

# Chapter 6

## A Case of Phased Retirement in Sweden

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### ABSTRACT

*Gradual retirement has become more common, yet previous research has neglected to study managerial and organisational aspects of phased retirement. Based upon ten interviews, it was found that, when managed successfully, phased retirement is beneficial for both the individual and the organisation. The organisation can successfully transfer knowledge between employees, while the individuals enhance their well-being and obtain a better balance between work and leisure. However, in order for both the organisation and the individual to benefit from phased retirement, managerial action and planning is required.*

### INTRODUCTION

A traditional retirement scenario when individuals work full-time until a given age, and then stop working overnight (Kantarci & Van Soest, 2008), could not only be quite depressing for the individual; it could also result in an abrupt loss of knowledge for the organisation (Callanan & Greenhaus, 2008). This scenario fits the institutionalized life course with separate stages of labour force preparation, participation, and withdrawal (Kohli, 1986; 1986; Mayer & Shoepflin, 1989). During the last fifteen years, however, there has been a change in life courses towards more flexible and varying trajectories (Taylor, et al., 2015; Brückner & Meyer, 2005). It is not only a concern for the individual, but also for governments in many of the industrialized nations since the costs of the Post-war baby boomers retirement are increasing (van Solinge & Henkens, 2014; Loretto & Vickerstaff, 2015). Gradual retirement has become more common (Patrickson & Ranzijn, 2005), but it is still limited. The percentages of employers that offer gradual retirement differs between countries, but are around 1/3 in many western countries, e.g. Australia, Netherlands and the US (Taylor, et al., 2015; Bloemen, et al., 2016; Moen, et al., 2016).

Most of the studies on gradual retirement have been conducted from a macroeconomic perspective exploring if gradual retirement can help reduce some of the public costs of low labor force among elderly workers (e.g. Huber, et al., 2016). Research has also focused on the micro level about why people

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choose gradual retirement and the way in which individuals seem to handle it (e.g. Alcover, et al., 2014; Hermansen, 2015) or attitudes towards flexible retirement (Kaolkerinos, et al., 2015). Fewer studies focus on the business level, i.e. the meso-level, which is problematic since it is often managers and human resources that can change how work is organized (van Solinge & Henkens, 2014; Moen, et al., 2016). This chapter fill a research gap on how phased retirement form a meso-level perspective, it focuses on how gradual retirement systems are being managed in order to work efficiently from the perspective of knowledge retention, career possibilities and rationalisation effects.

The aim of this study was to explore the effects of and actions on a private agreement of phased retirement on a business and individual level. The Company entered into these agreements for several reasons:

- To ensure knowledge transfer through a smooth transition into old-age retirement.
- To achieve better health for its employees.
- To enable career paths for younger employees.
- To achieve rationalization effects.
- To promote work incentives instead of costly early retirements.

This chapter is based on a single case interviewing human resource management (HRM), trade union representatives, employees (blue and white collar workers), and supervisors about the programme and their experiences with phased retirement. The interview findings discuss four of the five reasons it was started; knowledge transfer; better health for the employees; enabling career paths for younger employees; and rationalization effects.

## **FRAME OF REFERENCE**

### **Phased Retirement**

This paper focuses upon phased retirement, which is a form of gradual retirement that means reduced working hours within the same job and employer (Hutchens, 2006). Gradual retirement is an overall definition, which means that the employee has reduced work activity with a financial compensation of state pension and/or occupational pension; it is also a process toward full retirement, instead of an abrupt end of work (e.g. Quinn, 1999). There are several forms of gradual retirement; the most common are phased, partial, and part-time retirement (Kantarci & van Soest, 2008; Bloemen, et al., 2016). In this chapter phased retirement is explored and “involves a continued employment relationship with the career employer, albeit working fewer hours” (Bloemen, et al., 2016, p 203).

Previous studies have shown that there are many reasons why employers might be reluctant to create opportunities for gradual retirement, although there is little empirical evidence for these obstacles. For instance, Hurd (1996) presents a summary of results from different studies on why employers avoid implementing partial retirement programs. These include: fixed employer costs, production technology, team production, difficulty of job scheduling (in the case of part-time work), problems retaining job-specific skills when work hours are reduced, and health insurance, which may hamper gradual retirement (especially for employees with chronic health problems). Another example is Kantarci and van Soest (2008), who present similar results as Smolking (1996): personnel executives judged possible obstacles when introducing alternative work patterns; these included phased retirement. The following reasons

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