



**Productive Ageing**  
PASSION GROWTH EXPERIENCE

# Research Bulletin

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## Stopping Work: Social and Organisation Factors Influencing Early Retirement

The following Research Bulletin is based on work completed to date by Mark Keogh as part of his doctoral studies at the Queensland University of Technology. This study is partially supported by the National Seniors Productive Ageing Centre Grants program.

### Background

Despite the fact that Australians are living longer than ever before, many are retiring well before the "official" retirement age of 65 for men and 62.5 for women. With the ageing of the population, concerns have been raised as to whether or not Australia can afford to maintain a quality retirement income system.

One solution that has been suggested is to encourage people to work longer so that they spend less time in retirement. For this to be an effective strategy, however, it is important to understand the reasons why early retirement is such an attractive option to so many people.

### Causes of and Responses to Early Retirement

The perceived causes of, and therefore responses to, the issue of early retirement in Australia vary according to whether a macro or micro view is taken, and also whether the issue is being addressed from the point of view of government, business, the organisation or the individual.

From a government point of view, the main discussions about the trend towards early retirement focus on the economic issues, including the cost of maintaining a large number of retirees and financial disincentives for mature aged workers to stay in the work force. Government policy aims to make work a more attractive option for people in their 50, 60s and beyond by introducing policies such as removing tax from superannuation payouts for those retiring after the age of 60, implementing a national age discrimination act and providing training and seminars for employers regarding the benefits and issues involved in an ageing workforce.

From a business point of view, the main concern about early retirement is that it is leading to a skills shortage as experienced and skilled employees leave the labour market. The main focus of

private sector policies relating to mature aged workers is on educating employers about the benefits of engaging older workers while at the same time dispelling some myths surrounding the employability of people as they age.

One of the problems with a lot of the work that has been done with respect to the issue of early retirement is that it has focussed almost exclusively on economic issues. The decision to retire or to work is seen by many researchers as the result of the interaction between demand for employees and the supply available with monetary rewards providing the incentive to delay retirement. This view of retirement decision making assumes that the main motivation behind work is money.

The alternative is to take a more person centred view. Looking at the motivations for early retirement from this perspective opens up a range of alternative options. For example, the decision to retire may be the result of persistent ill health, difficult working conditions, ageist attitudes or a lack of opportunity.

In the research reported here, the focus is on trying to determine the influence that different social factors, both within the workplace and in a mature aged worker's private life, play in making the decision to retire.

### The Study

This research is being conducted in two major phases – one which is quantitative, or statistical, and the other which is qualitative and based on discussion groups. The findings reported here have emerged from the first stage of the analysis.

The aim of this first stage is to describe and highlight the relative importance of different social factors in the decision to retire. Once these have been identified, the reasons why each is so important will be examined in more detail through focus group discussions.

When discussing mature age work, most studies either assume that all older workers are pretty much the same or, alternatively, focus only on one type of worker. Much of the research in this field has concentrated on professionals.

To get a better idea of the issues involved in work and retirement for a range of employees, this research compares white collar workers with blue collar workers to see how similar, or different, their experiences and retirement intentions are.

Based on previous research, the study here examined four key sources of social influences on retirement. These were factors relating to:

- Personal characteristics,
- Family characteristics,
- Organisational characteristics, and
- The work environment.

### Research Questions

After examining the issues raised in earlier studies, five themes emerged which were used to guide the research and analysis. These were:

- People who retire early show marked differences to people still working in terms of (a) job satisfaction (b) flexibility (c) training (d) work place attitudes, and (e) personal attitudes,
- Families and other social contacts play an important role in rationalising early retirement decisions,
- Both working and non working older people show a positive attitude towards work, including a high level of commitment,
- Mature age workers place a higher value on personal friendships and interpersonal relationships in the work place, and
- “Blue” and “white” collar workers differ markedly in all categories measured.

### The Participants

Participants in this research were drawn from the National Seniors membership. Both people still in employment and those in retirement were included. A detailed survey which asked about employment history, attitude to employers, attitudes to retirement, health and other was used to collect data.

