retirement lifestyle, whereas employers may still benefit from the skills and benefits of these workers.. Results of a study by Hutchens & Grace-Martin (2006), carried out among US employers shows that employers are often willing to provide this opportunity, but primarily as part of an informal arrangement. These arrangements imply employers' control over the question whether phased retirement is possible and feasible given the specific job and business conditions.

The limited support for retention of older workers put question marks behind the notion that employers cannot afford to lose their current generations of highly skilled older-aged employees, who are seen as the repositories of institutional intelligence. In that notion it is assumed that that organizations will simply refuse to lose so much of this precious asset. Munnell and Sass (2008)state that there may be some logic in this claim, but due to the

[2] Another explanation of the existence of this type of older worker friendly personnel policies may have to do with the unions distributional preferences: unions pay more attention to older workers preferences than younger workers preferences because older workers are more likely to be member of a union.

aging of their workforce most employers will have an abundance, not a shortage of institutional intelligence in their organizations. Employers may therefore have some interest in retaining their most valuable older workers, but are not very likely to support workers to delay their retirement across the board as long as they perceive alternative options to fill their vacancies.

4.2 Hiring older workers

Accumulated evidence suggests that retirement transitions are not only being delayed as a result of pension reforms, but are also becoming considerably more dynamic (Hardy 1991; Herz 1995; Singh and Verma 2003; Szinovacz 2003). Retirement increasingly constitutes a series of decisions regarding the structure of the late career that can span a period of 20 years and can include multiple transitions. On the one hand organizational pressures may be an important force in dismissing or easing out employees around the retirement age. On the other hand re-entry of retirees in bridge jobs suggests that many employers are willing to hire older workers. An important question is for what jobs and under what conditions?

The literature indicates that there is an increasing diversity in the pathways older workers take into their full time retirement. On the one hand, many older workers prefer some kind of phased retirement from their main career job, remaining in their same occupation and organization they used to be. On the other hand, bridge employment offers possibilities to pursuit new challenges on the labour market, by means of a different job and organization. While, post-career transitions into self-employment are increasingly common

(Giandrea, Cahill, and Quinn 2008), most older adults seeking bridge employment are dependent of employers decisions to hire them.

How employees' preferences with respect to the types of bridge employment between their career jobs and full retirement matches with employers' hiring practices is an important area of inquiry. The increasing phenomenon of post career job self employment might reflect workers preferences, but might also reflect the restrictions workers experience from employers not willing to hire them. Workers might want to work in a different field or occupation, but how likely are employers to recruit them for these vacancies? Most studies on re-employment consistently show that older jobseekers have difficulty in finding a suitable job and new jobs they are able to find come with lower pay and benefits (Johnson and Park 2011). Older workers often indicate they are subjected to age-related discrimination, and Berger (2009) found that applicants perceive age discrimination in selection processes. Especially ageing workers, particularly those approaching 50 years old and those approaching retirement age, are most likely to experience workplace age discrimination (Roscigno, Mong, Byron, and Tester 2007).

An important question what employee characteristics do fit the employers' preferences. For employers finding a right match between supply and demand of labour is a costly process and employers are not only likely to compare older and younger workers, but also rank older workers on the basis of expected returns. Research into the selection practices of employers who use candidate profiles, so-called 'vignettes', has shown that the selection criteria used tend to relate to characteristics of the applicants that cannot be changed, such as sex, age and social background (vanBeek, Koopmans, and vanPraag 1997). In addition, a study by Karpinska et al (2011) using a vignette design shows that employers tend to have a narrow focus when it comes to the question whether or not re-employing an older worker retired from his or her career job. Besides favouring young retirees over older retirees, employers emphasize the continuity in the career. A short absence from the labour force is permitted; a longer absence brings risk of punishment. Early retirees who are not able to regain employment soon after leaving their career job are at a much higher risk of a permanent exclusion from the labour force. In addition there seems to be a discrepancy between employees' preferences for bridge employment in a different field and employers' willingness to hire them. Contrary to the existing stereotype view that older workers have difficulty with adapting to organizational changes, retirees often seem to be keen on acquiring new experiences outside their original career field. However, the opportunity structure provided by employers appeared to be highly contingent on earlier work valuable experience and access to other occupations is often limited.

