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January 2002

IWS briefing, Summer 2002 Volume 2 Issue 2

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IWS briefing, Summer 2002 Volume 2 Issue 2

Abstract

[Excerpt] A newsletter on workplace issues and research from the School of Industrial and Labor Relations at Cornell University.

Keywords

ILR, Institute for Workplace Studies, IWS, labor, market, employee, managers, work, retirement, economic, Hutchens, Francine Blau, MPS student, ILO, global economy

Comments

Suggested Citation

IWS briefing (Summer 2002) [Electronic version]. New York, NY: Cornell University, School of Industrial and Labor Relations, Institute for Workplace Studies.

<http://digitalcommons.ilr.cornell.edu/briefs/15/>

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Institute for Workplace Studies

A newsletter on workplace issues and research from the School of Industrial and Labor Relations at Cornell University

CORNELL

Employees Seek Balance between Work and Retirement

COUNTING THE DAYS to retirement? Don't bother. At least that's what a growing number of older Americans would like the option of doing. Instead of bidding farewell to colleagues, drawing down the pension, and embarking on days of endless travel, Americans approaching the magic age of 65 seem eager to keep on working — on a reduced schedule and preferably for the same company. The problem is, employers aren't convinced this is a good idea.

Just why employers are reluctant to embrace so-called "phased retirement" intrigues Robert Hutchens, professor of labor economics at ILR. He and other like-minded colleagues assert it is more efficient for companies, and the economy in general, to retain experienced workers on a part-time basis than to lose them to a life of leisure or less demanding jobs and then to hire relatively unskilled replacements. "What's striking," Prof. Hutchens says, "is that such arrangements are fairly rare. And that's a bit of a puzzle."

Hoping to untangle this conundrum, Prof. Hutchens is surveying 1,000 establishments with 20 or more employees, including at least one who is older than 55. He discussed his work at a recent session of the Workplace Colloquium Series, which is sponsored by ILR's *Institute for Workplace Studies*. Prof. Hutchens's study is funded by the Sloan Foundation.

Economists know that labor force participation by older workers is on the rise. Surveys also show that a large majority of employees would find part-time work with their current employer an attractive alternative to full-time retirement. "Work has an important role in our society," Prof. Hutchens says. "And for many people, it's hard to imagine not working." As Americans live longer and healthier lives and jobs become less physically demanding, the trade-off between income and leisure seems to be shifting. The impending retirement of the baby boom generation underscores the potency of phased retirement as a socio-economic issue.

But employer policies on retirement alternatives are not keeping pace with employees' preferences. Prof. Hutchens suggests two explanatory hypotheses: 1) that the legal and financial constraints of defined benefit pension plans discourage employers from adopting phased retirement policies and 2) that employers are reluctant to embrace such policies because they want complete and selective control over whom to offer post-retirement employment. He expects data from his survey to reveal whether pension structure and/or selection criteria determine employer policies on phased retirement.

The prospect of working beyond age 65 has become a real possibility
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IWS Launches News Service

The Web can be an un navigable sea of data, facts, and resources. But once charted, it yields up a trove of information that professionals, policymakers, workers, and academics can use to shape strategy, guide policy, or prove a point. The *Institute for Workplace Studies* recently launched an e-mail-based product that gives people quick and easy access to the Web's treasures.

Under the direction of Stuart Basefsky, chief research librarian at ILR's Catherwood Library, the *IWS Documented News Service* provides daily and weekly listings of key reports relevant to the industrial relations and human resources communities. Each listing links directly to the original document and/or data and is sent to recipients' e-mail boxes, where it can be opened immediately or filtered for later perusal. Subscribers may choose continuous delivery throughout the day as materials become available, a digest at day's end, or weekly service. The weekly bulletin is an edited compendium of the daily messages.

"We're giving subscribers access to the documents behind the news," Mr. Basefsky explains. "Other e-mail news services do not normally provide links to the hard data and reports. We have a different

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MPS Students Ponder Aftereffects of 9/11

THE SHOCK THAT CONVULSED the business community in lower Manhattan on the morning of September 11, 2001 forced organizations to respond in planned and unplanned ways. Marsh & McLennan Companies, Inc., the \$10 billion professional services firm, which had 1,900 employees at the twin towers, looks back on that time and knows the organization was affected. Whether the resulting shifts were ephemeral or will have lasting consequences remains to be seen.

“The experience had an impact on us as a company and as individuals,” Francis N. Bonsignore (*ILR* ’68), the company’s senior vice president of executive resources and development, recently told students in *ILR*’s Master of Professional Studies program. “The question is, how will the effects be manifested over time?”

