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# Do European employers support later retirement?

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## Abstract

**Purpose** – This paper aims to examine whether employers' opinions and expectations regarding workers' retirement age are in line with the ideas of the EU-Member States' governments to increase the participation of older workers and to postpone the transition from paid work into retirement at the end of the labour market career.

**Design/methodology/approach** – A comparative survey was used among employers from five European countries: Greece, Hungary, Spain, The Netherlands and the United Kingdom.

**Findings** – The authors found that most employers are reluctant in supporting later retirement. Part of this reluctance is the result of the perception that an ageing work force is a burden rather than a boom to organizations.

**Originality/value** – This study shows that there still is a discrepancy between the aims formulated at the level of the European Union and member state countries with respect to stimulating the labour force participation of older workers and the attitudes of individual employers. In particular, the fact that employers perceive alternative solutions to the challenges of an ageing and shrinking workforce, other than delaying retirement, suggests that most employers will not be a major driving force for extending the working life.

**Keywords** Employers, Older workers, Retirement, Direct labour costs, Europe

**Paper type** Research paper



## 1. Introduction

Extending people's working life is seen as a key element in curtailing the rising costs of public pensions as well as the looming labour shortages 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, 2006). At the government level, these initiatives vary from pension reforms that limit early exit routes from the workforce to legislation against age discrimination and public campaigns to combat negative stereotyping in the workplace. At the organizational level, employers are urged to develop personnel

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policies geared towards increasing the employability of older workers, for instance by means of life-long learning. Employers' opinions and behaviour play a major part in determining the labour market transitions of older workers. Of course, older citizens must be willing and able to work, but whether they actually get the opportunity mainly depends on employers' decisions.

Yet, how employers view the changing nature of retirement is largely unknown. It has been argued that the transition into retirement is not necessarily a dichotomous decision between full-time work and full-time retirement. Retirement can also be a more flexible transition with intermediate combinations of work and retirement. In addition, retirement does not need and appears not to be an irreversible decision as a substantial percentage of older workers re-enter the work force after retirement (Wang *et al.*, 2008).

In this paper we examine how European employers deal with the changing nature of retirement. In particular we will focus on employers' policies towards retirement within their own organization. Of course, national employers' organizations are inclined to acknowledge that later retirement in the context of an ageing society is inevitable, but how the individual members who they represent view this issue is not widely known. Besides gaining insight into employers' behaviour with respect to an ageing work force, we will also reflect on how employers view public policies towards raising the retirement age. To address these issues we will discuss the results from survey research among employers in five European countries. The countries that figure in this article are The Netherlands, the United Kingdom, Spain, Greece and Hungary. Although these five countries do not accurately represent how employers in the entire European Union view the retirement process, considering the wide diversity of institutional and social-demographic settings in these countries, the picture offered in this paper provides insight in perspectives on retirement in different European settings.

## 2. Work and retirement in an ageing society

For the coming decades, all European countries will have to deal with the consequences of an ageing population and work force. The driving forces behind this ageing process are well-acknowledged: a higher life expectancy in conjunction with a low fertility rate. Differences in the level and speed of ageing are bound to exist as not only the initial conditions differ but also the institutional and socio-economic context differs. Also the extent to which older people are still active in the labour market differs substantially among the countries in this study. The highest labour force participation rate among the population of 55-65 years is found in the UK (57 percent). In The Netherlands (46 percent), Spain (43 percent), Greece (42 percent) and Hungary (33 percent) the figures are substantially lower (Eurostat, 2005a). Differences in activity rates are also reflected in the actual retirement age of men and women in the countries studied in this article (see Table I). In the countries under review, men retire at an earlier age than the average for OECD countries, the only exception being the UK where retirement ages of men virtually coincide with the OECD average. On average women retire somewhat earlier, with Dutch and Spanish women retiring even later than men. To understand the latter result one should be aware of the fact that even though fewer women participate in the labour market than men, those who do participate comprise a group of highly committed (and higher educated) women (Román *et al.*, 2007).

