

The Retirement Age: An Informative Analysis

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Abstract

Retirement is a critical concern as well as a critical event in the working life of every employee of a formal organization. The retirement age is a major aspect of management of employee retirement. Hardly research studies carried out to give an informative analysis which has both theoretical and practical importance are found, particularly in Sri Lanka which recently experienced a change of the retirement age, in fact an increase. This conceptual research paper was written to give answers for eleven research questions formulated with regard to the phenomenon of retirement age. The research questions were answered by adopting a desk research strategy. It was revealed that a retirement age exists for any permanent employment, it is important due to several valid reasons, it has a form called mandatory retirement age which is different from the minimum retirement age, mandatory retirement age exists owing to accepted reasons, it has a case against itself and a case in favour of itself, a universally accepted retirement age does not exist owing to some reasons, there is a possibility of extending the retirement age with certain pros and cons, and a good organization can determine appropriate retirement ages.

Key Words: Compulsory Retirement Age, Default Retirement Age, Human Resource Management, Mandatory Retirement Age, Minimum Retirement Age, Optional Retirement Age, Retirement Age

Introduction

Retirement is an employee movement and management of employee retirements is a critical component of Management of Employee Movements which is an established function of Human Resource Management (HRM). Retirement refers to an event where a particular employee ends his or her employment in the organization where he or she has been working usually for a long period of time. It is a decision taken by the relevant authority of the organization to separate the employee permanently from the employment. The employee will have to cease his or her working and leaves the job and the organization permanently in case of the retirement. Glueck (1979, p. 358) writes: *“In most of the developed world, a specific period in life can be described as the work period. It begins after full-time schooling is completed and ends when full-time working ceases. The period following the work period is called retirement.”* According to Glueck, retirement is a period of time of a person’s life when there is no longer full-time working. This implies that there may be part-time working. Retirement is a form of employee separation, and a particular time in a person’s life when he/she stops working (Opatha, 2009).

Sri Lankan Government has decided to increase the retirement age (which had been generally 55 years) recently. This decision has positive as well as negative effects on employees and HRM in all sectors including private sector. Several changes occurred recently as a result of this Government decision to expand the retirement age.

According to the Minimum Retirement Age of Workers Act 2021, the minimum retirement age of a worker is 60 years, and depending on the age of the worker as at the date coming into operation of the Minimum Retirement Age of Workers Act it ranges from 57 years to 60 years. The Act is effect from 17/11/2021. If the ages of workers as at the effective date of the Act are 54 or above and below 55 years, 53 or above and below 54 years, 52 or above and below 53 years, and below 53 years are, minimum retirement ages are 57 years, 58 years, 59 years, and 60 years respectively. The Act is not applicable for organizations which employ fifteen workers or less than that on an average within the twelve months period prior to the retirement of any worker.

It is interesting to know whether there is a minimum retirement age that is common for all employees or not. Also, it is interesting to know whether there are different minimum retirement ages for public sector employees and private sector employees. An intellectual puzzle exists to investigate whether this decision is more desirable or more undesirable from the point of HRM. To get right answers for the above will be useful academically and practically as well.

Research Questions and Objective

This research paper has its focus on the following research questions formulated and will be a logical attempt to find answers for them:

1. What is meant by retirement age?

2. What is it important?
3. Is there a mandatory retirement age? Is it different from the minimum retirement age?
4. Why is there a mandatory retirement age?
5. Is there a case against Mandatory Retirement?
6. Is there a case in favour of Mandatory Retirement?
7. Is there a universally accepted retirement age?
8. What are the possible reasons for non-existence of a universally accepted retirement age?
9. Is it possible to extend the retirement age?
10. What are the pros and cons of extending the retirement age?
11. Is it possible to determine appropriate retirement ages?

The objective of this research paper is to find rich answers to the above mentioned eleven research questions.

Method

As this research paper gives a theoretical contribution to the existing body of knowledge of HRM, it is considered as a conceptual basic study. This is a paper meant to provide a useful and interesting information about retirement age. In order to find sound answers for the eleven research questions in the way that is logical, the desk research strategy was adopted. Available relevant secondary data particularly legal documents were utilized in addition to the logical beliefs and arguments of the author of this paper to generate primary data useful to achieve the purpose of answering the eleven research questions.