Almost immediately after the planes hit the towers, executives headquartered several miles north of ground zero came up with a plan. They identified three critical priorities — victims and families, operations, and markets and clients — and empowered themselves and subordinates to assume tasks and roles as necessary. More than six hundred employees volunteered to help, ad hoc networks coalesced, and functional and organizational silos dissolved.

“There were no boundaries and no questions about territory,” Mr. Bonsignore said. “We had distributed leadership, clustered centers of guidance and expertise, inventiveness and immediacy. People were resourceful and learned they could play effective roles out of type.”

Since the crisis has abated, some wonder whether the experience was so unique that the individual and organizational responses to the attacks may not be directly relevant to normal times. Mr. Bonsignore conceded that capturing, evaluating, and institutionalizing the most desirable changes are part of organizational learning. It may be years, he added, before the effects are fully known and appreciated. ■

Work and Retirement

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since the Age Discrimination in Employment Act was passed in 1978. That historic piece of social legislation ushered in legal limitations on mandatory retirement. Changes in the Social Security law that will eventually raise the normal retirement age to 67, and that have already eliminated the earnings test and begun paying higher benefits to those who postpone retirement, also encourage people to continue working. In addition, growing reliance on defined contribution pensions, such as personally-funded 401K plans, let older employees receive benefits without severing ties to their employer.

As with most socio-economic matters, there is debate about whether senior citizens should be encouraged to work. Some economists and policymakers argue that America is wealthy enough for people to fully retire and enjoy their leisure, and that doing so ensures job open-

ings and promotion opportunities for younger cohorts. Moreover, worker advocates claim that legislative attempts to alter defined benefit plans to facilitate phased retirement are merely a cover to deplete pension funds and improve employers’ cash flow. Still others point out that in a society where work connotes productiveness, confers status, and provides community, people should be able to work as long as they choose.

Economists and policymakers do not know which factors affect employer decisions with regard to phased retirement. Nor do they have a clear picture of the retirement policies at smaller companies and establishments (i.e., remote work sites of larger companies, which sometimes creatively interpret corporate policy). Prof. Hutchens’s study will inject some hard numbers into the discussion.

For more information about the project, Prof. Hutchens may be reached at rmh2@cornell.edu or (607) 255-2749. ■

Award Bestowed on *ILR* Professor

Francine Blau’s past finally caught up with her. Some 30 years after co-founding the Committee on the Status of Women in the Economics Profession (CSWEP), she has received the group’s Carolyn Shaw Bell Award for improving women’s standing in the field through example, achievements, and mentoring. Prof. Blau is the Frances Perkins Professor of Industrial and Labor Relations at *ILR*, where her major research interest is gender issues in the labor market. Carolyn Bell is an emerita professor at Wellesley College and served as the first chair of CSWEP.

“They thanked me for being a mentor,” Prof. Blau said, “but I can’t imagine doing anything else. What motivates me is making it easier for people than it was for me.” As a Ph.D. student at Harvard University, Prof. Blau said she often felt like a “fish out of water.” Although she is still a minority in the field — women account for only 6% of full professors in economics departments — she has grown comfortable in her position. She nonetheless views her role, and that of the committee, as helping younger colleagues find the support and outlets needed to advance their careers.

Over the years, Prof. Blau has written several books and journal articles, including her textbook, *The Economics of Women, Men, and Work* (2002. Upper Saddle River, NJ: Prentice Hall), currently in its fourth edition. This particular volume was co-authored with Marianne Ferber, a member of the economics department at the University of Illinois who shared the Bell award with Prof. Blau.

Prof. Blau was drawn to labor economics during her undergraduate years at *ILR* (’66) and out of a personal concern for social problems and people’s economic well-being. “Work,” she noted, “is central to that dimension.” Prof. Blau will speak about her work at a future *IWS* Workplace Colloquium Series event.

ILO Seeks Justice and Equity in Global Economy

THE AMPLE AND CONSTANT FLOW of goods, services, and capital across national boundaries has created what is popularly known as the “global economy.” But for all the interdependence that results, the costs and benefits are not equally distributed among the national players.

Katherine Hagen, former deputy director-general for external relations and executive director for social dialogue at the International Labor Organization, where she was also the senior American appointee, talked about the ILO’s role in the global economy at the March session of the *IWS* Workplace Colloquium Series.

Following are excerpts from an *IWS briefing* interview with Dr. Hagen, who is now principal consultant and chief executive of Hagen Resources International.

Q: What are the primary threats to the global economy?