In some European countries (notably the UK, Germany, Sweden and Denmark) the prospect of an ageing population has led governments to opt for increasing retirement

**Table I.**  
Effective and statutory  
retirement age  
(2004/2005) in selected  
EU countries, by gender

	Men		Women	
	Effective retirement age <sup>a</sup>	Statutory retirement age	Effective retirement age <sup>a</sup>	Statutory retirement age
Greece	62.4	65	61.2	65
Hungary	58.9	62	57.3	60
The Netherlands	60.2	65	60.5	65
Spain	61.1	65	63.4	65
United Kingdom	63.2	65	61.4	60
OECD	63.3	64.4	62.0	63.3

**Notes:** <sup>a</sup>The (median) effective age of retirement is estimated from the LFS data on employment status. It is calculated in each Member State as the age at which the proportion who are economically active (i.e. the activity rate), is 50 percent of the proportion who are economically active at the age of 50  
**Source:** OECD (2006)

beyond the statutory retirement age of 65. Extending the working life can in that respect be seen as a double dividend (Cremer and Pestieau, 2003). Different national governments have taken different actions to stimulate older workers to stay in the labour market and postpone retirement. The United Kingdom and The Netherlands have introduced legislation to combat age discrimination at work. Especially in The Netherlands this has resulted in a series of complaints and law suits. Following these law suits several collective labour agreements that contained age-based arrangements have been adapted and formulated in an age-neutral way. Also in The Netherlands, the government has taken several legal measures to block the different pathways into retirement. All these measures are meant to discourage older workers to leave the labour market before the official current retirement age of 65. The main instrument is the use of financial disincentives, like higher marginal tax rates on early retirement benefits, lower unemployment benefits for older workers and a reduction of disability benefits for older workers. On a temporary basis, different task forces and expert groups have disseminated good practices among organizations with respect to personnel policies concerning older workers. In line with the ideas developed already in some of the Scandinavian countries and Germany, the Dutch government has also decided to raise the official retirement age to 67 by 2025. In a similar way, the Hungarian government has decided to increase the retirement age for both women and men from 62 years to 65 years. This gradual increase will start in 2014 and will be completed in 2021. The opportunities for early retirement will gradually be limited through changes in the law on social security pensions. As part of the measures following the recent economic recession, the so-called “pension for the 13th month” will be abolished in Hungary. In 2009, 50 percent of this allowance has been abolished and in 2010 the whole allowance will be eliminated. This is affecting retired people in a difficult way. As a result of the current economic downturn, 130,000 employees have been dismissed in Hungary up to this point. This dismissal first affected people between 30 and 50 years of age. However, when an entire company is liquidated, it affects older workers as well. In Greece and Spain, where unemployment rates have been much higher over the last decade than in the countries of Western Europe, the

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focus has been more on combating unemployment than on measures that promote the continuous employment of older workers. As a matter of fact, Greece still takes measures to provide income support for older workers who cannot find a job after having become unemployed, thereby implicitly sponsoring the non-participation of older workers. So, the five countries in our study differ considerably with respect to the policy stage they are in, depending to a large extent on the urgency of labour market shortages and an unfavourable shift in the ratio between the inactive and the active population.

### 3. Theoretical background

How do employers deal with the consequences of an ageing work force and retirement? A starting point for examining the relationship between age and productivity is generally found in human capital theory (Becker, 1962). In a nutshell, productivity is positively related to the human capital, which an individual accumulates over his or her lifetime. Just like physical capital, human capital depreciates and in order to enlarge human capital stock investments have to be made, either firm-specific or of a general nature. It is generally perceived that beyond a certain age, human capital investments slow down because the horizon over which the pay-off of investments have to be realized decreases. Consequently, depreciation gets the overhand and human capital stock decreases as does the productivity of workers at the end of their careers. The tacit assumption made in human capital theory is that wages and productivity are equal and move in line over the life course: if productivity increases, wages increase, and if productivity decreases, wages decrease. Over time, empirical analyses have frequently shown another picture: wages increase until a certain age, but the predicted decrease at the end of the labour market career is not as commonly observed as theory predicts. Wage rigidity or stickiness at older ages seems to be the rule in many developed countries (OECD, 2006; Euwals *et al.*, 2009). This “stylized fact” called for alternative explanations with respect to the relationship among age, wages and productivity (see Hutchens, 1989). Thurow (1975) was one of the first to suggest that whilst wage 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.

