

# The Factors Influencing Intention to Retire: A Perspective on Working Women

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**Keywords:** Working Women, Intention to Retire, Job Characteristics, Work-related Factors, Non-work-Related Factors.

**Abstract:** This paper illustrates factors influencing the intention to retire amongst women employees. It adopts correlational type research that utilises quantitative research method to collect data to address the research objectives. This paper highlights the work and non-work related factors that influence the women employee's intention to retire. In addition, this paper also provides information on the moderating effect of employee's personal and job characteristics on the relationship between work and non-work related factors and intention to retire. The outcome of this study will be useful for practitioners to formulate more effective strategies in managing retirement among women, which crucial for their individual and organisational performance. In addition, it also enhances further the knowledge of academicians in the field of retirement, because serious attention is needed on this area due to tremendous increment of women proportion in the labour force worldwide.

## 1 INTRODUCTION

Retirement is a stage of life where involvement in certain social activities and desirable conducts become less or narrow. Retirement life without planning requires continuous employment or working while life style remains the same in the young age although the individual have reached the retirement age. Lack of proper retirement planning preparation will generally bring some disappointment during retirement. Thus, having a proper retirement planning is extremely important. Many surveys and data are available on the pre and post retirement plans. The growing of life expectancy worldwide will experience longer retirement life. People are worried about the life after retirement so most articles have discussed this issue.

As a limited study within Malaysia conducted on factors influencing the intention to retire, this study will focus on identifying the factors that will influence on the intention to retire based on work related and non-work related factors. Malaysia needs to focus on retaining women in the workplace to address the relatively low level of female workers participating in the labour force. This is because a significant portion of working women in the country

leaves their job after starting a family, and thereafter they do not return to the workforce.

Labor force participation of women has increased considerably from 54.3% in 2016 to 54.7% in 2017 in Malaysia by Labour Force Survey Report, Malaysia, 2017. This trend reflects the rising labor participation rates in successive cohorts of women, who increasingly stayed in the labor market after having children or returned to the labor market after a period of caring for their children.

Malaysia has made significant progress in the past six years since 2011 to increase the number of women in the workforce and in decision-making roles in the corporate sector due to Government initiatives that sought to enhance the contribution of women to the economy and to promote greater inclusiveness in the workforce. In addition, due to lots of focus on working women, this research becomes very important for the country. Thus, this article explores the possible factors that influence woman employees for retirement.

## 2 LITERATURE REVIEW

The literature conducted on the key variables comprises of Intention to Retire, Factors lead to

Intention to Retire, Job Characteristics and Personal Characteristics which are as follows:

## 2.1 Intention to Retire

Retirement is no longer an abrupt transition from a working to a non-working life style. Most of the retirement planning of individuals is important for many reasons. Intentions to retire may affect not only confined to the effective retirement age of a worker but also their actual job requirement at work.

According to some researchers, planning of retirement is not a unitary concept but can be described as a set of cognition and behaviors that relates to different dimensions. Planning of retirement can be represented as an intention regarding the form that it takes. It can be defined as “personal designs or intentions towards the conclusion of the work career and the initiation of retirement life”.

Several studies have examined the distraction intention to retire but without clear distinction among the various types of intentions (Keni et al., 2015). Indeed, one of the main criticisms made on retirement intentions is that they have only considered the extremes of the “work/retirement” continuum.

## 2.2 Factors Leading to Intention to Retire

Many studies shown that retirement decisions are influenced by financial-economic constraints, health, job characteristics such as monotony or a lack of challenge, career prospects, autonomy and the relationship with one’s partner.

Researchers showed that from a life course perspective, retirement intentions may be affected by non-work and work-related factors. The effect of the health status on retirement intentions has also been widely studied. However, the evaluation of the impact of health on retirement intentions is not so straightforward, given the justification bias raised by subjective health measures (Muthuveloo, 2013).

Researchers have put factors that could play a role in the decision to retire in a model in which a difference between personal and environmental factors was made. Environmental factors encompass work features (work characteristics) and non-work factors (family, marriage, leisure time and health). Health is traditionally one of the most important determinants of early retirement and it turns out that older employees have a stronger intention to leave the labour market prematurely as health diminishes.

Most researchers focused on general health as a predictor for retirement. Few researchers have addressed the extent to which psychological complaints play a role.

