Employer Perceptions and Retention Willingness under China's Delayed Retirement Reform: Evidence from a Seven-Industry Survey

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Abstract. China started phasing in a higher statutory retirement age in January 2025. Whether that change actually reshapes the labor market turns on employers, since the new flexible rules give them the final say over which workers stay on. We surveyed 500 firms across seven industries to see how they view the reform and whom they would retain. Support is sharply divided. Forty percent of finance firms fully support the reform (95 percent CI [29.3, 50.7]); only 12 percent of manufacturing firms do (95 percent CI [6.2, 17.8]), and 35 percent there are resistant or outright opposed. Chi squared tests reject equal support rates across industries ($\chi^2 = 30.47$, df = 6, $p < 0.001$; finance vs. manufacturing $\chi^2 = 21.76$, $p < 0.001$, odds ratio = 5.05). Employers in education, healthcare, research, and finance put the most weight on older workers' experience, while manufacturing and IT employers point to cost and blocked promotion. A third pattern concerns expectations: in the firms' own estimates, 80.6 percent of their middle aged and older workers want to keep working past 60, yet firms expect only 10 to 29 percent of eligible staff to actually do so, and almost 70 percent of firms have no formal arrangement for keeping anyone on. Asked what would change their minds, employers across industries name social security contribution relief and tax incentives first, the same levers Japan has long used. The evidence points to industry specific flexibility, rather than a uniform schedule, as the part of the reform that will matter most for its labor market effects.

Keywords: delayed retirement; employer attitudes; older workers; retention; China

1 Introduction

China is aging faster than nearly any other economy, and the strain on its pension system is visible in the accounts. Contributors to the urban

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employee pension scheme grew from 480.74 million in 2021 to 546.72 million in 2025, but pensioners grew faster, and the annual surplus narrowed over the same period. In September 2024 the Standing Committee of the National People's Congress approved a gradual rise in the statutory retirement age, phased in from January 2025. For men the age rises from 60 to 63; for women it rises from 50 or 55 to 55 or 58.

Much of the debate so far has been about workers and pension finances. The demand side has drawn less attention. The reform is, in practice, a right to work longer rather than an obligation, so its consequences rest on how firms respond. A worker who wants to stay but whose employer will not keep her gains little from the new rules.

To fill this gap we ran a stratified survey of 500 firms in seven industries: manufacturing, services, finance, information technology, construction, education and healthcare and research, and transport and logistics. The questionnaire asked how aware firms are of the reform, how they judge older workers, and which workers they would agree to retain under the flexible arrangements that came with the reform.

Support is sharply polarized, and the divide lines up with each industry's production technology. Finance firms are the most supportive (40 percent fully support). Manufacturing firms are the least (12 percent fully support, 35 percent resistant or opposed). Where output rests on accumulated expertise and relationship capital, employers treat older workers as assets. Where output rests on physical strength or fast changing technology, they treat them as costs.

The retention calculus splits along the same lines. Education, healthcare, research, and finance firms stress how hard it is to replace experienced workers, while manufacturing, construction, and IT firms stress higher labor costs, blocked promotion, and roles that no longer fit. The sharpest finding, though, is the distance between what workers want and what employers expect. In their own estimates, 80.6 percent of middle aged and older workers would like to keep working past 60 (the survey item is described in Section 3.1), yet firms expect only a minority of eligible staff to actually delay retirement, and nearly 70 percent of firms have no retention arrangement in place.

We also asked what might shift employers. Social security contribution relief and tax incentives come out on top in every industry. These are the same instruments Japan has used to subsidize the employment of older workers. That points to a concrete lever: the reform's labor market payoff depends less on the retirement age itself than on whether the

cost of keeping an older worker is subsidized.

Relative to the existing literature, the paper adds survey evidence from the employer side of a reform that has so far been studied almost entirely from the worker side and from the side of pension finances. It also maps industry heterogeneity that a uniform national schedule is unlikely to accommodate, and it connects that heterogeneity to observable job characteristics. Finally, it measures the gap between workers and employers and pins down the fiscal instruments firms say would close it.