Retirement Age

There are several types of employee movements such as promotions, transfers, layoffs, demotions, resignations, dismissals, retrenchments, and retirements. Generally, there are no fixed ages for other types of employee movements except the retirements. Here the age is the chronological age (actual physical age), not the mental age (measured by an intelligence test). The date of birth day given in the Birth Certificate of the relevant employee needs to be considered for the purpose of deciding the correct date of retirement for him or her. In the absence of Birth Certificate, the date of birth shown in the Identity Card of the employee should be considered as the date of birth (Opatha, 2009).

The Importance of a Retirement Age

Although organizations whether they are in the public sector or private sector continue for a prolong time which is not possible to specify exactly, an employee is not able to continue for such a prolong time. Ideally an organization is a going concern and, in the subject, namely Accounting there is a concept called *going concern concept*. An employee is not capable of working until he or she dies. It is natural that an employee will die on a day and there is no continuous and lasting existence unlike an organization. Owing to several valid reasons there is a need of fixing a retirement age for employees who work in an organization. One reason is that there is a limitation for an employee to engage in working. When an employee becomes

older or aging, he or she will become weaker physically and mentally. It is a matter of fact that aging causes to reduce memory power, retentive power, vigour, and vitality. Hence the aged employee is not in a position of generating the previous job performance. When the job requires more physical working, aging of the employee has a high negative impact on the quality of work and the quantity of work. Another reason is that the employee himself or herself needs to stop further working after he or she has researched a certain age. This certain age is not definite and it can vary from one employee to another. Generally, after an employee has earned and saved an amount of money that is sufficient to maintain his or her life until the death, that employee needs to have a rest which requires time off the employment. After working for many years in hard and smart way, an employee who is old does need a long-term rest which requires the retirement. Another reason may be that an employee, usually a professional who had saved a lot of money that is sufficient to maintain the life until his or her death (may be plus his or her spouse's life too) wants to have another life that is different from the working life to which he or she was used. This second life may be living with the nature (preferably in a rural place), living with certain hobbies (i.e., gardening, photography, walking or sightseeing, writing, reading, etc.), or engaging in high level of religiosity. Another valid reason is to allow new young job seekers after school or university education to find employment opportunities. When ten employees in an organization get retired, it creates ten job or position vacancies. According to the parity principle, each citizen must be provided with an equal chance of getting employed provided that he or she meets all the relevant job requirements. When one generation retires, there is another generation that expects to start employments.

Mandatory and Minimum Retirement Ages

Mandatory retirement age is the age at which the employee must be separated by the employer essentially. When an employee reaches a specific age, he or she will have to get retired, and this is called compulsory retirement. It is compulsory for the employee to get retired at this specific age. At this mandatory retirement age of any employee, the employer shall decide to make that employee retire. According to Thomas and Pascall-Calitz (2010), the mandatory retirement age is named as Compulsory Retirement Age (CRA) and it hinges on the employees' right to continue to be employed, and this is the compulsory retirement age. Further they mention an important point in this regard and that is that employees no longer have the right to stay on: it is at management discretion.

Until a recent time, this age was 55 for employees except few jobs (e.g., 65 for a university academic in a state university) in Sri Lanka. At the time of writing this paper, the mandatory retirement age of government employees is 65 with effect from 01.01. 2022 (according to the Gazette of the Democratic Socialist Republic of Sri Lanka, Extraordinary issued on 19.01.2022).