As retirement intentions are not only driven by financial incentives, result also form a trade-off between consumption and leisure, the quality of the work environment is expected to affect the planned retirement age (Wen et al., 2017). In almost all studies, this quality is measured by asking individuals about their thoughts and attitudes about work. Studies have shown that the workers that are likely to retire are those who reports about being tired to work, or that their work has a lack of challenge, a lack of ascendance in the workplace or a lack of autonomy.

### 2.2.1 Work-related Factors

Work-related factors include changes in workplace technology, age discrimination and work and job performance, interaction with colleagues, workforce reductions, and organisational retirement packages (Fowlie, 2016).

### 2.2.2 Non-work-Related Factors

Non-work-related factors include financial circumstances, the individual’s health and age, and the goals for retirement (Fowlie, 2016).

## 2.3 Personal Characteristics

Personal characteristics are a description of the personal characteristics that designed to get known on perceptions of own characteristics. It covers five core job dimensions which are: openness to experience, conscientiousness, extraversion, agreeableness, and emotional stability. (Seng et al., 2013).

*Openness to experience* refers to the dimension of cognitive style that distinguishes imaginative, creative, and conventional people (Barrick and Mount, 1993). It is also a measure of depth, breadth and variability in a person’s imaginations and urge for experiences (Saade et al., 2006). People who are open to experience are always perceived as healthier or more matured, and may serve as an educator in terms of performance criteria (Griffin et al., 2004).

People who have high *conscientiousness* are reliable and responsible people (Barrick and Mount, 1993). They have good self-control, act dutifully and always aim for achievement. They like to follow a plan rather than act spontaneously. This makes them good at formulating long-term goals, organizing and

planning routes towards achievement and working persistently to achieve goals.

*Extraversion* is correlated with the enjoyment of being with people, being energetic and often experiencing positive emotions (Barrick and Mount, 1993). Extravert people tend to be enthusiastic and action-oriented towards opportunities for excitement and they like to be the center of attention in groups. Extraversion can predict effective functioning and well-being across a wide variety of domains (Ozer and Benet-Martinez, 2006).

A person with high level of *agreeableness* is usually warm, friendly, tactful, and is negatively associated with interpersonal arguments, aggression and anger (Jensen-Campbell and Graziano, 2001; Meier and Robinson, 2004). They have a positive view of human nature and believe that people are decent, honest, and trustworthy. They get along well with others because for them, social harmony is important.

*Emotional stability* is defined as self-confident, self-possessed, resilient, tolerant of stress and well-adjusted. People with high level of emotional stability or low level of neuroticism are the person that is able to control their own self to remain stable (Barrick and Mount, 1993). They tend to be emotionally stable and calm.

## 2.4 Job Characteristics

The job characteristics model (JCM) is a widely studied model of motivational job design that explains the important work outcomes (e.g. satisfaction and tenure) for workers in a wide variety of blue- and white-collar jobs. The model states that there are five core job characteristics comprising of skill variety, task identity, task significance, autonomy and feedback.

As defined by Hackman and Oldham (1976), *skill variety* is referred to as the extent to which a job requires the worker to perform a number of different activities while carrying out the work. In other words, the worker is required to possess a variety of skills and talents in performing the job. On the contrary, high SV exists when the owner of a high-end hairdressing salon is required to perform well.

Task identity (TI) represents the degree to which the job requires the worker to complete an entire piece of work. This means, performing a job from the beginning till the end with a visible outcome (Hackman and Oldham, 1976).

*Task significance* refers to the extent of which the job has a considerable impact on the physical or psychological well-being of others, whether in the

immediate organization or in the external environment (Hackman and Oldham, 1976).

*Autonomy* is referred to as the degree to which the job provides employees with considerable freedom, independence, and discretion in scheduling the work and in determining the procedures to be used in carrying out the work (Hackman and Oldham, 1976).

*Feedback* represents the degree to which carrying out the work activities required by the job results in the individual obtaining direct and clear information from the job about the effectiveness of the individual's performance (Hackman and Oldham, 1976). FB can be divided into "feedback directly from the job" and "feedback from agents". Feedback directly from the job refers to direct knowledge of the results of one's work. On the other hand, feedback from agents refers to knowledge of results deriving from some other people. Regardless of the types of Feedback, the focus is on the feedback mechanisms that are designed into the work itself (Hackman and Oldham, 1980).