2 Institutional Background and Related Literature

China's statutory retirement ages were set in the 1950s and had barely moved since, even though life expectancy climbed from roughly 68 years in the early 1980s to over 78 years by 2020. The working age population began shrinking in the 2010s. The 2020 census put the share aged 60 and over at 18.7 percent, up from 13.3 percent a decade earlier (Bloom et al., 2015; National Bureau of Statistics of China, 2021).

The 2024 reform does two things at once. It raises the statutory age gradually, and it introduces flexibility: eligible workers may retire up to three years early or delay up to three years, subject to employer agreement. That second feature is what makes the employer's decision central. A worker who wants to stay usually needs the firm's consent.

Most of the literature has looked at the worker's side. A life cycle analysis calibrated to Chinese data finds that better health postpones retirement, while higher pension replacement rates push workers out earlier, especially low income workers (Li & Cang, 2026). Studies of China's pension reforms tie portability improvements to more within province migration (Lu et al., 2026), and work on long term care insurance finds it raised reemployment among middle aged and elderly retirees by easing informal care burdens (Cheng et al., 2026). A long line of international evidence shows that employer perceptions of older workers, and age discrimination itself, determine whether longer working lives turn into actual jobs (Butler, 1969; Neumark et al., 2019).

The demand side matters in a very concrete way, as a Dutch reform makes clear. When the Netherlands raised the retirement age by 13 months, firms delayed and cut replacement hiring, and coworkers' earnings fell through fewer hours, lower wages, and fewer promotions. The spillovers wiped out much of the extra hours older workers supplied (Ferrari et al., 2023). Automation cuts the other way through skill mis-

matches, pushing low skilled older workers toward retirement while keeping high skilled workers employed longer (Aisa et al., 2023). In the Chinese context, one review notes that studies of employer attitudes and willingness are still rare, even though retirement policy, firm size, and human resource practices all shape older workers' decisions (Yang & Zhang, 2023). Direct survey evidence on how Chinese employers themselves view the reform has been missing. The present study supplies it.

3 Data and Method

3.1 Survey Design and Sampling

We administered a structured questionnaire to a stratified sample of 500 firms in 2025. The strata and sample sizes are: manufacturing (120), services (100), finance (80), information technology (70), construction (50), education, healthcare, and research (40), and transport and logistics (40). Stratification follows each industry's employment share and its exposure to aging. Manufacturing was oversampled because its frontline workers are aging fastest; IT was included despite its young workforce, to provide a contrast with the mature industries.

The questionnaire has five parts. Part 1 records ownership, size, the share of workers aged 45 and over, and expected retirements within three years. Part 2 covers awareness of and attitudes toward the reform. Part 3 covers the evaluation of older workers and general retention practices. Part 4 covers retention decisions under flexible retirement, asking which worker types firms would retain, how they rank the decision factors, and which government incentives would raise retention. Part 4 also contains the item behind the "80.6 percent want to keep working" figure, where employers estimate the share of eligible workers who would like to continue past 60. Part 5 holds open ended questions on obstacles and suggestions.

3.2 Analytical Approach

This is a descriptive survey study. We report frequency distributions and cross tabulations by industry, and we compare mean agreement scores on a one to five scale across industries. Only aggregate responses were available when we wrote this up (percentages within each stra-

tum and means for the Likert items, without individual level records or standard deviations). We therefore run chi squared tests on the categorical contrasts (support versus opposition, benefit versus cost) and report effect sizes as Cramér's V, alongside 95 percent confidence intervals for the key proportions. The counts behind the chi squared tests are reconstructed as round(percentage × n / 100), which differs from the underlying responses by at most one per cell; the resulting statistics sit far above the critical values (30.47 against 12.59 at df = 6, $\alpha = 0.05$), so the inference is not sensitive to that rounding. Mean agreement scores are reported descriptively and cannot be tested with ANOVA, because the aggregate responses lack standard deviations and individual level data. We do not estimate causal effects. All percentages are shares of firms within the relevant subsample. Because the sample is stratified by design, the industry shares do not estimate national employer sentiment; the analysis is limited to within sample comparisons.