Lazear (1979) stressed that this so-called 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. Therefore, employers will either opt for mandatory retirement schedules or the use of private pension schemes, which penalise continued employment beyond a certain age. The inherent difficulty with these types of implicit contracts is that the sustainability of the contract is negatively affected by the ageing of the population. Lazear (1990) later made this explicit in stating that population ageing challenges the financing of delayed payment contracts by firms.

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Work force ageing increases the incentives of firm owners to either decrease the wages of older workers or lay them off through early retirement (or some social security arrangement supplemented by golden parachute constructions).

Employers' opinions and decisions on older workers' retirement do not only depend on the difference between the costs and revenues of the individual older worker. The individual employment relation does not exist in a vacuum, but is embedded in labour market conditions at the macroeconomic level and social context, including social norms about the appropriate age for retirement (Joulain and Mullet, 2001). According to microeconomic theory, employers will not only assess the individual worker, but they will also compare this worker with other workers to see whether they actually get value for money. This means that they will also incorporate in their decision making how the costs and benefits of the older worker compare to those of younger workers (see also Van Dalen *et al.*, 2009). It also means that their opinions and decisions may depend on the availability of other workers. This may imply that in a country with a relatively young population or in a country where there are still many women available to take over the jobs of those who retire, employers may have fewer difficulties letting older workers go than in a country where there are only few alternatives available to replace older workers who retire. So, it is necessary to keep in mind the socio-economic and institutional conditions (employment protection laws, age discrimination acts, social norms, etc) under which individual employers are operating.

#### 4. Data

The data which will be used in this paper are based on a set of identical surveys carried out in five European countries. As part of the EU project *Fair Play for Older Workers*, a questionnaire was developed to provide insight into the attitudes and behaviours of employers with respect to older workers. The questionnaires used in the different countries were identical. The five countries, however, have used a mixed strategy of approaching organizations (see Table II). Questionnaires were posted and sent by email to organizations or delivered by hand. In Spain, face-to-face and telephone interviews were also carried out and respondents could choose to complete the questionnaire online. Data collection took place from March to October 2005, with the exception of Hungary where financial problems prevented the field work to be done until autumn 2008. The total number of completed questionnaires amounts to 2,306, of which 354 are from Greece, 451 from Hungary, 597 from The Netherlands, 332 from Spain and 572 from the United Kingdom. Participating research institutes of the Fair Play program carried out the data collection. The appendix shows that data collection covered all sectors of the economy in each country. Comparison with European statistics (European Commission, 2006, p. 58) revealed that the data are representative for the sector distribution in each country, although employers in Greece and Spain often filled in "other sectors" on the survey forms which makes it difficult to be completely certain whether the data are representative.

#### 5. Perception costs and benefits of work force ageing

The first issues we want to discuss are related to employers' expectations with respect to the consequences of an ageing work staff. In short, what do they perceive as the costs and benefits of work force ageing? Looking at the perceived consequences of an ageing personnel structure, a divide among employers becomes visible (see Table III): British and Hungarian employers are far more positive on the possible economic

Country	Method of data collection	<i>n</i>	Response rate (%)	Sector distribution in the sample (%)	Sector distribution according to European Commission (2006, excluding agriculture) (%)
Greece	Sent by e-mail and distributed by hand	354	Not available	Industry and construction (17) Service sector (47) Public sector (14) Sector unknown (22)	Industry and construction (26) Service sector (47) Public sector (27)
Hungary	Telephone interviews (CATI)	451	Not available	Industry and construction (32) Service sector (39) Public sector (27) Sector unknown (2)	Industry and construction (34) Service sector (38) Public sector (28)
The Netherlands	By postal mail	597	15	Industry and construction (25) Service sector (40) Public sector (35) Sector unknown (0)	Industry and construction (21) Service sector (43) Public sector (36)
Spain	Online questionnaire and face-to-face and telephone interviews	332	Not available	Industry and construction (17) Service sector (46) Public sector (7) Sector unknown (31)	Industry and construction (32) Service sector (43) Public sector (24)
United Kingdom	By postal mail	572	6	Industry and construction (27) Service sector (37) Public sector (36) Sector unknown (0)	Industry and construction (22) Service sector (43) Public sector (35)

Table II.

