Deciding whether to work after retirement: The role of the psychological experience of aging

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Due to the graying of the global labor markets, post-retirement employment is becoming increasingly important in the 21st century. To better understand older people’s decisions to engage in post-retirement employment, the current study investigated the role of the psychological experience of aging. Two dimensions that capture positive aging experience (i.e., personal growth and gaining self-knowledge) and two dimensions that capture negative aging experience (i.e., physical loss and social loss) were differentiated and their relations to post-retirement employment were hypothesized. We argue that aging experience may influence the decision to work after retirement by generating both, approach and avoidance responses. Longitudinal data from the German Aging Survey (N = 551) were used to test the hypotheses. The results of structural equation modeling indicated that retirees who experienced aging as social loss and as personal growth were more likely to engage in post-retirement employment a decade later, while retirees who experienced aging as gaining self-knowledge were less likely to engage in post-retirement employment. Theoretical and practical implications of this study are discussed.

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1. Introduction

Life expectancy has increased consistently for more than one century and continues to increase further (Organization for Economic Cooperation and Development [OECD], 2011). This has resulted in important shifts in the aging process because the years of healthy life (i.e., free from morbidity and disability) have also increased (Christensen, Dobhalhammer, Rau & Vaupel, 2009). People remain fit and healthy longer than ever before. As a result, retirement from ordinary work life is no longer the time to withdraw from society, but rather a time when people now remain active.

A key way that individuals remain active as they age is to continue employment. The rate of older people working in Germany has doubled over the last 10 years (e.g., labor force participation rate changed from 2001 to 2011 for people aged 60–64: 23.3% to 47.3%; 65–69: 5.4% to 10.2%; 70–74: 2.7% to 4.7%; 75+: 0.9% to 1.4%; OECD, 2013). Prolonged health and longevity have improved the aging process and post-retirement employment has become a meaningful option for older people to use their time after ending their main employment.

Post-retirement employment refers to paid work beyond mandatory or median retirement age as well as pension receiving state, including part-time jobs and self-employment (Shultz, 2003). It is part of an ongoing process of psychological detachment

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from work in which people experience a transition from labor force participation to complete retirement (Shultz, 2003; Wang, Adams, Beekh, & Shultz, 2009). Recently, the concept of retirement has been refined as a late career development stage, in which work activities may continue to play a central role (Kim & Hall, 2013; Shultz & Wang, 2011; Wang & Shi, 2014). While many people still decide to directly withdraw from employment when leaving their career jobs, a growing number of individuals are taking part in work beyond retirement (Cahill, Giandrea, & Quinn, 2007; Deller & Pundt, in press: Eurofound, 2012; Wang et al., 2009).

Post-retirement employment is of interest to individuals, organizations and society as a whole (Griffin & Hesketh, 2008). From the societal perspective, post-retirement employment offers a potential solution to pressing population concerns. Increased longevity and low birth rates are contributing to widespread demographic shifts which are likely to create imbalances between the decreasing working and the increasing retired populations (Beereh, Glazer, Nielson, & Farmer, 2000; Van Dalen, Henkens, Henderikse, & Schippers, 2010; Wang & Shi, 2014). Such imbalances impact the financial feasibility of social pension funds. As a result, many industrialized nations are increasingly interested in individuals continuing to work beyond retirement age in order to reduce retirees’ dependency on social pension funds (Deller, Liedtke, & Maxim, 2009; Müller, De Lange, Weigl, Oxfart, & Van der Heijden, 2013).

From the organizational perspective, the shrinking size of the labor force will result in vital skill shortages, leading organizations to be interested in post-retirement employment as a means to retain the skills and knowledge of experienced older workers (Mariappanadar, 2013; Shultz & Wang, 2011). This retention of human capital, combined with the reduced burden on social pension funds, suggests that increased frequency of post-retirement employment will result in enormous economic benefits (Griffin & Hesketh, 2008).

From the individual perspective, post-retirement employment appears to contribute to greater psychological well-being and life-satisfaction (e.g., Kim & Feldman, 2000; Wang, 2007; Warr, Butcher, Robertson, & Callinan, 2004). Similarly, longitudinal research by Zhan, Wang, Liu, and Shultz (2009) demonstrated improved physical and mental health outcomes for employed retirees. Post-retirement employment may also be beneficial by providing a structured daily routine, supplemental income, and support during the transition and adjustment to retirement (Herzog, House, & Morgan, 1991; Wang, 2007).

While the potential individual, organizational and societal benefits of post-retirement employment are apparent, little is known about what factors lead individuals to pursue work after retiring (Griffin & Hesketh, 2008), especially the psychological factors, such as the aging experience (Dittmann-Kohli et al., 1997). Because post-retirement employment means to work when one is old, it is most obvious that the age itself is an important factor to one’s decision to work or not to work post-retirement. Besides, with increasing age people experience positive and negative changes. New experiences are compared to the past, while prior experiences help to interpret upcoming events and to make decisions in the future, which influences individual’s behaviors and actions (Bandura, 1986). The manner in which individuals experience the process of aging—their psychological aging experience—can influence their decisions about the future, including their choice to work after retirement. Although previous research has theorized that aging-related cognitions can shape people’s behaviors and outcomes (e.g., Lerner & Busch-Rossnagel, 1981; Markus & Herzog, 1992; Steverink, Westerhof, Bode, & Dittmann-Kohli, 2001; Wurm, Tesch-Römer, & Tomasik, 2007), there is no empirical research about how the aging experience shapes individuals’ decisions about post-retirement employment. The few studies that have taken aging experience into account have concentrated either on health (Wurm et al., 2007) or on subjective well-being (Steverink et al., 2001).

For this reason, the purpose of the present study is to investigate the decision to work after retirement and the role of the psychological experience of aging. In doing so, we emphasize two aims. First, we aim to investigate the psychological aging experience as a multidimensional construct, taking both positive and negative aging experiences into account. Previous research has mainly focused on positive aging experience that fosters positive outcomes and negative aging experience that fosters negative outcomes (e.g., Steverink et al., 2001; Wurm et al., 2007). In this study, we propose two mechanisms that describe when positive and negative aging experiences foster post-retirement employment and when they hinder post-retirement employment, depending on the fit between the aging experience dimension and the outcome variable. The second aim is to examine post-retirement employment as an actual behavior. Heretofore, empirical studies have focused on individuals’ intentions to work post-retirement (e.g., Lim & Feldman, 2003; Mariappanadar, 2013; Weckerle & Shultz, 1999). Recently, Wöhrmann, Deller, and Wang (2013) have identified a decrease in physical demands and an increase in social support at work as key determinants of older worker’s intention to work post-retirement. However, these studies were limited by examining post-retirement employment intentions rather than the actual behavior to work after retirement. In sum, to address the above-mentioned research gaps, the present study examines the relationship between different dimensions of the psychological aging experience and actual post-retirement employment using longitudinal data from the population-representative German Aging Survey.

2. Theoretical background

2.1. Psychological aging experience

Psychological aging experience (or simply aging experience) is a multidimensional construct that refers to an individual’s different cognitions regarding his or her own ongoing aging process (Dittmann-Kohli et al., 1997). This aging process can be positively or negatively experienced (Atchley, 1982), and it can be experienced differently in various domains (Steverink et al., 2001). Further, aging experience is an important part of the self-concept, which develops over the whole life span taking internal and external information into account (De Gracia Blanco, Garre Olmo, Arbonés, & Monreal Bosch, 2004; Markus & Herzog, 1992). Specifically, older people see themselves now and they have seen themselves when they were young. Both views lead to an
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