Minimum retirement age is the age at which the employee can be separated by the employer if the employer or the employee wants to do so. When an employee reaches the specified minimum retirement age, he or she can get his or her retirement on his or her own consent. The minimum retirement age is 60 as per the Minimum Retirement Age of Workers Act 2021 which was effect from 17/11/2021 in Sri Lanka. This Act does not specify any mandatory

retirement age, and the distinction between the minimum retirement age and the maximum retirement age has not been considered. I consider this as a weakness in the Act. It is possible to argue that there should be a maximum retirement age when there is a minimum retirement age. I consider the mandatory retirement age as the maximum retirement age in the sense that it is the age an employer can keep an employee in service on maximum. Beyond this age it is illegal for an organization to retain an employee. Thus, the mandatory retirement age is the maximum age for the employee's retirement. In other words, it is the maximum age for an organization to retain an employee. The minimum retirement age is the age at which an employee can decide to retire. In other words, it is the age that the employer can decide to make an employee retired if he (the employer or organization) needs to do so (usually when the employer understands that the employee is not suitable further in terms of job performance and health). As per the Gazette of the Democratic Socialist Republic of Sri Lanka, Extraordinary issued on 19.01.2022, the mandatory retirement age for government sector employees is 65 years and however they have the choice of getting retired after the age of 55 which is the minimum retirement age. On 14/12/2021 the Ministry of Finance issued Public Enterprises Circular 02/2021 with regard to retirement age of public enterprises according to which the mandatory retirement age is 62 while the minimum retirement is 57.

There is a related age called the Default Retirement Age (DRA) introduced in the Employment Equality (Age) Regulations 2006 in UK and it is 65 years. Thomas and Pascall-Calitz (2010, p. xi) define: *"It (DRA) made employer mandatory retirement ages below 65 unlawful unless, in their particular case, an employer can objectively justify a lower age. Employers do not have to use 65 as a cut-off: they can set a higher age or choose to have no compulsory retirement age at all. In addition, the Regulations introduced a new right for employees, using a formal procedure, to request the opportunity to work beyond their employer's compulsory retirement age."* Thus, the DRA seems to be like the minimum retirement age.

There are certain reasons for the mandatory retirement age. In fact, several reasons were mentioned in the above section: The Importance of a Retirement Age. These reasons can be perceived as objectives of making an employee retired by the employer or getting retired by an employee. The same will be the reasons for the mandatory retirement age too.

Case Against and Case in Favour of Mandatory Retirement

It is possible to argue that to have a mandatory retirement is not good and it is discriminatory. Chrudden and Sherman (1980, p. 496) write: *"It has long been argued that age is not an accurate determinant of an individual's physical condition, mental condition, or performance capabilities on the job. Some individuals are "old" at age 55; others are still "young" at 65. Opponents of mandatory retirement view it as a form of discrimination, comparable to racism or sexism, which violates the constitutional rights of those affected."* This can be considered as a major argument against mandatory retirement. Another argument is that a retiring employee who is fond of doing the job or engaging in the profession becomes stressful due to lack of new interest in life. It may be extremely difficult for such an employee to lead the life after retirement without the job which he or she loves to do. Individuals who have enjoyed and been absorbed in their work often experience the greatest difficulty in adjusting to

retirement, particularly managers and professional people (Chruden and Sherman, 1980). It is possible that the retirement to a highly job-engaged and work-oriented employee is a disappointment or a state of quite frustration. Hence it is not good to have a mandatory retirement. In case of an employee who is an unparalleled or outstanding expert in a particular field of critical importance to the accomplishment of strategic needs of an organization (owing to his or her education, experience, past contributions, future potential, and high level of tacit knowledge), the organizational decision not to keep but to make retired is detrimental to its growth. This is another argument against mandatory retirement. If the inflation rate in the country is very high and has been increasing rapidly, the purchasing power of the retirement benefits (pension, EPF, ETF etc.) of the retired employee will go down seriously making him or her spend the life after retirement with a lot of financial difficulties. Hence, to have a mandatory retirement is not good.

In contrast, it is possible to argue that to have a mandatory retirement is good and it is not discriminatory. The issue of mandatory retirement is primarily one of social policy and not of constitutional rights (*Massachusetts Board of Retirement v. Murgia*, 427US307, 1976, as in Chruden and Sherman, 1980). I too do not view that mandatory retirement is a form of discrimination that is comparable to racism or sexism. Racism refers to discrimination exercised by the organization against an employee on the basis of his or her membership of a particular racial or ethnic group, particularly one that is marginalized or a minority. Sexism refers to discrimination, usually against females on the basis of sex. However, mandatory retirement applies to employees of all races and both males and females equally. Hence, viewing that mandatory retirement is a form of discrimination is incorrect. A major argument favouring mandatory retirement is that it clears the way for younger persons to enter and move up within the organization (Chruden and Sherman, 1980). Younger persons with new insights and new perspectives that are useful for innovations and productivity improvement of the organization will be able to apply for job vacancies and get employed within a particular organization. Also, when older employees get retired at the compulsory age of retirement there will be job vacancies for top and middle level managerial and professional jobs that are going to be new job vacancies for current internal younger employees to get promoted. Another argument for mandatory retirement is that it facilitates long-term human resource planning and pension planning (Chruden and Sherman, 1980).