4 Results

4.1 Sample Characteristics

Table 1 summarizes the sample. Ownership and size differ a good deal by industry. State owned enterprises dominate finance (55 percent) and education, healthcare, and research (60 percent); private firms dominate manufacturing (60 percent) and services (70 percent). Manufacturing and services tilt toward small and medium firms, while finance and education, healthcare, and research tilt toward large organizations. The share of employees aged 45 and over is highest in manufacturing (55 percent of firms report 30 percent or more) and lowest in IT (10 percent). Manufacturing also faces the largest wave of retirements: 65 percent of its firms expect 20 or more eligible workers within three years, against 25 percent in IT (Table 1, last column).

Table 1. Sample composition by industry (percent of firms).

Industry	N	Private firms	SOE share	30% or more staff aged 45+	Expect 20 or more retirements in 3 years
Manufacturing	120	60	25	55	65
Services	100	70	15	45	35
Finance	80	20	55	50	70

IT	70	65	10	10	25
Construction	50	55	30	50	55
Education, healthcare, research	40	20	60	40	55
Transport and logistics	40	55	30	55	60

Note. SOE = state owned enterprise. Values are shares of firms within each industry. The last column sums firms whose expected retirements in three years fall in the original 20-49, 50-99, or 100+ bands. Source: authors' survey.

4.2 Awareness of and Attitudes Toward the Reform

Awareness is uneven. Finance firms are the most familiar with the reform (45 percent "very familiar"); construction (10 percent) and services (12 percent) are the least. Finance sits directly in the path of pension product demand and regulatory change, which likely explains the difference.

Attitudes are sharply polarized (Table 2; Figure 1). Finance is the most supportive industry: 40 percent fully support the reform (95 percent CI [29.3, 50.7]), with another 35 percent understanding but worried. Education, healthcare, and research is close behind at 35 percent full support. Manufacturing is the least supportive: 12 percent fully support (95 percent CI [6.2, 17.8]), and 35 percent are resistant or opposed. IT and construction sit in between, each with roughly a fifth of firms in outright opposition. The two confidence intervals do not overlap, so the finance manufacturing difference is large in practical terms, not just statistically.

A chi squared test across the seven industries rejects equal full support rates ($\chi^2(6) = 30.47$, $p < 0.001$; Cramér's V = 0.247, a small to medium effect). The pairwise comparison between finance (32 of 80) and manufacturing (14 of 120) is likewise highly significant ($\chi^2(1) = 21.76$, $p < 0.001$; Fisher exact $p < 0.001$; odds ratio = 5.05, 95 percent CI ≈ 2.6 to 9.8). A finance firm is about five times as likely as a manufacturing firm to fully support the reform.

Why the polarization runs the way it does is not hard to see. Knowledge intensive sectors point to the benefits of keeping experience: 75 percent of education, healthcare, and research firms and 70 percent of finance firms name preserving experience and skills as a main effect of the reform. Manufacturing points the other way, with 65 percent naming higher labor costs. IT splits the difference at 60 percent

citing reduced organizational vitality and blocked promotion. Construction stands apart, with 55 percent saying the roles themselves do not suit older workers. When firms judge the reform for their industry as a whole, 55 percent of finance firms and 50 percent of education, healthcare, and research firms say it does more good than harm; in manufacturing that share is 18 percent. The benefit versus cost judgment also rejects equal shares across industries ($\chi^2(6) = 42.28$, $p < 0.001$; Cramér's V = 0.291).

Table 2. Overall attitude toward the delayed retirement reform, by industry (percent).

Attitude	Mfg	Services	Finance	IT	Construction	Edu.	Transport
Fully support	12	15	40	18	20	35	22
Understanding but worried	28	30	35	30	25	38	30
Neutral	25	25	15	25	20	18	25
Resistant	25	22	8	20	25	8	18
Strongly opposed	10	8	2	7	10	1	5

Note. Edu. = education, healthcare, and research. χ^2 test for full support across industries: $\chi^2(6) = 30.47$, $p < 0.001$, Cramér's V = 0.247. Source: authors' survey.

