

The Double Standard in Attitudes toward Retirement – The Case of the Netherlands

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In the coming decades, the importance of the older worker for the Dutch labour market will become apparent as the population ageing process progresses. Extending working careers may turn out to be a double dividend for welfare states like the Netherlands as it can prevent drastic cuts in benefits or large increases in pension contributions. The average Dutch worker, however, has a double standard when considering the prospect of working longer: while agreeing that working longer may well become necessary, workers do not think it will apply to them personally. Two structural impediments may explain this ambivalence and the low labour force participation of older workers: (1) stereotypes of older workers held by both employers and employees and (2) attitudes towards working longer are sensitive to the business cycle. Whereas solidarity with older workers seems to be a principle that holds true in good times, in times of recession other rules apply.

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Introduction

The Dutch labour market is “in transition”. The population ageing process continues unabated, household structures are changing, life courses are being reshaped, and interwoven into this are policy reforms that, in turn, respond to these demographic trends. Against the backdrop of these changes, it is difficult to paint a clear picture of the ageing workforce. Is the increase in labour force participation the result of the economic upturn in recent years, or is it the result of policy reforms, or of new cohorts of “elderly people” who have different attitudes about work and retirement? And how do personnel policies respond when the going gets rough? Do employers and employees revert to past mistakes or has something really changed on the Dutch labour market? This article describes the opinions and attitudes of employers and employees in the Netherlands, with the focus on the question of extending the working life.

In order to gain a better insight into the issues of work and retirement, we shall first address the question of to what extent there is a sense of urgency in the Netherlands that it will be truly necessary in the future for people to continue working beyond retirement age. If no one believes that it is truly important to continue working until 65 or even beyond this age, only very few will be inclined to prepare themselves for later

retirement. Also, if everyone believes that population ageing will leave employment and retirement unaffected, older people will continue to be faced with the preconception that they will have to start thinking about early retirement around the age of 60.¹ In the next section, we measure the sense of urgency among the Dutch population about the need to take steps to alleviate the negative consequences of ageing.

The section “How long can older adults continue working?” contains the heart of the paper and addresses the question of whether employees are willing to extend their working life. The analysis of survey data shows that older workers have double standards about extending their working life: while they see the need for people to continue working, they leave it up to others to actually do so when the time comes for them to decide on a retirement date.

The section “In search of structural impediments” looks into two structural impediments in an effort to understand why people are little inclined to continue working: (1) the role played by stereotypes toward older workers and (2) the cyclical nature of intergenerational solidarity. In the last section, we summarize the insights gained and draw policy lessons from the picture presented by the survey data collected.

Is there a sense of urgency regarding pension reforms?

In the decades to come, the Netherlands, like all other countries in Europe, will inevitably face an ageing population.² The ageing process, which started in the 1960s, has resulted in significant changes in the composition of the population. The strongest ageing wave, however, is yet to come. The number of old-age pensioners, now 14 per cent, will increase in the decades ahead, to a maximum of 25 per cent around 2040. These developments will surely be felt on the labour market and the Dutch labour market is currently adapting to an ageing population structure, but the ultimate question is whether it will adapt sufficiently. The past decades have seen considerable changes in labour force participation. Whereas the age at which young people enter the labour market is rising because they are spending more time in education, the age at which people – that is to say, men – leave the labour market has dropped. Furthermore, the number of years spent working has also dropped. Men born between 1903 and 1908 spent about 75 per cent of their lives in the labour market. For men born around 1935, this amounted to 58 per cent of their lives.³ The labour force participation of women presents a completely different picture. The age at which women enter the labour market has also increased over the past 50 years, but these younger cohorts of women have increasingly continued working after childbirth. Female labour force participation is rising in almost all age categories.⁴

Policymakers and politicians are well acquainted with the macroeconomic consequences and policy options linked to an ageing population. However, measures

¹ Joulain and Mullet (2001); McCann and Giles (2003).

² Cf. Carey (2003).

³ Liefbroer and Henkens (1999).

⁴ See Henkens *et al.* (2002).

Table 1 Expectations about a public pension crisis and reforms

	<i>Netherlands</i>	<i>France</i>	<i>Germany</i>	<i>Italy</i>	<i>Spain</i>
<i>Public pension crisis expected in the coming 10–15 years</i>					
Yes	48	82	81	72	43
Don't know	17	14	6	7	23
<i>Reduction pension benefits expected in coming 10 years</i>					
Yes	46	73	75	75	47
Don't know	12	19	6	16	27

Source: NIDI Pension Survey 2003 and Boeri *et al.* (2001).

tend to be more effective if the general public understands what they are about, if they know the considerations underlying the decisions made and if the policy choices made are credible. If the perceptions people have are based on the wrong assumptions, it is up to the government and the parties involved to put them right. The well-known aphorism of the sociologist W.I. Thomas is pertinent here: “If men define situations as real, they are real in their consequences.” It is therefore of considerable importance that we examine the sense of urgency and perceptions of ageing among the population of the Netherlands.