Universally Accepted Retirement Age

It is interesting and useful to know whether there is a universally accepted retirement age. If there is, it means that a retirement age that is applicable for all employees working in all organizations in the world exists. Here I present a few evidence of actual retirement ages in some countries. In USA, airline pilots are legally required to retire at 65 years and for most other professions there is no law mandating a retirement age (Bohlander and Snell, 2017). In India there is no fixed retirement age applicable to all employees. In some States it is 58 years and it is 60 in Central Government (Aswathappa, 2017). In UK it is 65 for both men and women (Torrington, Hall, Taylor, and Atkinson, 2011). However, the UK repealed the default retirement age of 65 in April 2011 (Ruane, McMenamin, Bhogal, Embley, Klachin, Cardon, Vodarzac, and Dekker, 2022). In Poland it is 65 years (Mendryk, 2017). In Malaysia the minimum

retirement age is 60 (Minimum Retirement Age Act, 2012, Malaysia). Ruane, et al (2022, p.1) write: *“Until recently, it had been the norm for many employees across Europe to retire at the age of 65 or younger. In some countries, such as Ireland, employers could even require their employees to retire at a certain age. ... Currently, the rules surrounding mandatory retirement ages vary across Europe. Mandatory retirement ages are broadly prohibited across Europe, but exceptions apply in certain circumstances on which employers can rely. Employers need to be mindful of the differences in each jurisdiction, otherwise an employer could find themselves in breach of employment equality laws.”* Thus, it is seen that generally there is no mandatory retirement age in European countries. However, it is possible to have such a retirement age if there is or are an objective valid reason or objective valid reasons on the part of the employer. As far as UK is concerned, there is no state or default retirement age and to implement a compulsory retirement age by an employer is prohibited. Clauses within employment contracts purporting to implement a compulsory retirement are unlawful and compulsory retirement is only a possible option where the compulsory retirement can be objectively justified (Ruane, et al, 2022).

Thus, it is possible to mention here that there is not a universally accepted retirement age. This is true with regard to both minimum retirement age and mandatory retirement age. One possible reason for the lack of a universally accepted retirement age is that expectations of employers with regard to capabilities, job performance, and performance potential of older employees are different. When employers expect that their older employees are more capable, higher performers and still have performance potential compared with younger employees they tend to have a higher retirement age (typically more than 55). Another possible reason is that the employees’ needs of working further after 55 years differ in different countries. Majority of employees in a country may choose to work longer to earn more finance. This choice has an impact on increasing or having a higher retirement age. Other possible reasons may include unemployment rate, shortage of skills, birth rate, aging population, amount of available retirement benefits, and government financial affordability. For example, the higher the unemployment rate in the country, the lower the CRA is. Another example: when aging population is very high in a country, there is a higher probability to increase the CRA. It is more likely to observe a higher CRA (typically more than 60 years) in a country where percentage of aging population is very high, the birth rate is very low or minus, the unemployment rate is very low, and high shortage of skills is existing.