Consequences	Greece	Hungary	The Netherlands	Spain	United Kingdom
<i>Costs</i>					
Increase in labour costs	62	60	77	52	42
Greater resistance to change	56	36	56	55	45
Increase in absenteeism/sick leave	69	31	53	54	40
Less enthusiasm for new technology	59	31	44	46	39
Deterioration of the organization's image	37	8	16	22	13
<i>Benefits</i>					
Increase in know-how and experience	68	69	61	67	78
Fewer conflicts within the organization	34	40	13	37	24
Increase in productivity	33	46	7	37	25
Broader employability of the staff	29	37	29	30	35
More staff mobility	12	33	17	13	28
<i>n</i>	354	451	597	332	572

Table III.  
Expected consequences<sup>a</sup> of an ageing personnel structure for own organization, 2005 (Hungary: 2008) (percentages)

Notes: <sup>a</sup>Based on the question "If the average age of the employees in your organization increases, how likely or unlikely is it that the following outcomes will occur in your organization?"

Source: Employer Survey NIDI-UU (2005-2008)

consequences of an ageing personnel structure, whereas the Greek, Spanish and Dutch employers see predominantly negative consequences.

Of the specific benefits of ageing, the large majority of employers in all countries would point out an increase in know-how and experience. Other benefits are less prominently visible in the eyes of employers. Among the costs of work force ageing, labour costs are without a doubt the most prominent, although the UK is an exception to the rule where only 42 percent of the employers expect an increase in labour costs. Dutch employers are most adamant in expressing an expectation that labour costs will increase: 77 percent believe this will be the case in the near future. An important conclusion to be derived from Table III is that in each country the percentage of employers expecting an increase in labour costs is by far larger than the percentage of employers expecting an increase in productivity. In short, work force ageing is generally perceived by employers as a burden and not a boom.

### **6. Implications for firms' retirement policies**

The finding that so many employers in Europe expect an imbalance in the development of labour costs and productivity is probably the most worrisome. When potential increases in productivity do not outpace increases in labour costs it is likely that the support for later retirement will be limited. In light of these employers' views on the ageing of their workforce, how the changing nature of retirement is viewed by employers becomes an important question. Retirement patterns are becoming more dynamic with possible multiple job exits and job entries. Moreover, there is evidence that the assumption of retirement as a dichotomous decision is no longer an adequate approximation of older adults' retirement transitions (Szinovacz, 2003; Wang *et al.*, 2008). Older workers' retirement processes are the outcome of individual decision making processes within the context of the opportunities and constraints provided by employers to exit or re-enter the labour force. To shed some light on employers' perspectives on retirement processes we address three specific questions:

- (1) To what extent do employers currently support later retirement of incumbent workers in their firm?
- (2) To what extent do employers support the entry of older workers and the re-entry of retirees?
- (3) To what extent do employers support part-time retirement?

#### *Later retirement of employees*

Research on older workers' decisions to retire has shown that employees are more inclined to extend their working life if they are encouraged and supported by their employer to delay their retirement (Feldman, 1994; Henkens, 1999). To gain insight in employers' views with respect to the postponement of retirement, we asked them about the desirability of:

- older workers working beyond the age of 60; and
- older workers continuing to work after the age of 65.

Employers could state whether working for both cases was desirable or undesirable, but they could also express their indifference. The results are shown in Table IV.

British employers hold the most positive opinions on older workers continuing to work beyond the age of 60 or even after 65. The UK is the only country in the set of five

in which the share of employers in favour of workers staying on after the age of 65 outnumbered the share of those opposed. Hungary and Greece show a completely opposite picture. A large majority opposes workers being employed beyond the age of 60 (and especially 65). Not even one third of the employers consider working after the age of 60 desirable. This share falls to around ten percent for working after the age of 65. With respect to Hungary, one should keep in mind that the official retirement age is lower than in most other European countries (62 years for men and 60 for women). In Spain and The Netherlands there is a clear difference between employers' opinions concerning working beyond the age of 60 and working beyond the age of 65. Working beyond the age of 60 is supported somewhat by over 40 percent, while working over 65 is supported by only a quarter of employers in Spain and no more than nine percent in The Netherlands. The share of employers that is of the opinion that it is undesirable for workers to continue working after the age of 65 is twice as high as in the United Kingdom. These outcomes suggest that the official retirement age in most countries may also serve as an age norm within organizations.

