

**Extended abstract for the European Population Conference, 24-27 June, Padua, Italy.**

**When and Why Do Employers (Re)Hire Employees beyond Normal Retirement Age?**

O. Tunney & J. Oude Mulders

**Outline**

Declining fertility and mortality rates have led to significant changes in the age profiles of western societies and, consequently, their labor markets (Crimmins & Zhang, 2019). To tackle impending labor shortages resulting from these demographic changes, workers across developed nations are increasingly being encouraged to extend their working lives by foregoing early retirement and potentially continuing to work after the statutory retirement age (Barnes, Smeaton, & Taylor, 2009).

Initial evidence shows that employees are adjusting to the prospect of longer working lives; with preferred retirement ages across European countries (Hess, 2017), and the number of workers continuing in employment after normal retirement age (NRA) (Pleau & Shauman, 2013) seeing significant increases in recent years. Factors such as social norms regarding retirement, and an individual's health, education, and financial status have been shown to play a key role in determining whether people work after retirement (Beehr & Bennett, 2015).

However, while our understanding of the antecedents and the impact of working beyond normal retirement age from the employee's perspective has grown, comparatively little is known about the considerations, attitudes, and motives of employers regarding the employment of older workers beyond normal retirement age. Greater understanding of employers' experiences of (re)hiring employees after normal retirement age is vital given that employers control the majority of employment opportunities for those who wish to work beyond normal retirement age (Vickerstaff, 2006).

To address this gap in the literature, we examine the experience of Dutch employers in facilitating the hiring, or continued employment, of workers beyond normal retirement age. First, we investigate which organizations do and do not employ workers beyond normal retirement age, and whether that behavior is related to factors commonly shown to affect employers' hiring behavior. In particular, we consider the role of social norms regarding working at older ages within the organization, concerns that employers have regarding workforce aging, and a range of structural organizational characteristics in determining employment beyond normal retirement age. Second, focusing exclusively on those employers who have previously engaged with workers beyond normal retirement age, we investigate the extent to which social norms, employer concerns, and structural factors determine the nature of their attitude and approach towards employing working retirees. Specifically, we study whether employers believe those working beyond NRA should possess unique skills or experience, should agree to a lower salary, and whether they block the career progress of younger workers.

## **Methods**

### **Data**

The current study uses data from the NIDI Employer survey, which investigated attitudes and experiences of Dutch employers with aging workforces and longer working lives. The survey, conducted between December 2016 and March 2017, was sent to 6,000 organizations with 10 or more employees. The sample was stratified across size and sector to ensure an adequate number of responses from a variety of organizations. Each organization received a letter inviting them to participate, along with a hard copy of the questionnaire. A further two reminders were sent, the first comprising a reminder letter containing their unique online code, and the second containing a new hard-copy questionnaire. This resulted in 1,358 participating organizations, and a response rate (23%) which matches response rates found in similar large-scale organizational surveys conducted both nationally and internationally. One hundred and two participants were removed either for failing to respond to the question regarding their experience with employees working beyond retirement, or for responding to items about their organization's experiences in employing working retirees despite previously indicating their organization had no such experience. This left 1,256 observations for further analysis.

### **Measures**

#### Dependent Variables

In the first phase of the analysis, we examine employers' previous engagement with working retirees. This was assessed via responses to the questionnaire item "Does your organization have experience with employees who continue to work after normal retirement age?" Participants' responses (either yes or no) formed the dependent variable for the initial phase of our analysis.

The second phase of our analysis focused on the opinions and experiences of those who had previous experience with working retirees. Participants were asked to rate on a five point Likert-type scale ranging from one (completely disagree) to five (completely agree) to what extent they agreed with the following statements:

- 1.) Working retirees in your organization have unique knowledge and/or experience.
- 2.) If people in your organization work beyond retirement age then this holds back career progress of others.
- 3.) If people in your organization work beyond retirement age then they must accept a lower wage.