Possibility of Extending the Retirement Age

Is it possible to observe that extending the retirement age has been done by the government? It is interesting to note whether this extension has been done by the government in a country and also by different governments in different countries. This happened in Sri Lanka in 2021, i.e., the previous retirement age (55 years) was increased to the minimum retirement age (60 years for private sector employees). The CRA was 55 years for both private sector and public sector employees (except a few jobs, e.g., 65 for state university teachers, 62 for government medical doctors, 65 for supreme court judges) until 01.01.2021. In case of government sector employees there was an opportunity for an employee to request for an extension of one year after 55 years on annual basis up to a maximum of five years, i.e., until 60 years provided that

his or her job performance was satisfactory. The CRA or the mandatory retirement age of government employees is 65 with effect from 1.01. 2022 (The Gazette of the Democratic Socialist Republic of Sri Lanka, Extraordinary issued on 19.01.2022). In Malaysia too, the extension of minimum retirement age occurred. It was 55 until 2012. After 2012 it is 60. In India the age of retirement of Central Government employees was increased from 58 years to 60 years in 1998. In Portugal there was a difference between females' retirement age and males' retirement age, but in the year 1994, female employees' retirement year (called legal retirement age) was gradually increased from 62 to 65 years while male employees' retirement age stayed unchanged at 65 (Martins, Novo, and Portugal, 2009). Thus, it is possible to observe that the retirement age has been extended.

Pons and Cons of Extending the Retirement Age

What are the arguments for and against the decision of extending the retirement age? It is interesting and useful to know pons and cons of extending the retirement age. Extending the retirement age results in keeping older employees working for the organizations for a further period of time. Some arguments mentioned above in case of the need of having a mandatory retirement age are applicable here too. However, I present below some arguments for and against the decision of extending the retirement age in brief but in distinct.

Arguments for:

1. Older employees, particularly professionals and managers who are still capable mentally and physically, motivated, committed, productive, and innovative will be in a position of continuing their contributions to achieve strategic needs of organizations that aim at becoming better, one of the best, and the best in the industry, the nation, or the world.
2. Outstanding older personnel who had excelled in their relevant fields constantly can be employed for a further period of time in order to serve as consultants and mentors for junior and younger employees who want to contribute more, and who want to develop their careers in an excellent way (by transferring their knowledge, skills, attitudes). This situation (retention of outstanding talent by increased CRA) will have a significant positive impact on the organizational productivity.
3. When an organization finds it very difficult to acquire skillful, practical, and loyal personnel from the external labour market, it will have a need of keeping current older employees further within it. This will be possible owing to the increased retirement age.
4. When the government has a serious liquidity (cash) problem, by increasing the current retirement age it will be able to postpone its superannuation that is due for the government employees who are required to retire presently or in a short time. Temporarily the government will be able to control or reduce its expenditure.
5. When the current life expectancy for citizens has significantly increased owing to improved quality of health, older employees who reach 55 years are still healthy and are able to work longer. Hence, majority or a considerable number of older personnel (aging but working population) will be able to contribute to the National Product further because of the increased CRA.

6. As far as Sri Lanka is concerned, when the retirement age is 55, it is possible to experience that matured and even young professionals leave the country and work for countries where there is no CRA or there is a higher CRA. Usually, majority of people tend not to value patriotism, but to value their personal quality of work life and personal life. Hence, the increased CRA can be assumed to affect to discourage the so called 'brain drain'.
7. There may be employees who could not save a sufficient amount of money to meet the life demands after the retirement (at the age of 55). Retirement payments such as pension, EPF, ETF, gratuity etc may not be sufficient owing to high inflation. Thus, an increase of the retirement age allows such employees to save some money to face the life after retirement.

Arguments against:

1. A large number of new job seekers enter the employment market annually. Some job seekers are graduates. The total graduate output in 2020 is 24565 (Sri Lanka University Statistics 2020, UGC). Generally entry-level jobs (e.g., Management Trainee, Trainee Executive, Junior Executive, etc in the private sector organizations; Sri Lankan Administrative Service Class 11 Grade 11, Sri Lanka Educational Administrative Service Class 111, etc in the Public Service) for fresh graduates do not become open or vacant for a particular period of time (due to keeping further the employees who were required to retire). Hence, the unemployment and underemployment for fresh graduates will definitely get increased resulting in bad consequences such as increased frustration of such graduates, increased frustration of their parents, and increased financial burden on their parents. The same happens to non-graduates too.
2. There are a large number of younger employees currently working for various types of organizations. The decision of increasing the CRA will force the organizations to keep their older employees for an extended period time that depends on the date of the previous retirement age. This will remove the promotion opportunities which had been available under the previous retirement age for younger employees who are qualified to be promoted (career-restricted jobs). Consequently, job satisfaction and career development of such employees will get reduced and hindered.
3. Younger employees who are ambitious and have promotion potential decide to read for relevant higher degrees and professional qualifications in order to get qualified for future promotions and career developments by spending a lot of money, time, and effort. The total postgraduate output in 2020 is 7501 (Sri Lanka University Statistics 2020, UGC). The increased retirement age will have a significant negative impact on these younger employees' career developments, job satisfaction, and quality of work life.
4. There are of course a considerable number of older employees who are sick and less productive. Their creativity and innovation are at lower level. Consequently, the organizations will not be able to get the previous levels of productivity and productivity improvement from such older employees.
5. Some of the new job seekers are highly qualified and technology-savvy. They are physically and mentally healthy. Of course, physically they (may not be all, but usually