The threat of a public pension crisis

Although it is difficult to find out whether people are aware of the developments that lie ahead as a result of the ageing process, we can acquire some information indirectly by canvassing people’s opinions about the future of public pensions. The public pension system in the Netherlands is, after all, based on the pay-as-you-go principle, where today’s employed pay for today’s elderly. Given this financing method, old-age pension contributions and benefits depend strongly on developments in the age composition of the population. To gain some insight into the expectations of the people at large about the sustainability of social security in an ageing society, we posed the question of whether they expect a crisis in the financing of the public pension system in the coming 10–15 years. The answers given to the question (see Table 1) showed that there were more pessimists (48 per cent) than optimists (35 per cent), which suggests that people are quite well aware of the serious consequences of ageing. Having said that, not everyone appeared to believe that a possible public pension crisis would result in a substantial decrease in pension benefits: whereas 46 per cent were of the opinion that benefits would drop, 42 per cent believed that this would not happen.

We can put these results into perspective by comparing them with the answers given in surveys held in other European countries.⁵ What is immediately clear from Table 1 is that people in the Netherlands are relatively optimistic about the sustainability of public pensions compared with people elsewhere in Europe. This is, no doubt, related to the fact that the pension system in the Netherlands differs fundamentally from that in countries such as Germany, France, and Italy, where the fate of pensions depends

⁵ See Boeri *et al.* (2001).

much more strongly on the composition of the population than it does in the Netherlands.

In the Netherlands, supplementary pensions are based on the capital funding principle and the government creates a buffer against its growing expenditures on public pensions through a (virtual) public pension trust. According to Boeri *et al.*,⁶ the reason why Spaniards are still relatively positive is that knowledge of, and media attention for, the pension issue is rather limited. This is all the more surprising given the fact that more than 90 per cent of pensions in Spain are public pensions and that Spain, together with Italy, is expected to have the highest old-age dependency ratio of all OECD states in 2050.⁷ This ratio (the number of people over 65 as a percentage of the working-age population of 20–64-year olds) is expected to amount to 70 per cent by that time. This is not likely to be the case in the Netherlands. Not only will the old-age dependency ratio be less extreme than it is in Italy and Spain (for example: an expected 0.45 around 2040 and 0.4 in 2050), but at the same time the pension issue has received fairly extensive media coverage in the Netherlands, so the relatively positive attitudes of the Dutch in this respect may not be attributed to gross ignorance about pension matters.

The answers predicting a strong decline in public pension benefits are bound to be positively related to the answers about the public pension crisis, but this does not necessarily have to be the case. A crisis in the public pension system could, for example, be reflected in a steep increase of pension contributions, as well as a reduction of benefits. Two-thirds of the people who said they expected a public pension crisis believe that benefits will be cut as a result. This means that there are also people who believe that the pain caused by a pension crisis will be reflected not only in lower benefits but also in higher pension contributions and tax rates.

Intergenerational tensions

The percentages found among the Dutch conceal considerable intergenerational tensions. These tensions become blatantly clear when we take a closer look at the expectations about a public pension crisis and reforms, broken down by age group. Figures 1 and 2 show that the different age groups are diametrically opposed to one another. Today's younger generations have little faith in the current public pension system and generally believe that pension benefits will be cut back further in the coming 10 years. This is an extremely important insight in light of the fact that the public pension system and many other social security systems are rooted in trust and these systems might unravel if everyone believes that public pension systems are unsustainable. The situation is very different among today's older generations: they generally believe that there will be no public pension crisis, and trust that benefit levels will remain intact. It is difficult to say where this trust or distrust comes from. These results are surprising given that experimental laboratory research has shown that there exists considerable solidarity between younger and older generations.⁸

⁶ *Ibid.*

⁷ Carey (2003, p. 9).

⁸ Van Dalen and Verbon (1999).



Figure 1. Expectation of a public pension crisis in the Netherlands, by age categories. *Source:* NIDI Pension Survey 2003.

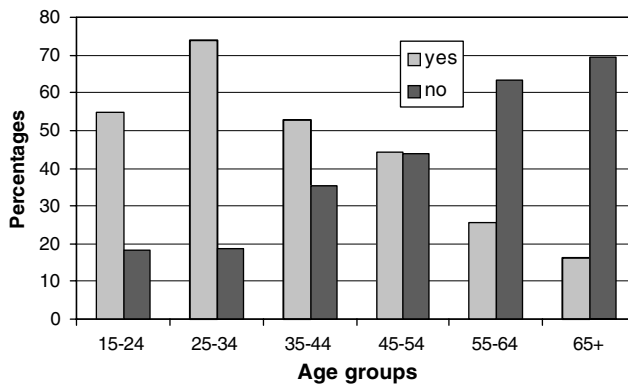


Figure 2. Expectation of major reduction of pension benefits in the Netherlands, by age categories. *Source:* NIDI Pension Survey 2003.