#### Independent Variables

##### Social Norms:

To assess individual respondents' social norms regarding retirement, participants were asked to list at which age they found too old to be working more than twenty hours per week (Radl, 2012). To assess the influence of workplace social norms about retirement, participants were asked to rate on a five point scale ranging from 1 (very negatively) to 5 (very positively), how workers in their

organization would judge (1) rehiring an employee to work beyond normal retirement age, and (2) hiring an external retiree to work beyond normal retirement age.

#### Employer Concerns:

Employers were asked to indicate on a scale ranging from 1 (not at all) to 5 (extremely), how worried they were regarding: (1) the physical capabilities of older workers; (2) mental capabilities of older workers; (3) reduced opportunities for younger workers; and (4) limited opportunities for workers with health problems.

#### Structural Factors

Structural characteristics of the organizations such as their size, sector of operation, the percentage of female, older, and flex workers employed in their organization, whether or not the organization was experiencing recruitment problems, and whether or not they were actively trying to rejuvenate their workforce were included in the analysis.

## **Results**

### **Employers experience (re)hiring retirees**

Of 1,256 respondents, 674(53.66%) reported previous experience with workers after NRA. However, while most organizations reported positive towards working retirees, only (re)hired workers beyond NRA if they had unique knowledge or experience, and at the initiative of the worker. A logistic regression analysis was conducted to predict experience of employing workers after retirement age from variables describing the structural and demographic characteristics of the organization. Preliminary results indicate that perceived workplace norms regarding both hiring retirees from within, and from outside, the organization are significant predictors of engagement. Organizations with more accepting workplace norms regarding employment of existing workers beyond NRA are significantly more likely to have previously hired workers beyond NRA. Employer concerns regarding opportunities for younger workers are also found to influence hiring decisions. Organizations in which employers reported greater concern for the opportunities for younger workers are significantly less likely to have previously employed workers beyond NRA. Finally, a number of structural factors such as the size, sector, and percentage of female and older workers employed, and efforts to rejuvenate the workforce significantly influence whether or not workers were employed beyond NRA.

### **Characteristics of the employment relationship**

#### Unique skills and experiences

Employers in large organizations and employers who reported greater concerns regarding older works mental capacity, and limited employability for workers with health concerns were more likely to

require workers beyond NRA to have unique skills and/or experience. While more accepting workplace norms regarding hiring employees from outside the organization were linked to lower levels of thinking that older workers had unique skills or experience, no such association was found for workplace norms regarding the continued employment of existing employees beyond NRA.

### Pay cut

Ordered logistic regression analysis investigating employer attitudes towards the pay rate of employees working beyond NRA indicated that while a higher percentage of older employees was associated with increased likelihood to agree that workers beyond NRA should take a pay cut, the opposite pattern was observed for organizations actively engaged in rejuvenating their workforce.

### Blocking progress of other workers

Preliminary results show that organizations with more accepting workplace norms regarding both the hiring of new workers, and the continued employment of existing workers beyond NRA, are less likely to view older workers as blocking opportunities for other employees. In contrast, employers are more likely to feel that working past NRA does impede other workers when there is a greater percentage of female employees, when they are concerned about older workers mental capabilities, and when they are concerned about younger workers growth opportunities.

## **References**

- Barnes, H., Smeaton, D., & Taylor, R. F. (2009). *An ageing workforce: the employer's perspective*. Brighton: Institute for Employment Studies.
- Behr, T. A., & Bennett, M. M. (2015). Working after retirement: Features of bridge employment and research directions. *Work, Aging and Retirement, 1*(1), 112–128.
- Crimmins, E. M., & Zhang, Y. S. (2019). Aging populations, mortality, and life expectancy. *Annual Review of Sociology, 45*, 69–89.
- Hess, M. (2017). Rising preferred retirement age in Europe: Are Europe's future pensioners adapting to pension system reforms? *Journal of Aging & Social Policy, 29*, 245–261.
- Pleau, R., & Shauman, K. (2013). Trends and correlates of post-retirement employment, 1977–2009. *Human Relations, 66*(1), 113–141.
- Vickerstaff, S. (2006). 'I'd rather keep running to the end and then jump off the cliff'. Retirement Decisions: Who Decides? *Journal of Social Policy, 35*(3), 455–472.