

Retirement intention: The influence of older worker identity, development opportunities on the job and social integration on work behaviour

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Behaviour, Intention, Older worker, Psychosocial, Retirement

Abstract

Retirement intention has been linked to individual factors such as health and wealth, but less is known about the role of the psychosocial factors on work behaviour. The objective of this study is to identify the relationship between older worker identity, development opportunities on the job and social integration with retirement intention on work behaviour. This paper drew upon a pilot testing data on 30 older workers aged from 50-66 years old from the private and public sectors in Malaysia. Using chi square analysis, it was found that older worker identity, development opportunities on the job and social integration negatively influence retirement intention while development opportunities on the job has a moderate positive influence on social integration in work behaviour. The implications of the study are discussed in the paper.

Introduction

In recent years, population ageing and improving health of older ages in Western countries (Carr et.al., 2016) and Organisation for Economic Cooperation and Development (OECD) countries significantly impact labour markets (Oakman & Wells, 2013). Employment rates among older workers are increasing (Redden, 2013; Eurostat, 2016). Apart from an increase in the aged population, the aged are also living longer as evidenced by an increase in life expectancy especially in selected countries like Japan, Australia and New Zealand. It means after retirement age of 60 years old; the population is expected to live for another 20 years in average. Longevity among ASEAN countries include Singapore, Brunei Darussalam and Viet Nam (WHO, 2018). Changes in population age structure in Malaysia showed a percentage of old age increases significantly at age 65+ years from 5.0% in 2010 to 14.5% in 2040 (Department of Statistics Malaysia, 2018).

Aging of the population entails several consequences. Forecasts of unfavourable changes in the size of population, its structure with regards to economic groups and labour dependency ratio, are significant for Malaysian labour market and for the functioning of organisations (IDS, 2019). This means that consumption of the growing number of retirees will have to be financed by working population, whose size is shrinking. The labour market will gradually become the market of the senior and elderly (Mendryk, 2017).

Based on Bank Negara Malaysia observation, only 40 percent Malaysians are financially ready for retirement and more than 75 percent Malaysian find difficulty saving RM1000 for immediate and emergency needs (IDS, 2019). It is also reported that most people are lack of financial literacy and has no idea of how much saving to sustain their lifestyle and living in future. Continued employment and engagement would result in higher morale, happiness, better adjustment, longevity, larger social network and better perceived health among the elderly. Work is an important factor in keeping the elderly healthy (Shultz & Wang, 2011).

Individuals define "retirement" in many ways. For the purpose of this paper, we focus on situations where an older worker voluntarily leaves their full-time career employment. There can be a variety of subsequent outcomes, ranging from no work at all, part-time work or phased retirement with the same employer, a bridge job at another employer, self-employment, "unretirement" (returning to work after a period of retirement), or volunteering (Cahill et al., 2015; Maestas, 2010; Jaworski et al., 2016).

Pressures for continuing to work later in life arise from financial pressures on pension schemes from an ageing population, labour shortfalls and skills shortages (Flynn & McNair, 2009). Recent studies have found support that workers, including older workers, hold more positive attitudes towards working longer than was previously thought (e.g. Age Concern, 2005; Employers Forum on Age, 2002, HSBC, 2005). However, one of the areas that is still unclear is how older workers' views on their jobs impact on their expectations of retirement (Flynn & McNair, 2009). Therefore, recent work in the retirement literature has concentrated on the importance of psychosocial variables in predicting attitudes towards retirement decisions (Crego et al., 2008, Taylor et al., 2007, Wong & Earl, 2009, Zappala et al., 2008). Psychosocial variables relate to the meaning that work plays in an individual's life (for example, their commitment to the organisation, and to work itself) but also their attitudes and expectations of retirement.

The relationship between the work environment (physical and psychosocial) and adverse health outcomes, such as poor mental health has been explored by others (Dollard & Bakker, 2010; Warren, 2001), but examination of the impact of work factors on retirement intention has received much more limited attention (Ilmarinen, 2005; Shacklock, Brunetto & Nelson, 2009). Little is known about the motivation for older workers to work and developing a greater understanding of such motivations is needed to identify the key issues related to influencing retirement intention (Ginn & Arber, 2005; Kooij et al., 2008). A literature review by Kooij et al. (2008), which examined potential age differences in motivation to work, found little consensus on which specific aspects of their work motivate older workers to stay in employment. This study contributes to the growing understanding of the factors that influence workers to remain in their job beyond normal retirement age.