#### *Recruitment of retirees and older workers*

Despite this limited support for extending the working lives in several European countries, governments, including the European commission, stimulate participation of older workers as the solution or at least one of the solutions to future labour market shortages. To get an insight in employers' behaviour with regard to the re-entry of older workers we asked employers whether they recruited workers age 50 and over and whether they recruited former employees who are already retired from the labour force (see Table V).

There are large differences across the countries observed. On average British and Hungarian employers are more likely to recruit older workers and retirees, while their Dutch, Greek and Spanish colleagues are far less likely to make use of older workers. These figures reflect the labour market situation in the different countries at the time of the study, but the figures also reflect differences in retirement dynamics. Unemployment in 2005 was relatively low in the United Kingdom, which increases the likelihood of recruiting older workers. In The Netherlands unemployment was also low during that period, but few employers were active in recruiting older workers. This finding is in line with the observation that The Netherlands still has a strong exit culture, where the mobility of older workers is primarily a one-way street and

		Greece	Hungary	The Netherlands	Spain	United Kingdom
1. Older employees working beyond the age of 60	Desirable	29	29	42	44	60
	Indifferent	27	29	39	27	32
	Undesirable	44	42	19	29	8
2. Older employees working after the age of 65	Desirable	10	12	9	24	30
	Indifferent	22	33	34	27	43
	Undesirable	68	67	57	49	27

**Source:** Employer Survey NIDI-UU (2005-2008)

**Table IV.**  
Opinions of employers on  
the timing of retirement  
within their own  
organization



dominated by exit mobility (Euwals *et al.*, 2009). The data for Greece and Spain suggest that retirement dynamics in these countries are also still quite low. The data for Hungary are fairly recent and despite the bleak expectations tied to the world wide credit crunch, Hungarian employers are still quite positive with respect to hiring older workers, but that may also be in part the result of the fact that Hungarian employers still face a relatively low statutory retirement age (see Table I) and the potential to work longer and productively may very well be larger compared to countries like The Netherlands and the UK where retirement ages are higher.

*The option of part-time work*

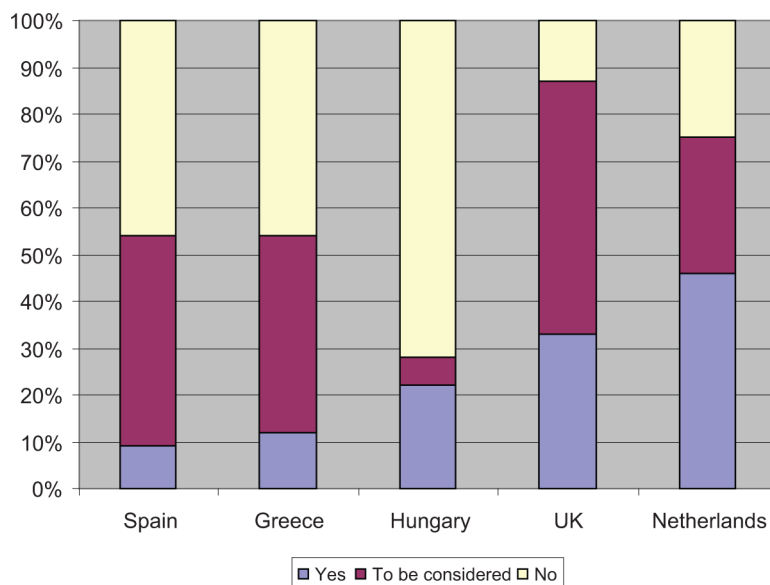
Part-time work or bridge employment is often cited as a potential policy measure to make gradual retirement possible. By bridging a full-time career and full-time retirement, part-time work can contribute to the transfer of knowledge and experience to younger employees and at the same time it can help to deal with the desire of the older worker to lessen work stress or the demand for more leisure time. Advocates of the so-called transitional labour market approach (Schmid, 2000; Schmid and Gazier, 2002; Ester *et al.*, 2008) have been arguing that partial transitions can sometimes be considered preferable to complete transitions. A partial transition may even help to postpone the complete transition for some time. From that specific perspective partial retirement can be considered a potential instrument to extend the working life. Even though employees may at some age decrease their working hours, "keeping connected" may help them to stay in the labour force for a longer period. As a result, the total number of hours supplied over the life course may benefit from partial retirement. However, the net effect of part-time retirement is still largely unknown. Experiences in various countries suggest that part-time retirement schemes trigger only those workers who intended to keep on working to reduce their working time, whereas it does not affect the intentions of workers who wanted to retire fully from the labour force. On aggregate, part-time retirement schemes have trimmed the number of full-time workers instead of full-time pensioners (Ghent *et al.*, 2001; Guillemard, 1999).