The survey referred to above captures the situation at one point in time. One could also, of course, log attitudes over time by studying preferences for policy alternatives aimed at keeping the public pension system affordable. Table 2 shows that while considerable changes took place in the period 1990–2002, raising taxes and social security contributions are still seen as the most attractive way of easing the growing public pension burden. However, the most prominent *change* to be noted is that there is far less support for raising taxes and social security contributions, and that people are becoming increasingly aware of the need to continue working until later in life. In other words, the public pension burden is being alleviated by limited increases in social security contributions and by adjusting the rights of older workers. Extending people’s working lives can be achieved first by abolishing early retirement schemes and, second, by raising the official retirement age. This option is gaining ground as voices from a variety of quarters are calling for the retirement age to be raised from 65 to 67 years.

Table 2 Policy alternatives to keep the public pension system sustainable (first preferred option)

<i>Policy alternatives</i>	<i>1990</i>	<i>2002</i>
1. Raising income tax or social security contributions	54	38
2. Abolishing early retirement schemes	23	35
3. Raising retirement age	12	17
4. Lowering public pension benefits	4	5
5. Making public pension benefits depend on number of children	4	4
6. Requiring that children financially support their retired parents	2	1

Source: NIDI, MOAB Survey 2002.

The general public, too, are beginning to see this proposal as a possible solution to keeping the pension system sustainable. If the results are broken down by age, the pensioners (over 65 years) are strongly in favour of raising the retirement age and abolishing early retirement schemes. The younger generations in the Netherlands appear to be more in favour of raising taxes or social security contributions.

Prospects of a shortage of labour supply

But there is yet another reason why older adults should continue working: not only to meet the social security costs of an ageing population but also, at the same time, to keep the labour supply growing or stable. If the labour force participation rate in the Netherlands fails to rise, the labour supply will start shrinking as a result of population ageing in the medium term. The issue of the sustainability of pensions and the raising of the labour supply are closely related, of course, and survey respondents also tend to see and evaluate them in conjunction with one another. Table 3 presents the answers to the question of how shortages in the labour market can best be addressed.

It is clear that the respondents have a preference for *economic* policy proposals and not *population* policy proposals (stimulating bigger families, immigration). It is also interesting to note how the different age groups evaluate the option to raise the retirement age and how they are led by their own interests. Whereas people who have already retired from the labour force were the most fervent supporters of this option, older workers were not particularly in favour of raising the retirement age and the latter age group preferred measures such as extending working hours for today's employed and stimulating the labour force participation of women.

Some policy measures are more controversial than others. Whereas 21 per cent of the respondents were in favour of raising the retirement age, no less than 16 per cent found this measure the least attractive option. Stimulating the labour force participation of women and encouraging part-timers to work longer hours are far less controversial: the number of advocates was much higher than the number of people who were against these measures. Demographic measures were not found to be controversial either in the sense that there were many opponents and only a few proponents.

In addition to raising the retirement age in a rather rigid fashion, it might be possible to abolish mandatory retirement at the age of 65. This would protect workers who wish to continue working against being forced to stop on reaching 65. Despite the

Table 3 Preferred policies to raise labor supply in the Netherlands

	<i>Age groups</i>			<i>Total</i>
	<i>30–44</i>	<i>45–64</i>	<i>65+</i>	
<i>Policy alternatives MOST ATTRACTIVE</i>				
Raising retirement age	23	13	28	21
Encouraging part-timers to work full-time	19	26	21	21
Extending working week by 4 h	15	23	35	21
Encouraging more women to work	31	28	9	26
Encouraging couples to have more children	5	3	3	4
Attracting workers from abroad	7	7	4	6
Total	100	100	100	100
<i>Policy alternatives LEAST ATTRACTIVE</i>				
Raising retirement age	12	23	14	16
Encouraging part-timers to work full-time	6	5	4	6
Extending working week by 4 h	12	10	7	10
Encouraging more women to work	4	4	7	4
Encouraging couples to have more children	39	23	36	37
Attracting workers from abroad	27	34	31	26
Total	100	100	100	100

Source: NIDI MOAB Survey 2002.

fact that under this scenario older workers would not be obliged to continue working after 65 years of age, there is still no majority in favour of scrapping the mandatory retirement age in the Netherlands. The NIDI Pension Survey held in June 2003 shows that 30 per cent of the respondents were in favour of abolishing the mandatory retirement age and that a majority (57 per cent) said that it should be upheld (13 per cent had no opinion). The number of advocates and opponents was only equal among respondents with a university degree, at over 40 per cent each.