Literature review

2.1 Retirement intention

As researchers claim, the nature of retirement has been changing (Ekerdt, 2010). Traditional understanding of retirement as the point at which one finishes paid work is not sufficient to describe various forms of professional deactivation. More and more employees withdraw from employment gradually by limiting the number of hours of work or changing the scope of activities. Others retire but remain employed. There is also a group of retirees returning to labour market (for various reasons). Thus, pension should be a process spread over time, with individualized dynamics and course (Wang & Schultz, 2010). The term "retirement" can mean both a moment to leave the organization and limiting one's commitment to work, receiving pension benefits and/or as a reflection of the status, which the person assigns to themselves. A decision to retire is traditionally seen because of personal and environmental factors: organisational (work and its attributes) and extra-organisational (e.g. family pressure and other socio-economic factors) (Wang & Schulz, 2010).

With regards to the relationship between psychosocial demands and retirement outcomes, Smeaton et al., (2009) found that older workers in England reporting high levels of work-related stress were more likely to say they plan to retire before state pension age. Retirement intentions have been shown to be influenced by low job control (Sutinen et al., 2005), effort-reward imbalance (Siegrist et al., 2007) and unsupportive workplace norms and supervisors (Van Solinge & Henkens, 2013). To date, several studies have examined the intention to retire (e.g. Elovainio et al., 2003; Mock, 2001; Potocnik et al., 2009; Schmidt & Lee, 2008).

2.2 Older worker identity

Barnes-Farrell (2003) suggests that in order to gain better understanding of people's preferences and intentions concerning whether to continue working or to retire, it is important to bear in mind that older adults, like people in general, are motivated to maintain a positive self-concept and identity. Tougas et al. (2004) consider the identity of the older worker and stress the social aspect of the ageism related to the internalization of negative attitudes and beliefs in the self-image. Unfavorable treatments commonly due to stereotypes may lead to the internalization into the self-concept of negative characteristics commonly associated with being an "older worker". Barnes-Farrell (2003) stresses that accepting older worker stereotypes, perceiving one's skills as obsolete, and considering oneself too old for the work context may restrict a person's ability to maintain a positive identity in the role of worker and induce him/her to quit. Hence, this study postulated as follows:

H1: The older worker identity will be positively and significantly related to retirement intention.

According to these suggestions, studies have proposed the existence of older worker identity (Roberto & Biggan, 2014; Urick & Hollensbe, 2014) or late-career worker identity (Bayl-Smith & Griffin, 2014) and its influence both on transition to retirement and adjustment to retirement. Specifically, older worker identity will impact on negative attitudes towards work (Desmette & Gaillard, 2008) and on behaviours, such as job mobility – in a negative sense – and full retirement – in a positive sense (Zaniboni et al., 2010).

2.3 Development opportunities on the job

This factor includes characteristics that may make a job demanding and stimulating in terms of growth and development. Workers describe their jobs by considering the degree of competence/skill and commitment required, opportunities to learn, decision-making, and margins of discretion. Jobs with good opportunities to develop skills, low physical effort, high-perceived control, and application of social skills motivate people to delay their retirement. Such positive job characteristics may stimulate the person to keep on working (i.e. take part-time retirement) rather than go into full retirement.

Thus, even if it is sometimes claimed that work should be kept attractive to older workers, Zappala et al. (2008) suggest that a preference for late retirement is related to a job that does not require the development of additional skills. In other words, older workers seem to give importance to work, appreciate ageing policies, but are reluctant to involve themselves in new learning. Individual differences towards attitudes towards work itself impact on retirement choices and the significance that work plays in individuals' lives varies. Role theory suggests that individuals occupy a range of roles in their lives which are critical to their self-concept and personal identity (Moen et al., 2000, Petters & Asuquo, 2008). Work roles can be an extremely important element of self-concept and self-identity for some individuals, and retirement from work can lead to a significant rupture of personal identity, loss of role and role-related activities and behaviours (Hopkins et al., 2006, Wong & Earl, 2009). As such, this study argues as follows:

H2: Development opportunities on the job will be positively and significantly related to retirement intention.