To shed some light on the issue of part-time retirement we first asked employers about facilities for part-time retirement. The results from Figure 1 show major differences among our five countries. In The Netherlands almost half of the employers offer some kind of arrangement for part-time retirement. The United Kingdom is in second place with about one third of the organizations offering some kind of arrangement. This is totally different from the situation in Hungary, where about 20 percent of the firms have an arrangement for part-time retirement, but only a limited group of employers considers introducing such an arrangement. In this respect, Greece and Spain are still far behind when it comes to offering employees the opportunity for a partial transition into retirement.

Retirement policies	Greece	Hungary	The Netherlands	Spain	United Kingdom
Recruiting more older workers	8	31	8	7	42
Recruiting ex-employees who have already taken early retirement	4	24	3	3	23

**Source:** Employer Survey NIDI-UU (2005-2008)

**Table V.** Measures taken by organizations in response to personnel shortages (percentages)



**Figure 1.**  
Do organizations have part-time retirement facilities? Selected EU countries

Source: Employer Survey NIDI-UU (2005-2008)

To “test” the odds for part-time retirement we also asked employers to share their views on part-time employment in a more general way by responding to the thesis, “You cannot work with part-timers in this organization”. The results in Table VI show a picture that is more or less comparable to Figure 1. Dutch and British employers have in general no problems or objections to employing part-time workers, while Hungarian employers massively oppose working with part-timers.

### 7. Preferred public policies towards retirement

In the previous section we discussed employers’ views on the desirability of their own staff to work beyond the age of 60 or even beyond the age of 65. In this section, we want to extend the discussion to employers’ preferences concerning public policies. Table VII

	Statement: you cannot work with part-timers in this organization			Total
	Disagree	Neutral	Agree	
Greece	25	27	48	100
Hungary	7	22	71	100
The Netherlands	62	17	21	100
Spain	42	24	34	100
United Kingdom	66	19	15	100

Source: Employer Survey NIDI-UU (2005-2008)

**Table VI.**  
Employers’ attitudes towards part-time work (percentages)

	Greece	Hungary	The Netherlands	Spain	United Kingdom
<i>Most preferred policy measures</i>					
Raising retirement age	10	10	13	20	24
Encouraging part-timers to work full time	24	36	28	11	24
Extending working week	3	3	24	5	4
Encouraging more women to work	14	3	23	20	16
Encouraging couples to have more children	30	45	4	24	7
Attracting workers from abroad	20	3	7	20	25
Total	100	100	100	100	100
<i>Least preferred policy measures</i>					
Encouraging older workers to carry on working longer	41	29	21	24	14
Encouraging part-timers to work full time	8	6	2	7	5
Extending working week	21	27	8	37	21
Encouraging more women to work	5	7	2	2	5
Encouraging couples to have more children	15	7	43	18	49
Attracting workers from abroad	9	24	24	12	7
Total	100	100	100	100	100

**Table VII.**

Preferred policy measures<sup>a</sup> to increase labour supply to meet the consequences of ageing

**Notes:** The question was: "In the future, if there were an employee shortage because of the ageing population, which of the following measures do you think would be the most (respectively least) effective to take to address the problem?"