many) are healthier than older employees. The increased retirement age will make the organizations unable to hire such job seekers as new employees. This situation is not good for organizations which need to be more innovative and productive to face current volatile competition and market changes.

6. Having worked hard and smart for many years (usually more than 30 years) and also saved a sufficient amount of money to lead the life after retirement, some employees (typically managers and professionals) need to get retirement in order to engage in personal pursuits of pleasure. They genuinely want to have a second life (which is significantly different from the work life) and therefore want to get retired at the current retirement age. Hence, they do not accept an increased CRA.
7. Maintenance cost of older employees is usually higher compared with that of younger employees in an organization because of the reason that higher salaries & wages, incentives and benefits are being given to older employees. Hence, keeping older employees for several years to come will be more costly. If older employees who are near the retirement are separated on the due date without keeping further, new young people can be hired to fill those job vacancies at a lower cost.

Appropriate Retirement Ages

Is it possible to determine appropriate retirement ages? To answer this question is interesting as well as useful theoretically and practically. In a previous section of this research paper, it was discussed that there is not a universally accepted retirement age. Some possible reasons were too discussed. What is an Appropriate Retirement Age (ARA)? There is no accepted working definition for ARA. It is good to develop a working definition which is a nominal definition that is assigned by the researcher to a term in order to accomplish his or her research objectives (Babbie, 1986; Opatha, 2003). ARA is defined as a retirement age that is favourable for both the employee and the employer. It should be an age that gives a win-win solution to both the employee and the employer. Indeed, it is very difficult to determine such an ARA that is acceptable to all employees and all employers in a particular country. However, to determine such an ARA which is acceptable to majority of employees and employers is not impossible.

I believe and assert that keeping older employees who come under human capital (called Type 1) is essential for survival and growth of an organization as well as that hiring and keeping younger people who are highly and appropriately qualified, motivated, committed, engaged, creative, and productive (called Type 2) is essential for survival and growth of that organization. Performance of an organization has a direct dependency on the individuals it employs and an organization cannot perform more than its employees perform (Arulrajah and Opatha, 2012). In search of creating, maintaining, and enhancing an employee workforce which consists of the two types an organization is in need of determining an optimum retirement age and further formulating and implementing a right retirement age policy. This is not an easy task.

I exclude special personnel such as University Teachers for this discussion. In Sri Lanka the CRA for university teachers has been 65 for many years (The Universities Act, No. 16 of 1978).

I suggest to have three types of retirement ages, i.e., Minimum Retirement Age (MRA), Optional Retirement Age (ORA), and Compulsory Retirement Age (CRA). MRA is defined as the age at which the employee's service can be stopped permanently, and the employee becomes eligible to get his or her retirement. Until the MRA it is not legally or managerially possible for an employer to make an employee retire or for an employee to request for the retirement (excluding cases on disciplinary ground and serious health issue). ORA is defined as the age at which an employee who wishes to get retired because of his or her personal reasons is allowed to get retired. Further this is the age at which an employer can decide to make an employee retire if his or her job performance is not at the expected level. After the MRA if the employee wants to continue his or her service, the employer approves his or her request of continuation provided that his or her past job performance was excellent (which was measured by a right performance appraisal scheme), his or her health is normal, and his or her future working potential is still high. Thus, the appropriate retirement age will be the age at which the employee is unable to be productive like in the past and is having a serious health problem. From the point of the employee, the ORA will be the age at which he or she decides to retire on his or her own (owing to his or her personal reasons). Both MRA and ORA may be the same age for some employees. CRA is the mandatory retirement age that is the age at which the employee must be separated by the employer essentially. After reaching this age, any employee will have to get retired.