In summary, a solution to the macroeconomic consequences of ageing for the public pension system and the labour market will probably be found in a combination of labour market measures (extending the early retirement age or working longer hours, higher labour force participation) and capital market measures (saving more, higher contributions). The results present a mixed picture in terms of working beyond the retirement age. Although people in the Netherlands have become increasingly aware over the past 10 years that extending one's working life may well, in the long term, be inevitable, this awareness does not translate into actions or expectations.

How long can older adults continue working?

Private retirement expectations and preferences

If employees retire too early, human capital is wasted if it still has value for prospective employers. Measuring the loss of capital is beyond the scope of this article. We can, however, get an indication of the magnitude of this loss by asking employees to indicate up to which age they feel they would still be able to operate effectively in their

jobs, the age at which they expect to leave the labour force, and the age at which they would like to leave the labour force if they were free to choose. Table 4 shows differences in the retirement ages by social-economic category. There is a clear discrepancy between the preferences and expectations about the retirement age and the maximum age at which workers are still able to operate effectively among the highest and lowest echelons of the society. Whereas respondents with a lower social-economic status indicated that they continued working beyond the age at which people in their jobs are capable of doing so effectively, the opposite was found among respondents in the highest social-economic category. People in this category said that they were capable of continuing until the age of 65, but that they expected to retire $2\frac{1}{2}$ years earlier. Workers in the lowest social-economic category, on the other hand, expected that they would have to work almost a year longer than they were actually capable of doing.

... and retirement decisions of others

A drawback of self-reported values is that people never speak their minds. Another way to find out to see how people judge the early retirement trend is to ask them about the retirement decisions *of others*. Do older workers retire far too early, given their capabilities and possibilities? Table 5 provides some insight into people's views on this matter. The table shows that many people believe the elderly retire much too early and that valuable knowledge and skills are lost when older workers call it a day. Surprisingly, these results show that, in giving their views, people are often led by their own interests. Whereas today's older workers (45 to 64-year olds) have widely diverging opinions about the loss of expertise or skills through early retirement, a large majority of the over-65s have negative opinions on this issue.

Since it is in the interests of pensioners to have a broad tax base, it is not surprising that this group is not in favour of early (or even earlier) retirement. It is not always a matter of acting in one's own interests, however. The qualification "much too early" may refer to retirement before the age of 60 rather than to early retirement in general. Another factor that could play a role is that the older respondents had a stronger work ethic than today's older adults and that they view the high pre-60 retirement percentage with envy or horror.

Table 4 Preferred and expected retirement ages by social-economic status^a

<i>Social-economic categories</i>	<i>Retirement age</i>		
	<i>Maximum (a)</i>	<i>Expected (b)</i>	<i>Desired (c)</i>
Low	61.6	62.4	58.5
Medium	62.6	62.4	58.4
High	65.0	62.3	59.4
Average total	62.9	62.4	58.7

^aThe table gives average ages up to which employees indicate (a) the maximum age at which people are able to operate effectively, (b) expect to stop working under the Dutch early retirement system, and (c) the age at which they would like to stop working if entirely free to choose.

Source: NIDI Pension Survey 2003.

Table 5 Statements about capabilities and possibilities of older workers, 2002

<i>Statements</i>	<i>20–44</i>	<i>45–64</i>	<i>65+</i>	<i>Total</i>
<i>The skills and knowledge of older workers are not put to optimum use</i>				
Agree	69	82	83	80
Neutral	17	15	14	16
Disagree	4	4	4	4
<i>Older workers retire much too early these days, given their vitality</i>				
Agree	38	34	59	41
Neutral	34	31	23	31
Disagree	28	35	18	28

Source: NIDI MOAB Survey 2002.

...and the possibilities of working beyond 65

Another source of labour supply are the workers of 65 years and older, a group of people who are generally expected to rest on their laurels. The age of 65 is still seen as a watershed between a working and non-working life, even though few people actually continue working until they are 65 in the Netherlands. People *do* continue working beyond 65 in a number of economic sectors in which reaching retirement age does not necessarily imply an end to one's career (e.g. self-employment). But even in these sectors, it is often still a taboo to continue working beyond 65 if this is felt to stand in the way of opportunities for younger people in the same professions. Data provided by the Labor Force Survey of Statistics Netherlands show that working beyond the official retirement age is very uncommon. In 2001, about 4.5 per cent of the population aged 65–74 were in paid employment for one or more hours a week. This percentage is increasing gradually. Almost three-quarters of the people who are still economically active beyond retirement age are self-employed.