In short, JCM proposed that when workers perceive their job as meaningful and know that they have carried out their work well based on their own effort, they gain intrinsic rewards that will enhance the workers' motivation, performance, satisfaction, and commitment.

## 3 UNDERPINNING THEORY

Based on Abel Duarte Alonso and Vlad Krajsic, (2015) pioneering works, the theory of planned behaviour (TPB) is chosen to develop the research theoretical framework. Behavioural intention can translate into actual behaviour only if such behavior "is under volitional control"; in other words, when individuals can decide to perform or not certain behavior on their own terms, or whether it is in line with their choice to do so or not.

Ajzen (1991) proposed a framework based on three determinants or predictors of intention called attitude towards the behavior, subjective norm and perceived behavioural control. In addition, he also propagated that the performance of most behaviours may depend upon several non-motivational factors, including resources (e.g. skills, money, time and cooperation of other individuals), or on the "availability of requisite opportunities".

## 4 RESEARCH THEORETICAL FRAMEWORK

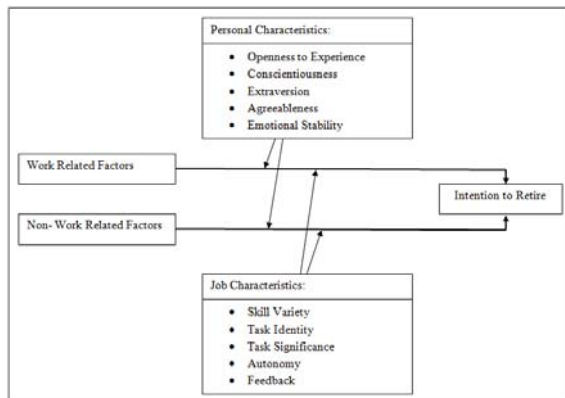


Figure 1: Research Theoretical Framework.

Based on the research gap identified and underpinning theory, the theoretical framework shown above in Figure 1 was developed. The Dependent Variable is Intention to Retire and the Independent Variables are Work Related Factors and Non-Work Related Factors. In addition, the Moderating Variables are Personal Characteristics and Job Characteristics.

## 5 HYPOTHESES

Based on the theoretical framework shown above in Figure 1, six (6) main hypotheses were developed to address the research questions and objectives. The hypotheses are elaborated below:

### 5.1 Work-related Factors versus Intention to Retire

Work-related factors that can impact older workers' retirement preferences can include changes in workplace technology, age discrimination (Jex and Grosch, 2012), and work and job characteristics. The following hypothesis is formed.

*Hypothesis 1: Work related factors have a positive significant influence on the intention to retire.*

### 5.2 Non-work Related Factors versus Intention to Retire

There are many factors that may contribute towards an older worker making the decision to retire. These predictors of retirement-related decisions can be

classified into non-work related factors. The age of the individual is an obvious factor that influences the decision to retire. The older the individual is, the more likely they are to make the decision to retire (Jex and Grosch, 2012; von Bonsdorff and Ilmarinen, 2013). But this is not the only factor to influence the intention to retire among working women. By looking at all the non-work related factors, the following hypothesis is formed

*Hypothesis 2: Non-work related factors have positive and significant influence on the intention to retire.*

### 5.3 Personal Characteristics versus Work-related Factors in Relation to Intention to Retire

Personality variables are indicated as important in terms of the job characteristics or job attitudes and rewards as determinants of job performance (Cappelli, 1995). The question of whether personality measures are valid predictors of occupational performance has been answered by previous researchers as well. It is important because there is always room for better improvement (Hogan, 1998). The following hypothesis is formed:

*Hypothesis 3: Personal characteristics positively moderate the relationship between works related factors and intention to retire.*

### 5.4 Personal Characteristics versus Non-work-Related Factors and Intention to Retire

According to Rothmann and Coetzer (2003), personality questionnaires are not useful in the prediction of individual intention, and they should not be used in selection decisions unless their validity has been specifically and competently determined for the specific situation. There is little study available to be used as the references for the review of the criterion-related validity of personality assessment for individual intention as moderating variable to look in to the relationship between non-work related factors and intention to retire. The following hypothesis is formed

*Hypothesis 4: Personal characteristics positively moderate the relationship between non-works related factors and intention to retire.*

### 5.5 Job Characteristics versus Work-related Factors and Intention to Retire

In some instances, certain at risk individuals may feel they are being pushed out of the labour market when there is a mismatch between the characteristics of available jobs and the characteristics of the labour force. This can be the result of advances in technology and increased competition (Stattin, 2005). The following hypothesis is formed