2.4 Social integration

Social networks have been cited as important in the workplace (Davies & Cartwright, 2010; Oakman & Wells, 2013) particularly as a mechanism for reducing work stress. In contrast, Kosloski et al. (2001) and Mein et al. (2000) found that workers who reported positive social relations at work were significantly less likely to intend to retire early. Therefore, this study postulated as follows:

H3: Anticipation of lost social integration will be positively and significantly related to retirement intention.

Research methodology

Variable	Frequency	Percentage
<i>Gender</i>		
Male	13	43
Female	17	57
<i>Age (years)</i>		
50	2	7
51	1	3
53	3	10
52	5	17
55	4	13
56	2	7
57	1	3
58	7	23
59	3	10
62	1	3
66	1	3
<i>Employer</i>		
Government	10	33

Private company	15	50
Self-employed	5	17
<i>Length of service (years)</i>		
NA	1	3
4	1	3
7	2	7
10	2	7
14	1	3
15	1	3
18	2	7
21	1	3
22	1	3
24	1	3
25	3	10
26	2	7
28	2	7
29	1	3
30	5	17
31	1	3
32	1	3
35	2	7
<i>Occupational categories</i>		
Self-employed	4	13
General services	3	10
Technical	2	7
Management	10	33
Professional	11	37
<i>Work contract</i>		
NA	1	3
Permanent	18	60
Full time	7	23
Part time	2	7
Contract	2	7

Table 1: Demographic information of the respondents

This study involved a purposefully selected group of respondents, focused on older employees aged 50 and above working in various functional areas of the organization in the public as well as in the private sectors. The data collected using a self-administered questionnaire was based on the pilot testing consisted of three independent variables and one dependent variable. Total number of respondents were 30. For the purpose of analysis in Table 1, there were 12 (43%) males and 17 (57%) females. The youngest age of the respondents was two (7%) 50 years old and the oldest was one person (3%) aged 66 years old. Ten (33%) respondents worked for the government, 15 (50%) were in the private companies and 5 (17%) were self-employed.

The average length of employment for this group was 12.4 years and the occupational category for Professional was the highest with 11 (37%) respondents. Under the work contract factor, 18 (60%) respondents were permanent employees.

3.1 Theoretical framework

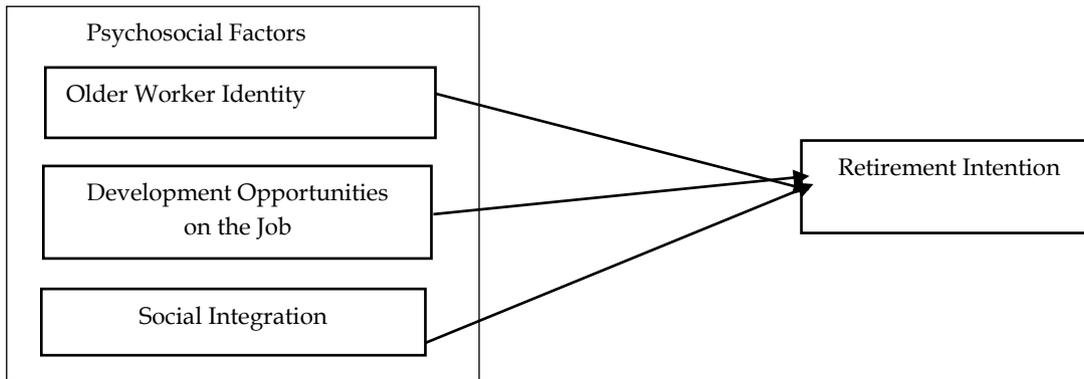


Figure 1: Theoretical framework

This study further explores the relationship of each dimensions of older worker identity, development opportunities on the job and social integration towards retirement intention in Figure 1.

3.2 Measures

All items were scored on a five-point Likert scale ranging from 1 = Completely Disagree to 5 = Completely Agree. Cronbach's alpha representing the reliability value was at .65 which was within the acceptable limits.