Figure 3 shows that the Dutch population believe the labour market experience of older people is still a valuable resource to the society. Perceptions about the capabilities of the pensioners have become increasingly positive over the past 17 years. Whereas, in 1986, 56 per cent of the population agreed with the statement that people over 65 are still capable of working, it had risen to 77 per cent in 2003. Note that the pensioners themselves are particularly positive in this respect: 90 per cent agreed with the statement in 2003, compared with 65 per cent in 1986.

The low labour force participation rate of older adults might be explained by the fact that they experience limited opportunities in the labour market. It is a well-known phenomenon that the unemployed become so discouraged that they give up all their efforts to find a job and ultimately resign themselves to a life without work.⁹ People who are not active in the labour force (such as women who want to go back to work after a career break) are also inclined to become discouraged because they feel their chances are limited, and they may give up their job-hunting efforts as a result. How do

⁹ Sprengers (1992); Henkens *et al.* (1996).

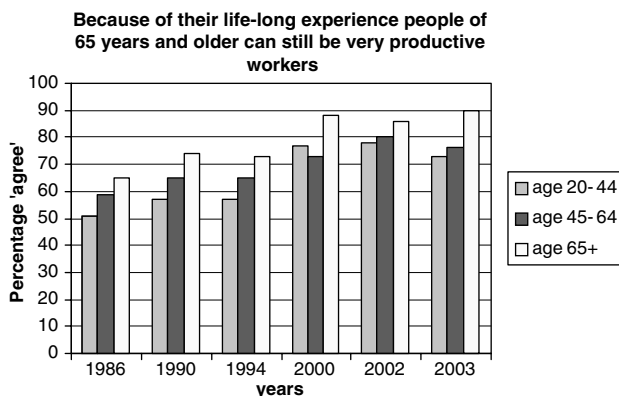


Figure 3. Old age pensioners can still be highly productive workers. *Source:* NIDI Pension Survey 2003 and NIDI MOAB Survey, various years.

today's elderly rate their own chances of finding a job? The answers to the question of how many months older workers thought they would need to find a suitable job after having been made redundant clearly show that older workers are not optimistic about their own chances. Whereas young workers expect that they will find a suitable job within about 4 months' time, older workers expect that they will need an average of 16 months to do so. With such expectations, one should not be surprised by the survey result that an overwhelming majority (84 per cent) of the *non-working* older adults in the 55–64-year age group had no intention to return to work anymore. No differences in intentions were observed between men and women.

This is in sharp contrast to the intentions of people aged 45–54 years who did not have a job at the time of the survey: 53 per cent wanted to resume their working lives. Most of those who indicated that they wanted to re-enter the labour force had lost their jobs involuntarily, through unemployment or disability. Only a few of the people who had retired early said that they wanted to go back to work. Note that no less than seven per cent of the pensioners (over 65) said that they would like to be in paid employment, however, mostly part-time.¹⁰

In search of structural impediments

The picture seems complete: weak intentions to return to work, a desire for early retirement (even though people are aware of the drawbacks of a general trend towards early retirement), and poor chances in the labour market. But what lies behind these facts? Why don't the elderly re-enter the labour force, and why does it take so long for older people to find a job? In other words: What are the biggest impediments for a further increase of the labour force participation of older adults? In this section, we will review stereotypes about older workers (the section "Obstacle 1: stereotypes about older workers"). It is frequently pointed out that older workers are often confronted

¹⁰ Cf. Reday-Mulvey (2005).

with negative stereotypes within organizations, the result being that they are gradually excluded or that they start behaving in accordance with these negative stereotypes. The second impediment (the section “Obstacle 2: Changing opinions and attitudes with economic downturn”) concerns the sensitivity of people’s attitudes to the state of the economy. If employers and employees cast aside their principles of solidarity when the economy takes a turn for the worse, their changing opinions and behaviours will make it very difficult to develop a policy for older workers.

Obstacle 1: stereotypes about older workers

In the policy debate about the position of older workers, employers are often seen as the “bad guys”. Many countries are making an effort to combat age discrimination and negative stereotypes in an effort to stimulate the labour force participation of the elderly.¹¹ It is far from certain, however, whether employers actually have such negative attitudes. Or to express this in a weaker form: whether they have more negative attitudes towards older workers than the employees themselves.

In Table 6, we have put employers’ opinions about older workers alongside the opinions of the Dutch public in general in order to shed light on this matter. Data about employers’ attitudes *vis-à-vis* older workers come from a survey carried out in 2002 jointly by the NIDI and Utrecht University.¹² They gathered information from 1000 employers in both the private and public sectors. For each statement, we have indicated which percentage of the respondents agreed, disagreed, or were undecided.