From a total of 846 respondents to the survey, a total of 314 were eligible to be part of this analysis. Eligible respondents were those who

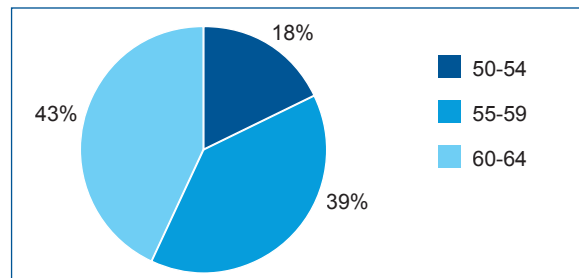
- were reported that they were in moderate to low but not good to excellent health,
- were aged between 50 and 64, and
- either indicated that they were blue collar workers in a service occupation or white collar workers in a professional organisation.

The reason for excluding those in excellent health was that many people who take early retirement cite “health” as the main reason for leaving work. Consequently it was decided to compare only those people with reasonably similar levels of self reported health and who might feasibly have used health problems as the reason why they took early retirement.

Restricting the professions from which respondents came was done to ensure that the blue collar workers were all similar to one another on key work variables but were different to the white collar workers. Similarly the white collar workers should all be fairly similar to one another.

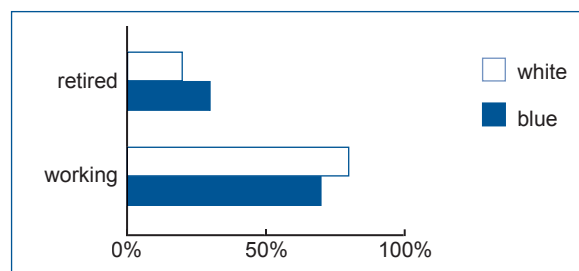
The split across the different age groups was as follows:

Figure 1: Age Distribution



There was a fairly even split between the white and blue collar workers with slightly more white collar workers identified (57.3% compared to 42.7%). White collar workers were more likely than blue collar workers to be retired and, as would be anticipated, retirement levels rose with age.

Figure 2: Retirement by Working Type



In terms of the types of work undertaken, it is interesting to note that, consistent with previously noted preferences for mature age workers to phase in retirement, and move away from the “all or nothing” model of work and retirement, part time and casual work increased significantly with age.

A large number of analyses were undertaken to make sense of what the main motivators underpinning early retirement are. For all the different analyses that were undertaken comparisons were made on the basis of whether people work in blue or white collar occupations and also whether they are currently working or retired.

### Job Satisfaction and Retirement Decisions

Starting with the idea that job satisfaction will drive early retirement in that those who are happy at work are less likely to retire early than those who are unhappy, the following results were found.

First of all the relationship between age and job satisfaction was tested to see if those who stayed in the work force longer, were more satisfied with working generally than those who left the work force early. It was found that overall age did not impact on job satisfaction. Older white collar

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workers, however, tended to be more satisfied at work whereas for blue collar workers no differences were found based on age.

A second set of analyses were undertaken to determine the extent to which job satisfaction levels impacted on the decision to retire. It was found that although job satisfaction was important to white collar workers in the decision as to whether or not they took early retirement, it was not an important factor for blue collar workers. Overall the blue collar workers in this study showed higher levels of satisfaction than white collar workers.

Testing job satisfaction as an influence on early retirement pre-supposes that the decision to retire was taken voluntarily, that there were adequate structures in place in the workplace to satisfy the needs of older workers, that employees work in a positive environment and are in good health.

Unfortunately when asked directly about their decision to retire, a significant number of retired respondents indicated that they had been pressured into leaving the workforce.

**Table 1: Circumstances of “forced” retirement**

Circumstances	White Collar (%)	Blue Collar (%)
Peer pressure to retire	10	18
Organisational pressure to retire	28	27
Organisation employed unfair practices in relation to older workers	12	18
Forced into retirement	20	18

Not surprisingly, those who believed that they had been pressured into retirement had significantly lower levels of satisfaction with their work experiences than those who retired voluntarily.

An emerging issue of interest with respect to mature age work is that of interpersonal relationships between younger and older workers. Some writers have expressed the concern that intergenerational conflict is an emerging problem in the workplace. Part of this conflict is based on the gap between the higher levels of formal education and skills of younger workers and the lower levels of formal education but higher levels of experience of older workers.

The respondents to this survey were all mature age workers so it is difficult to know to what extent younger people view them negatively. With respect to the respondents of this survey, mature aged workers unfortunately tended to have a negative view of younger workers.