Thus, it is possible for an organization to have a MRA, a CRA, and an ORA. There can be a situation where MRA and ORA are the same if an employee decides to retire on the MRA or an employer decides to make an employee retire owing to lack of expected job performance. It is possible to have a situation where different years as ORA apply to different employees who wish to retire at different ages. For example, if the MRA is 60 and the CRA is 65, ORAs get a range between 60 and 64. Employee A may wish to retire at 60 (then MRA and ORA are the same), Employee B may wish to retire at 61, Employee C may wish to retire at 62 and so on. It is good to have a rule, i.e., the employee who wishes to retire at his or her discretion should submit a valid letter (with the due signature and the reason or reasons) in at least 03 months' advance, called the Intention to Retire (ITR) to the relevant manager/officer (the appointing authority) of the organization. This three-month prior notice will enable the organization (usually the HR Department) to make necessary arrangements of the retirement, and also, to take actions with regard to filling the resultant job vacancy (activities involved in recruitment, selection, hiring, and induction). Similarly, a rule is good for the necessity of giving a valid letter (with due signature/s, evidence-based reason/s etc) to the employee by the employer who needs to make that employee retire. This can be labelled as the Intention to End the Employment (ITEE) which needs to be submitted at least in 03 months' advance. This three-month prior notice will enable the relevant employee to get ready for the retirement and to appeal if needed.

When an outstanding employee who is highly capable and having still a high working potential wishes to retire because of his or her personal needs, it is good for the employer to attempt to change the intention of such an employee in a professional way. How? Some strategies such as promoting the employee to a Senior Consultant Post, increasing financial rewards,

and enhancing psychological contract. These strategies taken by the employer may change the ORA of the employees.

At a time of extending the retirement age by the government, it is good to allow employees to get retired if they wish to retire at the previous retirement age (at least up to several years from the year in which the decision of extending is made). It is possible to observe that there are employees who want to retire at the previous retirement age in order to implement their personal plans which were formulated by basing on the previous retirement age. Some examples of such personal plans may include starting a personal business, going abroad to join with the children who have settled down in foreign countries, engaging in a highly felt pursuit of pleasure etc.

Still Sri Lanka is a country where the birth rate is not negative (though there has been a decline) and population growth is still positive (though there has been a decline with regard to population growth rate). Sri Lanka's birth rate and its growth in 2021 were 15135 and -1920 respectively; they were 18417 and -0.230 in 2007 (Macrotrends). Sri Lanka's population and its growth rate in 2021 were 21,773,441 and 0.27% respectively; They were 20,078,655 and 1.05% in 2007 (Macrotrends). Our unemployment rate (about 6%; 5.88 in 2020) is not very low. It has a somewhat growth. Unlike USA and European countries where populations are aging and birthrates are declining, Sri Lanka has not yet decided to remove the CRA. However, it is observed that Sri Lanka's population is growing older and will age considerably in the years to come. According to a report prepared by Asian Development Bank (2019), our country experiences a demographic shift to an aging society in the way that is far more rapid than in many other countries which are at a similar level of development (being one of the fastest aging countries in South Asia). Also, our aging occurs at the same speed as in countries which have much higher per capita income. Sri Lanka is a country which has a great potential for its economic and social development (Opatha, 2021), but it still has organizations which have bad or poor Management and then low productivity (Akuratiyagamage and Opatha, 2004). I believe that it is good to have the CRA for Sri Lanka as it is still a developing country and has the above-mentioned figures and observations.