The most striking result of this exercise was that the attitudes of Dutch employers were found to be far more moderate than those of the average Dutch person. As shown in the top row of the table, no more than 7 per cent of the employers interviewed felt that older workers were less productive than young ones. This opinion was found among twice as many respondents representing the Dutch population as a whole. Marked differences were also found with respect to the degree to which older workers were associated with positive qualities. Whereas, for example, 13 per cent of the employers regarded older workers as being more reliable than young employees, this percentage was more than three times as high, at 45 per cent, among the Dutch general public. With respect to stereotypes regarding the adaptability of older workers, we find similar differences. The population as a whole has a much more negative opinion on older workers’ adaptability than employers.

We have performed factor analysis to condense the information in the table to a few characteristic dimensions.¹³ Upon closer examination, we are able to identify three major dimensions in the answers to the above questions, namely: productivity, loyalty, and flexibility. In Table 7, we have presented the most pertinent question for each of the three dimensions in order to gain a better understanding of these dimensions. The answers were broken down by four age categories. We draw attention to the asymmetry inherent in questions of this kind, given that the elderly have their lives

¹¹ Taylor (2001).

¹² See for more information Remery *et al.* (2003).

¹³ Henkens (2005).

Table 6 Opinions of employers and the Dutch population about characteristics of older workers (in percentages)

	<i>Disagree</i>		<i>Neutral</i>		<i>Agree</i>	
	<i>Employers</i>	<i>Population</i>	<i>Employers</i>	<i>Population</i>	<i>Employers</i>	<i>Population</i>
1. Older workers are less productive than younger workers	57	49	36	37	7	14
2. Older workers are less creative than younger workers	54	60	37	28	9	12
3. Older workers keep up just as well as younger workers	15	18	32	42	53	40
4. Older workers are more often sick than younger workers	67	50	25	39	8	11
5. Older workers are just as enterprising as younger workers	13	14	36	40	51	46
6. Older workers prefer not to be assigned tasks by younger workers	41	33	41	42	19	25
7. Older workers are more loyal than younger workers	29	12	40	29	31	59
8. Older workers are more reliable than younger workers	42	20	45	40	13	39
9. Older workers are more meticulous than younger workers	38	18	43	37	19	45
10. Older workers have greater social skills than younger workers	25	11	40	29	35	60
11. Older workers are more careful than younger workers	23	11	33	22	44	67
12. Older workers are less interested in technological change than younger workers	29	26	36	30	35	44
13. Older workers are less able to adapt to technological change than younger workers	28	16	36	27	37	57
14. Older workers are less interested in participating in training programmes than younger workers	36	27	18	26	46	48
15. Older workers are less capable of doing physically taxing work than younger workers	15	10	25	19	60	71

Source: NIDI MOAB Survey 2002 and NIDI/University of Utrecht Employers Survey 2002.

Table 7 Opinions about images of older workers, by age groups, 2002

Statements	Dutch population					Employers
	16–29	30–44	45–64	65+	Total	
<i>Older workers are less productive than younger workers</i>						
Agree	14	13	10	22	14	7
Neutral	41	36	34	38	37	35
Disagree	45	51	56	40	49	57
<i>Older workers are more loyal than younger workers</i>						
Agree	45	60	66	61	59	32
Neutral	38	28	25	26	29	40
Disagree	17	12	9	13	12	28
<i>Older workers are less able to adapt to technological changes than younger workers</i>						
Agree	68	60	47	62	57	37
Neutral	26	26	30	24	27	36
Disagree	6	14	24	15	16	27

Source: NIDI MOAB Survey 2002.

behind them and are therefore capable of making a comparison across their lifetime, whereas the only frame of reference young people have are the older workers they meet in their own jobs.

Several studies have examined the influence of stereotypes on employers' behaviour.¹⁴ These studies have shown that the more positive people's attitudes are about older workers, the more opportunities they will have to take part in training programmes, the greater their chances of being promoted, and the less inclined employers will be to make older adults redundant. These studies have also shown that employers who are in close contact with older workers have more positive attitudes about their productivity and about the need to retain older workers. So the idea that "what is unknown, is unloved" also applies to attitudes towards older workers.

Actions and decisions

The older worker is apparently given a more favourable review by employers than employees. But why is the employment of older workers so low? Again a double standard appears to be the rule in explaining hiring and firing decisions within firms. Table 8 gives an impression of how employers think about the prospect of their personnel staying on till the age of 65. Firms and government organizations are not enthused: approximately 20 per cent of the employers think it is a good idea that most of their workers stay on; the rest are in large part indifferent or outright negative in their judgement. Evidence from the Netherlands¹⁵ as well as Canada¹⁶ shows that the lack of support for working longer proved to be influenced by stereotyped views regarding the productivity, loyalty, and adaptability of older workers.

¹⁴ See, for example, Chui *et al.* (2001); Henkens (2005).

¹⁵ Henkens (2005).

¹⁶ Berger *et al.* (2005).