The ageing of the population in western countries will also affect the labour market. The outflow of large baby-boom cohorts reaching the retirement age in the coming years will presumable lead to a situation which differs fundamentally from that which organizations experienced in the final quarter of the twentieth century, when the labour market was chiefly characterized by excess supply. The labour market is expected to change from a 'demand-driven market', in which employers are in a dominant position, to a 'supply-driven market', in which employees assume a dominant position. It is unclear how employers will respond to this change. To predict the future labour market for older workers is a difficult endeavour, but too much optimism about the future prospects for the older workers should be toned down. Munnell and Sass (2008) state that the notion that employers will increase their demand for older workers as a result of structural labour shortages are overblown at best. The authors argue first of all, that there it is questionable to believe that the economy (and demand for workers) will grow at its historic rate. Second, employers increasingly operate in a global economy and respond to changes in the global supply of labour, instead of changes in the domestic supply of labour. Third, older workers are often working in sectors and occupations that were expanding fast when they were young and are now expanding slowly or contracting. Expanding sectors seek primarily younger workers with the latest skills and knowledge, and younger workers seek employment in fast growing sectors.

While it is difficult to predict the demand for older workers in the future, current research strongly suggests that re-employment comes into the picture only when organisations have recruitment problems and few alternatives available. Though it may be true that 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 (Conen, Henkens, and Schippers 2011). Johnson & Park (2011) show that in the US workers age 50 to 61 who lost their jobs between mid-2008 and the end of 2009 were a third less likely than those age 25 to 34 to find work within 12 months, and those age 62 or older were only half as likely. Reemployment was low among all age groups, however. The likelihood of finding a job within a year was only 36 percent at age 25 to 34, 24 percent at age 50 to 61, and 18 percent at age 62 and older.

5. Conclusions and discussion

Retirement is an increasingly complicated process of labor force withdrawal. The decision to retire transcends considerations about the pros and cons of retirement at the individual or the household level of the older worker. For a better understanding of older workers' career decisions we need to incorporate the driving forces of retirement processes at the demand side of the labor market. Employers are key players in defining the opportunities for retirement as well as the opportunities for working longer. As a result, the success of policies aimed at delaying retirement is to a large extent dependent on the actions and attitudes of employers. Thus, to fully understand the process of retirement one should delineate the role that employers play in the late career employment-retirement nexus. In this article we make several observations that may guide future research questions.

Our first observation is that there is a rich literature about the age productivity nexus and the difficulties in measuring this relationship. However, we lack studies that confront perceptions of employers have about declining productivity with information on actual productivity. Future studies might also look at the origins of the stereotype views on productivity and retirement timing, and study their consequences. The consequences may relate to hiring and firing decisions, but also to the HRM-policies focused on older workers in organizations that might bridge a perceived wage-productivity gap. Designing policies that enhance the employability and productivity of older workers is one of the challenges personnel managers will face in the near future. It is not clear whether existing biases toward older workers hamper or stimulate the development of these type of policies.

Our second observation is connected with the management of the retirement process by employers. Although retirement has been frequently used to lay off older workers when they threaten the profitability of the firm or when market forces more or less dictate firms to downsize the workforce, management of retirement processes by employers that also address the preferences and needs of employees is mostly absent. This is, however, increasingly relevant since pension and social security reforms will make it more difficult to lay off older workers. The management of retirement requires that the issue is discussed by the employee and his or her supervisor. Few studies have looked at employee-employer communication practices with respect to retirement. One study carried out in the Netherlands showed that a large majority of employees in their fifties discuss retirement with their spouse, and colleagues (Henkens and Van Solinge 2003). A small minority discusses the issue with their supervisor. Many managers see retirement as a private affair. However, employees see retirement as an occupational career transition in which firms and supervisors play a key role. Future studies might take a closer look at the interaction processes that take place between employees and supervisors, with respect to retirement. It would be particularly interesting to study the misperceptions about the opinions and behaviors of each other. The coorientation model as advanced by McLeod and Chaffee (1973), can be used to understand the role of communication in perceptions of others' opinions as well as their accuracy. At this point it seems that the Thomas theorem is applicable here: "If men define situations as real, they are real in their consequences". This may be very relevant for workers who perceive their employer as supporting early retirement and employers who perceive older workers are unwilling to be trained and looking forward to a life without work, without asking it. Although many coorientation studies have been carried out to identify the accuracy of individuals' perceptions of others, coorientation has not been explored in the context of retirement. To facilitate effective retirement planning on the part of the employer and employee more insight is needed in communicating the preferences and restrictions which both actors face.

More insight in the social processes that take place in the years before retirement may also provide additional answers to the question why many employers are only luke warm to retain or hire older workers. Are economic considerations the real driving forces behind the difficulties which older workers experience in extending their career? Or are psychological processes, with misperceptions, stereotypes and the prejudice the major impediments for a match between employers and their employees at the end of their career?

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