Retirement intention

For the dependent variable retirement intention, we used the three-item scale adopted from Zaniboni et al., (2010). Sample items include "As soon as I can retire, I will definitely stop working" and "I will keep on working by changing job type, even when I can already retire."

Older worker identity

In this study, the independent variable older worker identity was measured using the twelve-item scale proposed by Tougas et al., (2004). Sample items include "I was less effective in accomplishing my work" and "My performance did not deteriorate, rather it improved."

Development opportunities on the job

Development opportunities on the job reflects whether the job was demanding and stimulating. This variable was measured using the six-item scale proposed by Tougas et al., (2004). Sample survey items include "My present job and my responsibilities require a further development of my capabilities" and "In my work I can completely utilize my capabilities."

Anticipation of lost social integration

Fletcher and Hansson, (1991) ten-item scale which explored areas of lost social integration at work among employees were adopted for the purpose of this study. Sample items include "I will probably be sitting around alone after I retire" and "Retirement will allow me to do things with friends that I was not able to do while I was working".

Findings

From the chi-square analysis in Table 2 below, there was no significant relationship between retirement intention with older worker identity (2.44), therefore Hypothesis 1 was not supported. As for development opportunities on the job, the data is not normal indicating that there is no significant relationship between retirement intention and development opportunities on the job (.368). Here Hypothesis 2 was not supported. Besides that, data from anticipation of lost social integration also showed that there was no significant relationship with retirement intention (.150). Hence, Hypothesis 3 was not supported.

	Older Worker Identity	Development Opportunities on the Job	Anticipation of Lost Social Integration
Retirement Intention	.244	.368	.150

Table 2: Chi-Square test

These results shared similar findings to previous research by Desmette and Gaillard (2008) on older worker, Zappala et al., (2008) on job opportunities, and Kosloski et al., (2001); Mein et al., (2000) on social integration.

The analysis for the data in Table 3 below was done on normality test using Shapiro-Wilk test. Based on normality test, P-value<0.01 indicated that the data was not normal.

	Retirement	Older worker	DevOpp	Social I.
Retirement	-			
Older worker	-0.114	-		
DevOpp	-0.008	-0.243	-	
Social I.	0.057	0.079	0.577*	-

N = 30, *p<0.01

Table 3: Pearson Correlation Matrix

The Pearson correlation result showed that there was no correlation between retirement intention and older worker identity. Besides that, there was no correlation between retirement intention and development opportunities on the job. Similarly, there was no correlation between retirement intention and anticipation of lost social integration. However, it was indicated that there was a correlation between social integration and development opportunities on the job (p<0.01). This was further supported by a moderate positive coefficient of correlation value, $r = 0.577$.

5.0 Discussions and conclusions

This study has attempted to answer the questions whether older worker identity, development opportunities on the job and anticipation of loss social integration has significant influence on retirement intention. The chi-square results revealed that, there were no significant relationships between these psychosocial variables and retirement intention. In similar note, this study contributes in the existing literature by providing empirical evidence on the moderate positive coefficient of correlation between social integration and development opportunities on the job. Interestingly, the relationship between social integration and development opportunities was significant in a positive direction. The finding revealed that workplaces can enable individuals who already possess strong social networks to manage the competing demands of work. Work commitment can be linked to role theory which suggests that people occupy a range of roles in their lives which were critical to their self-concept and personal identity (Davies & Cartwright, 2010). Where that role was work related, retirement threatens the individual's sense of self-worth and identity. As there were no significant relationships between the psychosocial variables and retirement intention, the possible explanation was that the respondents do not understand the questions asked. The questionnaire needs to be reestimated or simplify according to the setting of unit of analysis. A mediating variable may be added to make the questionnaire rigorous. Next, the questionnaire must undergo reliability test retest to be conducted to improve it. In conclusion, retirement intention either directly or indirectly would put employees in a stressful condition. As such, the organisation needs to develop appropriate strategies to ensure employees have adequate retirement planning.

Limitation and direction for future research

It should be noted that this study was not without limitation. This study was done using data based on the pilot testing. It was recommended that a larger number of samples to be tested. Future study should extend the study in other industry. Moreover, variables studied can be conceptualized as individual factors. Therefore, exploring other constructs will be able to provide better understanding on retirement intention.

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