Table 8 Attitude of employers with respect to retirement of their employees, 2002

	<i>Evaluation of the prospect that the majority of personnel keeps on working till the age 65^a</i>		
	<i>Desirable</i>	<i>Neutral percentages</i>	<i>Not desirable</i>
<i>Private sector</i>			
Industry	25.3	40.9	33.9
Services	20.1	41.5	38.4
<i>Public sector</i>			
Local government	17.2	55.2	27.6
Health care	19.9	44.4	35.6

^aQuestion: "Do you consider it desirable that the majority of your employees keeps on working till the age 65?".

Source: NIDI/University of Utrecht Employers Survey 2002.

Decisions within organizations are not only taken by management, however. Other employees are also involved in the recruitment and selection of new staff members. As shown in Table 9, these employees often have far more outspoken opinions about the performance of older workers than their managers do. Very little is known, however, about how these stereotypes affect their behaviour. In an effort to gain insight into this matter, all working respondents were asked to give their opinions about people with 25 years of work experience, who as a rule are older than 45 years. Despite the fact that older workers tend to have a wealth of experience, it is in no way certain that this gives them a headstart when it comes to finding a job:

Suppose your company is taking on staff and you will be getting a new direct colleague with whom you will be working closely. Three suitable candidates have been found, but their work experience differs. The first candidate has just graduated, the second candidate has about six years work experience and the third candidate has 25 years experience. Which candidate would you prefer?

The answers given are presented in Table 9 and broken down by age. The table makes it clear that people have ambivalent attitudes towards the experience newcomers bring. They appreciate a certain level of experience, as opposed to no experience at all, but only few respondents were found to welcome a highly experienced colleague. This illustrates the ambivalent attitudes people have to knowledge and experience.

Whereas newcomers with a lack of experience put too much of a burden on existing staff because they have to transfer knowledge to their new colleagues, newcomers with extensive experience are apparently felt to be a threat, possibly rooted in the fear that the experienced new colleague will not be sufficiently open to new insights and will want to put to good use the experience he or she has and is probably willing to impart to younger workers. Note that the weak preference for highly experienced workers was found in all age categories, albeit somewhat less among older workers themselves.

Stereotypes are often persistent and difficult to change because the process that created them tends to start at a young age and to be unconscious. The use of

Table 9 Who to recruit when there is a vacancy?

<i>Someone who ...</i>	<i>20–34</i>	<i>35–44</i>	<i>45–64</i>	<i>Total</i>
... has just graduated	25	21	22	23
... has about 6 years work experience	66	74	56	64
... has about 25 years work experience	9	5	22	16
	100	100	100	100

Source: NIDI Pension Survey 2003.

stereotypes conceals individual differences between older workers. Whereas these differences are underestimated, similarities between them that match the prevailing stereotypes are overestimated.

Obstacle 2: Changing opinions and attitudes with economic downturn

Many labour market institutions and policies are based implicitly or explicitly on the principle of intergenerational solidarity. However, when the price of solidarity becomes too high – for example, due to population ageing or an economic recession – solidarity between generations will come under pressure;¹⁷ this applies not only to the social security system but also to age–wage structures, the general applicability of collective labour agreements, and corporate recruitment and dismissal procedures. Those who dig deeper into the opinions and attitudes of the Dutch worker will soon discover that some of the principles, which people subscribe to, fall apart in bad times. The Dutch population at large had positive attitudes towards the capabilities of people over 65 (see Figure 3). The key question, of course, is whether younger and older workers actually give this group an equal chance on the labour market. People are divided on the issue of whether the older workers should have the same rights to paid employment as younger workers: 52 per cent of the respondents agreed with this statement. The most interesting finding, however, is that attitudes on this issue have changed over time (see Figure 4). Whereas 37 per cent of respondents supported equal rights in the labour market in 1986, support had increased to 56 per cent in 2002, and subsequently dropped back slightly to 52 per cent in 2003. So, there has been an increasing support for equal rights. However, if we take a closer look at the answers to questions that relate the rights of the “pensioners” directly to the job opportunities of young people, we see that the principle of equal rights is not entirely “recession-proof”. Whereas in 1986, 50 per cent of the population felt that workers over 65 were depriving the younger generations of opportunities on the labour market, this opinion was found among no more than 30 per cent of the Dutch population in 2002 (see Figure 4). The most recent survey in June 2003, however, showed that the economic slump had significantly changed people’s opinions on this issue: 45 per cent of the population felt that workers over 65 were working at the expense of young people. Given that people tend to adjust their principles and opinions very gradually, this 15 per cent shift within the span of a year can be seen as a landslide. Having said that, people’s sensitivity to an economic downturn is not new. In 1994, the economic

¹⁷ Boeri *et al.* (2001) and Van Dalen and Henkens (2002).