**Source:** Employer Survey NIDI-UU (2005-2008)

reveals what employers consider the most effective and the least effective policy measure for society at large to increase labour supply as part of an effort to meet the challenges of an ageing society.

The answer categories include economic policy measures (raising retirement age, switching from part-time to full-time work, more female employment) as well as population policy measures (stimulating the fertility rate, immigration). The figures in the table reveal that raising the retirement age is among the most controversial public policy measures according to employers. Whereas in each country the number of employers choosing the option "raising the retirement age" as the most preferred measure is small the number of employers that state that it is the least attractive option is higher in all countries except the UK. In the UK, 24 percent of the employers chose raising the retirement age as the most preferred option among the set of options and 14 percent chose it as the least preferred option. A second observation is that employers strongly support an increase in the participation of women in the labour force, either by stimulating the number of working women, or by encouraging part-timers to work full time. In The Netherlands, where part-time work is a widespread phenomenon, promoting full-time work is the most preferred policy measure among employers.

A third observation is connected to the attitudes towards population policy measures in solving labour market shortages. In the Southern European countries – Hungary, Greece and Spain – there seems to be strong support for demographic measures – in particular pro-natalistic policy initiatives – to increase the future labour supply. The most preferred measure among Hungarian employers and their Mediterranean colleagues from Greece and Spain are pro-natalistic policies, whereas

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in Northern European countries the British and Dutch employers generally consider this one of the least effective ways to increase future labour supply[1].

To summarize, the results suggest that employers perceive later retirement as only one of the possibilities to deal with an ageing and shrinking workforce. These results suggest that employers' attitudes towards retirement depend not only on the perceived costs and benefits of the older worker, but employers will also compare the older worker with other workers, such as younger women or migrant workers.

## 8. Conclusion and discussion

The overarching impression with respect to the role of employers in the retirement process is that in most countries the support for later retirement (certainly working beyond 65) is weak, the only exception to this rule being the United Kingdom. This is reflected not only in attitudes towards later retirement of workers, but also in recruitment practices within organizations and preferred public policy options at the national level. The data for the five European countries under review suggest that supporting the re-entry of retirees is weak among employers, and certainly less popular than the recruitment of older workers. Part-time retirement, which is often proposed as a suitable compromise, is embraced by those employers who already are familiar with the coordination and management problems tied to the realities of a transitional labour market. Notably a large majority of Dutch and British employers do not see major obstacles in implementing part-time work, whereas the Greek and Hungarian employers are not very much in favour of employing part-time workers, Greece and Hungary being countries, which have some of the lowest shares of part-time employment in the European Union (European Commission, 2006, p. 40).

Although the data cover a limited number of European countries, the impressions about the attitudes of employers towards later retirement are revealing. This study shows that there still is a discrepancy between the aims formulated at the level of the European Union and member state countries with respect to stimulating the labour force participation of older workers and the attitudes of individual employers. In particular, the fact that employers perceive alternative solutions to the challenges of an ageing and shrinking workforce, other than delaying retirement, suggests that most employers will not be a major driving force for extending the working life. This suggests that initiatives to raise the retirement age will have to come from either employees or the government. Employers seem to take on a rather passive role. A recent study on supervisors' attitudes towards retirement (Henkens *et al.*, 2009) suggests that supervisors are inclined to facilitate working longer if an employee states that he or she is eager to work longer. Supervisors are reluctant to raise the issue of working longer themselves.

With regard to government policies on raising the statutory retirement age, employers have limited options to circumvent these changes in rules and regulations. The result may lead to an increase in the effective retirement age within organizations. However, this top-down approach to force employers to employ older workers may very well backfire when the underlying problem – the pay-productivity gap for older workers – is not addressed. One of the repercussions may very well be that employers become even more reluctant to hire older workers and ultimately reduce the labour market mobility of older workers.

Note

1. Similar attitudes can be discerned in Eastern Europe (*vis-à-vis* Western Europe), where citizens are more in favour of pro-natalistic policies than are Western European citizens (Velladics *et al.*, 2006).

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### Further reading

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