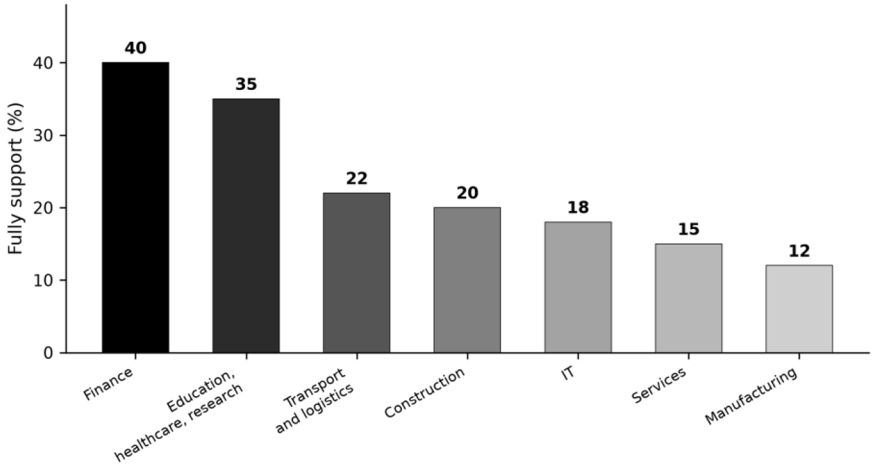


Fig. 1. Fully support rate for China's delayed retirement reform, by industry (percent). Industries are ordered by descending support rate. Bars use a black to light gray gradient for grayscale legibility.

4.3 Evaluation of Older Workers and Retention Practices

Employers rate older workers highly on experience and stability, but poorly on adaptability (Table 3; Figure 2). Agreement with "the experi-

ence of older workers has irreplaceable value" is highest in education, healthcare, and research (4.4) and finance (4.3), and lowest in IT (3.5). The pattern flips for "older workers are less able to learn and adapt to new technology": IT firms agree most strongly (4.3), while education, healthcare, and research (3.0) and finance (3.2) agree least.

High marks on experience do not translate into retention arrangements. Across all industries, 68.6 percent of firms lack a substantive retention system: 34.2 percent report no measures at all, and 34.4 percent report only verbal encouragement. In the disaggregated practices behind Table 3, the three categories that together signal the absence of a system ("principally no retention," "basically no retention," "no clear policy") sum to 50 percent in manufacturing, 44 percent in services, 25 percent in finance, 58 percent in IT, 58 percent in construction, 18 percent in education, healthcare, and research, and 42 percent in transport and logistics. The share of firms that would "retain any competent worker" is highest in education, healthcare, and research (40 percent) and finance (35 percent), and lowest in IT and construction (12 percent each). The reasons firms give line up with the attitude data. Education, healthcare, research, and finance say key roles have no ready replacement and expertise is hard to replicate; manufacturing says labor costs; IT says blocked promotion for younger staff.

Table 3. Evaluation of older workers (mean agreement, 1 to 5) and retention stance (percent).

Measure	Mfg	Services	Finance	IT	Construction	Edu.	Transport
Experience has irreplaceable value (1-5)	3.8	3.9	4.3	3.5	3.6	4.4	3.9
Older workers adapt poorly to technology (1-5)	3.9	3.6	3.2	4.3	3.8	3.0	3.5
Retain any competent worker (%)	15	18	35	12	12	40	20
No substantive retention system (%)	50	44	25	58	58	18	42

Note. Edu. = education, healthcare, and research. The last row sums firms reporting "principally no retention, occasional rehiring," "basically no retention, encourage normal retirement," or "no clear policy,"

from the original retention practice question. Table A1 reports all six evaluation statements. Source: authors' survey.