Concluding Remarks

Retirement is a phenomenon that is relevant to everyone who works as a permanent employee in a formal organization. In this conceptual research paper eleven research questions were formulated. Research question 1 was: "What is meant by retirement age?" Retirement age is the age at which an employee doing a permanent job or employment in a formal organization is required to get the end of working. Research question 2 was: "What is it important?" It is important because of some reasons which are: (1) there is a limitation for an employee, who is subject to inevitable mental and physical transformation, to engage in working; (2) the employee himself or herself needs to stop further working in order to fulfil resting and relaxing need after he or she has researched a certain age; (3) an employee, usually a professional who had saved a lot of money that is sufficient to maintain the life until his or her death (may be plus his or her spouse's life too) wants to have another life that is

different from the working life to which he or she was used (second life); and (4) to allow new young job seekers after school or university education to find employment opportunities.

Research question 3 was: “Is there a mandatory retirement age? Is it different from the minimum retirement age?” Yes, there is a mandatory retirement age that is the age at which the employee must be separated by the employer essentially; and is alternatively called compulsory retirement age. Yes, it is different from the minimum retirement age that is the age at which the employee can be separated by the employer if the employer or the employee wants to do so. Typically, the mandatory retirement age is higher than the minimum retirement age and also it involves compulsory retirement of the employee, but the minimum retirement age involves the employee’s or the employer’s decision of stopping the employment or continuing it further. When Sri Lanka is considered, the minimum retirement age, i.e., 60 seems to be the compulsory retirement age for private sector employees according to the Minimum Retirement Age of Workers Act 2021. However, for government sector employees the mandatory retirement age is 65 years and the minimum retirement age is 55 years according to the Gazette of the Democratic Socialist Republic of Sri Lanka, Extraordinary issued on 19.01.2022. As far as public enterprise employees are concerned, Public Enterprises circular 02/2021 indicates that the mandatory retirement age is 62 and the minimum retirement age is 57. Research question 4 was: “Why is there a mandatory retirement age?” the same four reasons mentioned under the Importance of retirement age are for the mandatory retirement age too.

Research question 5 was: “Is there a case against Mandatory Retirement?” Yes, there is a clear case against mandatory retirement supported by four arguments which are (1) it is discriminatory; (2) the retirement to a highly job-engaged and work-oriented employee is a disappointment or a state of quite frustration; (3) the organization’s decision to end the service of an employee who is an unparalleled or outstanding expert in a particular field of critical importance to accomplishment of the strategic needs of an organization is detrimental to its growth; and (4) reduced value of retirement benefits due to high inflation rate. Research question 6 was: “Is there a case in favour of Mandatory Retirement?” Yes, there is a clear case in favour of mandatory retirement supported by four arguments which are: (1) it is not discriminatory being primarily one of social policy and not of constitutional rights; (2) it is quite different from racism and sexism; (3) it clears the way for younger job seekers to enter and progress within the organization; and (4) it facilitates to apply a proactive approach to human resource planning and pension planning. Research question 7 was: “Is there a universally accepted retirement age?” No, there is not. Research question 8 was: “What are the possible reasons for non-existence of a universally accepted retirement age?” It is because of reasons which include (1) different expectations of employers with regard to capabilities, job performance, and performance potential of older employees; (2) different employees’ needs of working further after 55 years in different countries; and (3) different states with regard to unemployment rate, shortage of skills, birth rate, aging population, amount of available retirement benefits, and government financial affordability.

Research question 9 was: “Is it possible to extend the retirement age?”. Yes, it is possible and it was done in different countries actually. Research question 10 was: “What are the pros and cons of extending the retirement age?” Seven arguments for and seven arguments against extending the retirement age were given. Final research question, i.e., 11th one was: “Is it possible to determine appropriate retirement ages?” It is possible, but not in easy way. It is argued that in search of creating, maintaining, and enhancing an employee workforce which consists of type 1 and type 2 an organization is in need of formulating and implementing a right retirement age policy that includes three types of ages, i.e., MRA, ORA, and CRA.

Indeed, there are empirical knowledge research gaps in the phenomenon of retirement age, particularly in Sri Lanka, which require empirical studies. Surveys, experiments, and causal comparative studies will be useful to get scientific and evidence-based answers for questions in respect of preferences of appropriate retirement ages, actual retirement age practice and its effectiveness, and effects of extending the retirement age.

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