



Marketing retirement—or staying on the job

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Abstract Financial packages provide the most common incentive to meet the legal requirement that retirement be voluntary. However, managers have other tools to encourage retirement or encourage staying on the job—within legal constraints and consistent with current health insurance changes that may make pre-65 retirement more desirable. In using these tools, managers must consider demographic realities that offer a large cohort available to replace retirees. To assist managers, a qualitative study among human resource experts probed how companies decide between encouraging retirement and encouraging staying on the job and also how each is accomplished to maintain a workforce best matched to job requirements. Suggestions for marketing retirement include starting early to encourage saving so that employees can afford to retire and improving the retirement ‘product’ by flexible alternatives to full-time work, including self-employment. Suggestions for keeping employees on the job include tailoring schedules and rewards to the preferences and needs of individuals who might otherwise retire.

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1. Why employee retirement is a marketing issue

Consider this marketing challenge: offer your employee empty days, lower status, and a worrisome financial future—for many, a product known as retirement. Is it a surprise that potential buyers resist? Or that many who grudgingly acquiesce by taking the package then criticize the organization to friends, relatives, neighbors, and co-workers? Or

that a grandchild quickly sets up the Facebook page of the retiree allowing them to complain to much of the Internet-linked world?

Financial packages are the usual tool offered to encourage retirement, given that mandatory retirement is outlawed by the Age Discrimination in Employment Act of 1967 ([U.S. Equal Employment Opportunity Commission, n.d.](#)). However, a financial package can be a crude tool, or often an inadequate one. Managers thus may view employee retirement decisions as both a human resources issue and an internal marketing issue, hoping to influence employee decision making whether the goal is to encourage leaving or to encourage staying on the job.

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Employers may find that their oldest employee cohort remains on the job significantly longer than they had planned or retires sooner than they had expected. Either case offers powerful reasons to consider how to market retirement or staying on the job despite eligibility to retire. We therefore explore in the discussion that follows what many managers refer to as a taboo topic: how organizations decide whether to encourage or discourage retirement, how they implement their decisions, and how they might improve both the decision making and the implementation.

2. Examining the context for employer decisions and actions

We begin by clarifying three relevant environmental factors. The first is the set of legal constraints on company actions related to retirement decisions. Second is the new landscape in health insurance coverage, a factor in employees' choice of when to retire. Third is the age distribution in the United States, which is relevant in assessing how many workers might currently consider retirement versus the size of the cohort behind them.

We then report the results of a qualitative study we conducted regarding the approaches taken by a range of organizations. Our questions focused on how managers decide who should be encouraged to

stay and who should be encouraged to leave, and in the latter case, how they market retirement. We also asked our sources to compare the difficulty of marketing retirement to the difficulty of marketing continuing on the job if an employee wants to retire, and how organizations meet that challenge. We did not specify whether responses should differentiate between exempt and non-exempt workers.

From the results of this study we draw conclusions about how managers might improve their decision making and actions to encourage or discourage retirement. Proceeding from the assumption that organizations want to maintain a capable and up-to-date workforce, we consider what practices can best lead to that outcome.

2.1. Legal constraints

All those with whom we spoke in the qualitative study were well aware that actions in this area are circumscribed by legal restrictions that would daunt any sophisticated marketer. Segmenting by age and targeting those in any category over 40 is prohibited. So, realistically, is personal selling: a one-on-one chat with a 55-year-old about his or her limited future advancement, for example, may be grounds for a successful lawsuit charging age discrimination.

Table 1 outlines the legal considerations when an employer wants to retain an employee and also when an employer has the opposite objective; as

Table 1. Keeping it legal, based on the Age Discrimination in Employment Act of 1967*

Company Actions	Legal Considerations
Retention Focused <ul style="list-style-type: none"> ● Financial retention incentives (e.g., bonuses, raises) ● Nonfinancial retention incentives (e.g., flexible schedules, desirable locations, time off) 	<ul style="list-style-type: none"> ● Criteria for identifying recipients of retention incentives should be based upon legitimate business factors such as employee performance or skills. ● Those who are offered retention incentives should not be substantially younger than those who do not receive such offers.
Separation Focused <ul style="list-style-type: none"> ● Layoffs ● Outsourcing ● Job restructuring ● Documenting low performance 	<ul style="list-style-type: none"> ● To avoid establishing intent to discriminate or creating an appearance of such intent, managers should avoid initiating retirement discussions with targeted employees. Providing general information regarding retirement options to all employees presents less risk. ● Criteria for taking actions focused on job separation should be based upon legitimate business factors such as employee performance and should be applied in an age-neutral manner to all employees.

* Source: Age Discrimination in Employment Act of 1967, 29 USC § 621

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