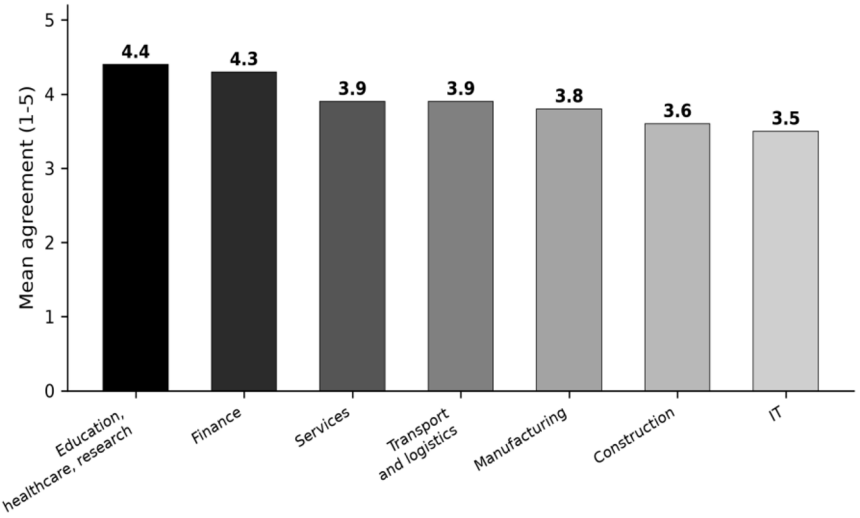


Fig. 2. Mean agreement with "the experience of older workers has irreplaceable value," by industry (1-5 scale). Industries are ordered by descending mean. Mean scores are descriptive only; between-industry differences are not tested statistically. Bars use a black to light gray gradient for grayscale legibility.

4.4 Determinants of Retention and Preferred Incentives

Under the flexible rules, firms are most willing to retain senior managers and specialized technical staff, and least willing to retain frontline production and service workers. Finance reports the highest willingness to retain senior managers (85 percent). For technical specialists, education, healthcare, and research and finance tie at 75 percent. Willingness to retain frontline workers stays low everywhere, between 15 and 30 percent, which reflects the physical demands of those roles and the sense that they are easier to fill.

Table 4 ranks the factors behind the retention decision. Job replaceability, employee performance, and employee health are the three that matter most, though the ordering shifts by industry: finance ranks the salary budget first, construction ranks health first, and manufacturing and IT rank job replaceability first. Government subsidy policy sits last everywhere. That is telling: firms do not currently expect subsidies, which is not the same as saying subsidies would not work.

When asked which government measures would most raise retention, firms across all industries put social security contribution relief first

and tax incentives second (Table 4). Contribution relief is selected by 70 percent of manufacturing firms and by 55 to 65 percent of firms in most other industries; tax incentives by 50 to 65 percent. These findings match the wage subsidy instruments Japan has used to encourage the employment of older workers (OECD, 2023).

Table 4. Decision factors (rank) and preferred incentives (percent selecting).

Industry	Replaceability rank	Health rank	Performance rank	Contribution relief (%)	Tax incentive (%)
Manufacturing	1	3	2	70	60
Services	2	3	1	65	55
Finance	3	4	2	60	65
IT	1	4	2	55	50
Construction	2	1	3	65	55
Education, healthcare, research	2	4	1	55	60
Transport and logistics	2	3	1	65	55

Note. Source: authors' survey.

4.5 The Expectation Gap Between Workers and Employers

The sharpest finding is the gap between what workers want and what employers expect. Asked to estimate the share of eligible workers who would like to keep working past 60 (survey Part 4), employers put the figure at 80.6 percent of their middle aged and older employees. Yet when asked how many will actually delay, employers expect only a minority. Across industries the modal employer expects 10 to 29 percent of eligible staff to delay. Only in finance and education, healthcare, and research does a sizable share of firms, roughly a third, expect 30 to 49 percent to delay. Manufacturing, IT, and construction employers overwhelmingly expect less than 30 percent. Employers, in short, report that their workers want to stay, and expect that few will. That mismatch is the central tension the flexible retirement design has to resolve.

5 Discussion

The polarization is not random; it follows the economics of each indus-

try's production technology. Where output depends on accumulated expertise that is hard to replicate and on relationship capital, employers see older workers as assets. Where output depends on physical strength or on rapid technological change, employers see them as costs, or as a bottleneck on promotion. This matches the international evidence that employer age discrimination concentrates where perceived productivity gaps are largest (Butler, 1969; Neumark et al., 2019).