*Hypothesis 5: Job characteristics moderate positively the relationship between works related factors and intention to retire.*

### 5.6 Job Characteristics versus Non-work-Related Factors and Intention to Retire

To examine the moderating relationship between job characteristics and non-work related factors, this theoretical framework serves as a guide to investigate job characteristics such as skill variety, task identity, task significance, autonomy, and feedback (Hackman and Oldham's, 1976). We investigated whether these have influence on intention to retire decision making. The following hypothesis is formed

*Hypothesis 6: Job characteristics positively moderate the relationship between non-works related factors and intention to retire.*

## 6 RESEARCH METHODOLOGY

The research methodology that will be utilised to collect and analyse the data has been elaborated. It covers the research design, population, sample size, sampling techniques, measurement and measures, data collection method, and statistical tool and data analysis to be carried as described below.

### 6.1 Research Design

The research design includes quantitative, cross-sectional type and correlational basis respectively. *Quantitative research* is all about exploring issues, understanding phenomena, and answering questions. This research is also a *correlation study*, which was carried out with minimum interference by the researcher, with normal work flow in the natural setting of the organization (Sekaran, 2006). This

means that the respondents of this research are given the freedom to answer the questionnaires with minimal interference to their intention. A *cross-sectional type* refers to a study conducted in a way that data is collected and gathered just once in order to answer the research questions. This is a suitable method for this research as the researcher is interested to find out the perceptions of the respondents regarding factors leading to intention to retire, job characteristics, personal characteristics and intention to retire only at a certain time point.

### 6.2 Population and Sample Size

The target population of this study is women employees (including full time, contract based, part timer, freelances, self-employees) working in any field or sector in Malaysia. Referring to the table that determine the sample size from its population by Krejcie and Morgan (1970) this amounted to a total of 384 samples to be collected due to a population of more than 100000 with Confidence level at 95%.

### 6.3 Sampling Technique and Data Collection Method

This study is conducted in a convenience non-random sampling design. Convenience sampling is probably the most common of all sampling techniques. This survey questionnaire will be a structured questionnaire consisting of five section which are section A, B, C and D. Section A of the questionnaire consists of questions and indicators on dependent variables which is intention to retire. Sections B indicate the measure for factors leading to intention to retire that was influenced by work related factors and non-work related factors.

Section C contains personal characteristics and Section D contains job characteristics that indicate and measure the relationship in between factors leading to intention to retire and intention to retire itself which are moderating variables. Section D is designed to obtain the demographic data of the respondents. The components in Section E will encompass the details about respondents' background.

Aside from that, this study focused on the individual as the unit of analysis. This means that instead of a group of individuals, a single individual is surveyed and responds to the questionnaire distributed to them. So the survey is conducted by the implementation of web-based and personal self-administered questionnaires.

## 6.4 Data Analysis Techniques

In this study, the data will be analyzed using Statistical Package for Social Sciences (SPSS) and Partial Least Squares Structural Equation Modeling (PLS-SEM) using SmartPLS 3.0. For the purpose of data analysis, a number of statistical tests will be carried out which includes descriptive analysis, factor analysis, reliability analysis, correlation analysis and multiple regression analysis.

## 7 CONCLUSIONS

### 7.1 Limitations

Before offering some concluding comments, it is important to draw attention to some potentially critical methodological limitations of this study. Firstly, it should be noted that the employees in the sample are not representative of all working women in Malaysia as most of the women are too busy to the level that they do not have time to respond to the survey of this research. Secondly, as this is a cross-sectional study, this study only covers working women within a short time period. They could either take up a job or resign immediately after this survey is completed.

### 7.2 Conclusions

In this changing environment, retirement plans have always been a common topic in both developed and developing countries. Nowadays, many problems arise in preparing the retirement plan such as natural biological aging process, worker types, retirement age policy, family cultural changes, unpredictable macroeconomic events, medical cost increases and so on. These facts highlight the rising concern and awareness on the importance of pre-retirement planning among working women in Malaysia as the composition of women workforce is increasing rapidly. In view of this, understanding the factors influencing the intention to retire becomes critical as the organisation need to formulate the appropriate strategies for good management in order to optimize the organisational performance that is crucial for business sustainability.

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