A: The main threat is the absence of cultural homogeneity and mistrust between people of different cultures. Economic disparities within countries and wide gaps in income levels between developed, less-developed, and developing countries are also critical. Income inequality is a big factor in creating instability, and cultural differences aggravate perceptions of fairness.

Q: What is the ILO’s prescription for this situation?

A: Social justice is the driving force. More specifically, the ILO promotes employment creation and comparability of decent wage standards and conditions of work. But it’s more than that — it is also appreciating the importance of engagement, involvement, and respect within the work environment. The participative element is crucial to standards of social justice.

Q: How influential is the ILO in affecting standards and conditions around the world?

A: The ILO is the fount of information on what standards ought to be. It has a mandate to articulate standards and how they should be implemented. The problem is, the ILO is operating within a structure and with mechanisms that are outdated. It needs more innovative approaches to engage the actors on policy creation and implementation. The strength of the ILO is its unique

tripartite framework: workers’ representatives, employers’ representatives, and governments, who hammer out consensus on policy. Today, however, it’s not so evident consensus exists. Employers operate globally, consumers criticize what they perceive to be exploitative working conditions in developing countries, workers in industrialized countries feel threatened by the seemingly downward spiral in wages, and governments are hesitant to enforce standards against multinationals and their suppliers. Moreover, the framework deliberately doesn’t include the overwhelming majority of workers and employers who are part of the informal sector (i.e., workers who eke out an existence without any legal protections and small enterprises that invest and provide employment but can’t afford the complex licensing and zoning requirements of operating formally).

This disconnect creates a credibility challenge for the ILO. The ILO will continue to exist, but how vibrant will it be? The challenge for the parties is to adapt the structure to partner with the other actors who are so prominent in the global economy.

Q: Is there a structural way to respond to peoples’ aspirations for equity and justice?

A: The standards are there; the challenge is how to bring about effective enforcement and compliance. The ILO is criticized by many for being ineffectual in that it lacks adequate enforce-

ment mechanisms. What the ILO has is “sunshine enforcement,” or public exposure. The idea being that in a global economy, companies and countries should not want to be condemned in the media for violating standards. Myanmar is a country that’s been targeted by the ILO for its use of forced labor. All the ILO can do is urge other countries to boycott it. Furthermore, mechanisms for enforcing standards through national laws and regulations aren’t going to solve the problems in the informal sector.

There are now ongoing discussions about developing more effective means of enforcement. For example, a “carrot” approach linking technical assistance to compliance with the fundamental principles adopted by the ILO in 1998. Or, mobilizing resources for mini-credit and empowerment of people working in small enterprises in the informal sector. Some would like to see labor standards subject to enforcement via trade sanctions, but sanctions don’t always get at these kinds of problems. Where the workers are not involved in producing for export, for example, they cannot be reached with trade sanctions.

Q: What role do governments and NGOs play in shaping the global economy?

A: In a democracy, where there is a diversity of interests, the combination of freedom to associate plus structure is the traditional role of government. Governments provide rules, policies, and programs that make it possible for people to operate in a community. This is the fundamental premise of national sovereignty and an essential element in any global order. The United Nations system channels governments’ interests in multiple ways; in recent years it has facilitated interaction between governments and actors in civil society (such as NGOs), with their mix of global/local networks and coalitions. It’s important for NGOs to flourish and have avenues for their ideas to penetrate government agendas. This interaction contributes to policies that increasingly converge on community concerns. ■

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IWS News Service

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niche, one that serves scholarship and serious practical needs.”

The ***IWS Documented News Service*** fills a public policy need as well. All too often, Mr. Basefsky says, legislative mandates for research, surveys, and reports lead to a final product that remains buried in government or investigators’ offices. “There is no pro-active dissemination,” Mr. Basefsky notes. “This service gets around that.”

The weekly bulletin is organized for ease of use. It categorizes data and reports associated with the field of industrial and labor relations into six areas: academic research; government reports and press releases; general reports from institutes, associations, and commercial sources; law; statistical reports; and “idiosyncratic but relevant facts.” Subject headings and links to the original documents are provided, but the large volume of

material makes it impossible to include the detailed descriptions that accompany the daily releases. This organizational format highlights the breadth and interconnectedness of issues related to workplace studies.

Mr. Basefsky is counting on feedback from subscribers to help him improve and expand the service. The ***IWS Documented News Service*** is offered at no charge to **ILR** alumni, friends, faculty, and students, and to nonprofit agencies. A small fee is charged to others.

For more information, contact Stuart Basefsky at smb6@cornell.edu or (607) 255-2703. ■

GOTO

www.ilr.cornell.edu/iws for updates about
Institute for Workplace Studies events.