Overall the respondents viewed older workers very positively and perceived them as more productive, reliable, loyal and co-operative than younger workers. This was particularly pronounced amongst the blue collar workers.

## Family and Friends

While these represent organisation based pressures, people’s private lives also exert a major influence on their decision to work or to retire. Within the survey there were a number of questions asked which referred to family circumstances and family influence on retirement. These asked respondents to indicate their agreement with the following statements:

- I worry that my family will not support me after I retire
- My family does not want me to retire
- I am afraid I will be a burden on my family as a retired person
- I have planned my retirement with my family

Overall the analysis showed no significant relationship between concerns about the level of family support and the decision to retire. Further most people did not directly involve their family in their retirement planning process with those in the older age bracket (60-64) the least likely to involve family members. Similar outcomes were found for both white and blue collar workers. Consequently it appears that family concerns are not a major influence when it comes to making the decision of when to retire.

As well as family, friends are important in ensuring a positive retirement. Work is often seen as a major source of social interactions and new friendships. One of the social concerns regarding retirement is that people will miss those work based friendships and find it hard to make new friends.

Respondents were positive about the opportunities that retirement presented in terms of allowing them to do things with friends. Older respondents and those who were already retired scored most strongly on the positive benefit that retirement allows them to do things with friends indicating that they were speaking from experience.

Opinions about the importance of work as a source of friendship varied. Optimism regarding the opportunity to make new friends was stronger amongst those still in the work force, and amongst white collar workers. Similarly white collar workers still in the workforce were least likely to agree that their co-workers could be classified as ‘friends’ and most likely to agree that they had little in common with their co-workers.

Although there were some differences across groups, in general, most of the respondents in this survey had a varied source of friends outside of their workplace (or former workplace). While work provided some social interactions, it was not the most important source of social activity for the respondents.

## Other Issues

While the main focus of this research and analysis has been on organisational and social factors, personal factors including financial security are also important in determining when a person retires. The findings of this survey were that respondents, both those still at work and those

“ As well as family, friends are important in ensuring a positive retirement. ”

who were already retired, had a positive attitude towards retirement. For many it was a time to look forward to and they appeared to have few concerns or regrets about leaving employment.

Previous research has shown that economic circumstances influence the timing of retirement in that those who are financially well off have more flexibility in choosing when they leave the work place. In this study personal concerns about finances were examined such as asking respondents the extent to which they worried about factors such as being able to afford 'little extras' in retirement or the extent to which they worried about affording holidays. Overall the respondents in this study did not express significant financial concerns about the future regardless of whether they were retired or working.

Returning to the initial questions that guided the research it appears that the results are mixed.

Contrary to expectations one factor which had little influence on any of the different analyses that were undertaken was age. It appears that the attitudinal differences between people in the fifteen year age bracket of 50 to 65 were not due to age or proximity to formal retirement age but rather were the function of other social and personal influences.

There were a number of differences that emerged between employees classified as blue collar, and those classified as white collar but fewer between those who are already retired and those who are considering retirement.

## Implications for Research and Policy

The main issue that arises from this research is that the decision to retire is extremely complex involving not only financial considerations but also organisational and personal influences. To develop effective policies to encourage later rather than early retirement requires a far more rounded approach than has traditionally been taken.

Money is only one element in the decision to retire. Whilst allowing access to superannuation whilst still in employment is a step forward, encouraging mature age workers to remain in the workplace requires more than financial incentives.

More research is needed into how the environment of the workplace positively and negatively influences retirement timing decisions. Included in this is further research into intergenerational relations at work including closing the perceived skills gaps between older workers and their younger colleagues.

Australians have a very positive view of retirement and this was reinforced through this study. Work appears less central to most people's lives than their family and friends. To keep older Australians engaged it is important that we understand more about the social and organisational issues which impact on retirement decisions and address these as well as predominantly financial motives.

### National Seniors Productive Ageing Centre

National Seniors Productive Ageing Centre (NSPAC) was established by National Seniors in 2002, in partnership with the Australian Government Department of Health and Ageing and the University of the Sunshine Coast.

The Centre's annual program consists of consumer research and policy forums, cross-sectoral research collaborations, development of productive ageing research products and innovative use of a range of media to disseminate research widely.

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National Seniors Productive Ageing Centre for consistency with the National Seniors membership base uses the term 'senior' to describe an individual aged 50 years and over.