The expectation gap has two plausible sources. One is information: firms may understate how many workers would stay, because no worker has yet faced the choice under the new rules. The other is a genuine demand constraint: even workers who want to stay may not be kept, because firms have neither the roles nor the incentives. The near universal absence of formal retention arrangements (from 18 percent in education, healthcare, and research to 58 percent in IT and construction) points to the second. A right to work longer without a matching employer obligation or incentive is likely to be partly notional.

The policy implication follows directly. What matters for the reform's labor market effect is less the statutory age than the marginal cost to an employer of keeping an older worker. Firms name the lever themselves: contribution relief and tax incentives, the same instruments that have made delayed retirement work in Japan (OECD, 2023). A subsidized, industry differentiated approach would aim the policy at the point where the constraint actually binds.

One more finding deserves a note. When employers rated the statement "our firm has no age discrimination in hiring and retention," mean agreement was uniformly low, between 2.5 and 3.8 (Table A1). Firms in the sample, that is, implicitly admit that age related barriers operate in their own workforce decisions, even in sectors that value older workers most. That tension, praising older workers' experience while admitting age related practices, strengthens the case for the formal, subsidized retention arrangements the respondents themselves describe as the missing piece.

6 Conclusion and Policy Implications

Using a stratified survey of 500 firms in seven industries, plus chi squared tests of industry differences, this paper shows how Chinese employers view the delayed retirement reform and whom they would keep. Support is polarized: 40 percent of finance firms fully support the

reform (95 percent CI [29.3, 50.7]) against 12 percent in manufacturing (95 percent CI [6.2, 17.8]), and a finance firm is about five times as likely to fully support as a manufacturing firm (odds ratio = 5.05). Knowledge intensive sectors value older workers' experience and would retain them; manufacturing, IT, and construction emphasize cost, promotion bottlenecks, and role mismatch. On top of this sits a large expectation gap: employers report 80.6 percent of middle aged and older workers want to keep working, but expect few to do so, and most firms have no retention arrangement.

What this means for policy is fairly direct. The reform should allow industry flexibility instead of a single schedule. Contribution relief and tax incentives for firms that keep older workers are likely to be the binding levers, since they are what employers themselves rank first. The expectation gap should be watched as the reform takes hold, because it will show whether the binding constraint is demand or simply information.

The limits of the study are worth stating plainly. The sample is stratified by design, so the industry shares do not estimate national employer sentiment. The aggregate responses do not allow individual level identification, so the chi squared tests rest on counts reconstructed from rounded percentages (off by at most one per cell, with statistics far above critical values, so the inference is not sensitive to it), and the mean agreement scores are reported without standard errors and cannot be tested with ANOVA. Future work should collect individual level responses, link employer reports to administrative data on actual retirement and reemployment, and track whether the expectation gap narrows once the flexible rules start to bind.

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Appendix

Table A1. Mean agreement with six statements about older workers and workplace age practices, by industry (1 to 5 scale, higher = stronger agreement).

Statement	Mfg	Services	Finance	IT	Construction	Edu.	Transport
Older workers' experience has irreplaceable value	3.8	3.9	4.3	3.5	3.6	4.4	3.9
Older workers are more stable than younger workers	4.0	4.1	4.2	3.8	4.0	4.1	4.1
Older workers adapt poorly to new technology	3.9	3.6	3.2	4.3	3.8	3.0	3.5
Older workers are healthy enough for the job	3.2	3.5	4.0	3.8	2.8	4.0	3.4
Our firm has no age discrimination in hiring or retention	3.0	3.2	3.5	2.5	3.0	3.8	3.2
Management leads by retaining workers of all ages	3.2	3.3	3.8	2.8	3.2	3.9	3.3

Note. Edu. = education, healthcare, and research. Rows 1 and 3 are reproduced in Table 3 for the main analysis; rows 2 and 4 to 6 are reported descriptively in Section 5. Differences across industries are not tested statistically. Source: authors' survey.

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