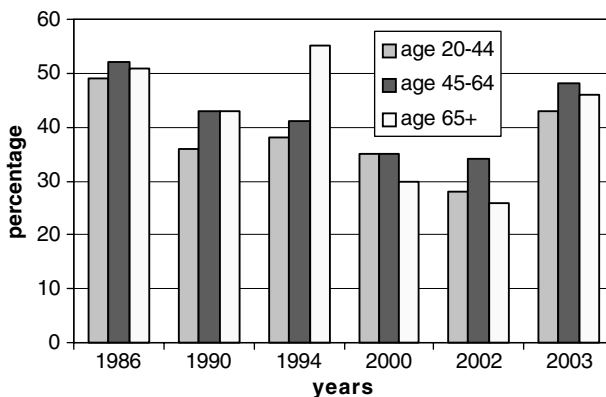


Figure 4. Does labour force participation by “pensioners” deprive young people of work? *Source:* NIDI Pension Survey 2003.

outlook was very gloomy and unemployment seemed to be rising fast. The Netherlands Bureau for Economic Policy Analysis (CPB) predicted in 1993 that unemployment would rise to nine per cent by 1994, and even said that the number of people on unemployment benefits was expected to reach “a new post-war high”. This caused the pensioners in particular to rapidly adjust their opinions: no less than 55 per cent said at the time that keeping workers over 65 in the labour market was depriving young people work and income possibilities. When the economy recovered strongly after 1994, people’s attitudes about older workers became more positive as a result. So it is hardly surprising that the economic downturn in 2003 again resulted in a change of attitude towards the position of older workers in the labour market. The only difference this time was that this change of attitude was found among all age groups.

The position of older workers in the labour market therefore appears to depend strongly on the state of the business cycle and this would suggest that older workers have an ambiguous status: whereas in good times voices say that older workers are needed to keep the economy going, in bad times older workers tend to be seen as expenses that can be cut. This was also clearly reflected in respondents’ answers to the question of who should be made redundant first during corporate downsizing: employees who joined the company last (the Last-In-First-Out principle) or those who have been with the company longest. In all, 70 per cent of the respondents were in favour of first laying off the older workers. In other words, the idea that older workers should be treated the same as the younger generations in the labour market seems to be a politically correct opinion that is easily cast aside and substituted with another opinion in which people’s self-interest comes first. Note that the people over 50 years of age were also overwhelmingly in favour of forcing older workers who are approaching retirement to retire early.

Conclusions

The Dutch labour market has changed structurally in the past 20 years. Whereas early retirement used to be the norm and was viewed as a sign of intergenerational solidarity

towards the young, today, extending the working life appears to be the new mantra of policymakers. As policy reforms cannot be effectively implemented if perceptions and attitudes are not in line with the principles underlying the proposed labour market and pension reforms, it is important that we gain insight into the opinions and attitudes of the population about developments of this kind. This article studied the opinions of employers and employees in the Netherlands regarding the extension of working lives. An open question is whether employees themselves are aware of the need to continue working and how long they think they can extend their working lives. This article has focused on the opinions of the Dutch population about these issues. In general, the Dutch appear to have a double standard when considering the prospect about extending the working life: while agreeing that working longer may well become necessary, workers do not think that it will apply to them personally. Solving problems in general terms is apparently easier than when the solution affects the personal (financial) situation. This attitude is revealed by a number of insights:

- *The productive potential of older workers:* The answers to the question about the productive potential of older workers differ quite markedly. Whereas the people in the higher social echelons expect that they will leave the labour market far too early, the less educated expect that they would have to work almost a year longer than they were actually capable of doing. The answers to the questions about the retirement behaviour of older workers, in particular the people over 65, painted a very clear picture: the productive potential of older workers is considerable. Three-quarters of the Dutch population support the statement that the pensioners are still capable of having a productive working life. Note that almost all pensioners themselves (90 per cent) believed that this was the case.
- *Dutch employees are their own worst enemies:* Dutch employees have far more outspoken opinions about older workers than Dutch employers: they are more positive about the positive qualities (loyalty, accuracy, and reliability) and more negative about the negative images of older workers (with respect to productivity and flexibility). Dutch employers held more moderate views, and these opinions are likely to be more realistic given that employers deal with personnel problems on a daily basis. The fact that employees hold more extreme views than employers is important in light of the fact that employees are often the ones who participate in decisions about the recruitment of staff.
- *Equal in good times, unequal in bad times:* The view that older workers should be treated equally in the labour market is widely supported. While support for this point of view has grown rapidly in the past 15 years, it has also become clear that support crumbles fast during hard times. During an economic downturn, people expect older workers to make way for younger workers. This was clearly reflected in the answers to the question as to who should be the first to be made redundant in the event of corporate downsizing: 70 per cent said the older workers should be the first to leave.

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