



## **Early Retirement Intention of Experienced Employees And Bridge Employment**

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### Abstract

Early retirement followed by bridge employment is a widely prevalent practice in the developed countries. There are pros and cons for this action. The motivation for an early retirements are low compensation package, less yearly leave, less job authority, less job independence and more or frequent late seating. These variables we used to conduct a primary survey. The survey was conducted in the national pharmaceutical companies of Karachi. The result confirms these hypotheses.

**Key words:** Early retirement intention, bridge employment, motivation, recognition, compensation package (salary etc.), leave, job authority, independence in managing the work and late seating (after office hours)

JEL Classification: **J3 and J6**

### **Introduction**

Early retirement & bridge employment is a subject of interest now days around the world including Pakistan. More and more people are taking early retirement for different reasons that suit them individually. This also refers to leaving employment from one company where they have served for too long and getting employed in another (bridge employment). It has been found that in a majority of cases the rise in the career ladder is blocked due to various reasons. Employees in these situations prefer to take early retirement from these companies and search for their fortunes in another company offering better prospects.

From the retirement benefits they buy their houses, get the children married or even put the money in savings for the rainy day. Mid career crisis is thus tackled with a switchover. Leaders in the employment sector believe that workforce in Pakistan does not want an early retirement, mainly for economic reasons. Supply of the workforce is abundant and the employees should abide by the strict discipline of the organization. The principal strategy to hire the new workforce is to retire the existing mature workforce. Policies for expanding the workforce include giving added charm to the new workforce while depriving the older ones, this is an economical decision on the other hand the experience of the older workforce deprive the company for a more quality output. There is an argument that the older workforce is not qualified enough.

#### **Statement of Problem:**

In Pakistan the trend of the larger cities are producing younger workforce in substantial numbers. There are many universities producing business managers who seek employment mostly in private organizations. We have found that in manufacturing companies workforce in technical operations like production and quality assurance are limited while workforce in general category like human resource, finance and marketing are

abundant. The important reasons are that more private sector universities offer these programs while in comparison technical qualifications like engineering programs are offered by very limited number of universities in Pakistan. One of the reasons may be that the general disciplines. i. e. marketing, finance, human resource has more vacancies as compared to engineering, pharmacy and medicine programs. We have found that early retirement intention was also because the employees want to buy their own houses from the retirement benefits and then get a job somewhere else.

They may also need money for the marriage of their daughters. From the retirement benefits they get their daughters married and then take a bridge employment till their final retirement. Bridge employment is definitely an option for the people who seek early retirement. However it was found while benefits like medical and leave are more in their bridge employment the compensation package is low as compared to their earlier employment. Our interest concerned the policies of organizations and expectations of the experienced employees.

**Research Question:**

How the older workforce look into this notion was our topic of research? We wanted to find out whether the existing older workforce is willing to retire from the existing employment.

Do the older employees want to opt for any other job in any other company?

Are the bridge employments a likely option for them?

**Objective of Research:**

Objectives of this research are as under:

1. To understand the impact of motivation on the intent of early retirement
2. To view the impact of age of children on the intent of early retirement
3. To develop the understanding regarding unavailability of own house in the current life on the intent of early retirement.

**Hypothesis:**

Hypotheses of this descriptive research of this research are as under:

**H1:** Employees having low motivation have early retirement intention

**H2:** Employees having children less than 18 years have early retirement intentions

**H3:** Employees who do not own house have early retirement intentions

**Literature Review**

Siegrist et al (2006) studied intention for early retirement in Europe. There were 22,000 interviews from 15,000 households in ten European countries. They found that mandatory early retirement was significantly associated with poor quality of work.

They found that effort reward imbalance and low control of work were associated with early retirement intention after well being odds ratio. Reduced well being and poor quality of work were individually linked with early retirement intentions. They concluded that for early retirement, intention was observed with poor psychosocial quality of work. This was observed in all European countries involving older employees. They suggested that investments should be made to improve the quality of work, particularly increased control. There should be a balance between reward received and efforts spent at work. Sibbald, Bojke and Gravelle (2003) surveyed 2,000 doctors in 2001 doing general practice in England. The findings were compared their own study done 1998. Doctors intending to quiet from primary care were 22% in 2001 as compared to 14% in 1998. Thus there was an increase in the intention to retire.

The reasons were found low satisfaction in the job and children who are above 18 years of age. The increase in percentages was due to the increase in mean age of the doctors and reduced satisfaction in the job during the comparing period.

The authors concluded that the most important factor for an intention of early retirement was job satisfaction is. Blekesaune and Solem (2005) studied early retirement with

reference to working conditions and aging. They investigated the retirement intention of 19,114 Norwegian employees from 270 different occupations. Employee age group was 60-67. We need to keep in mind that in countries like Norway the retirement age is 70 years.

Here the authors found that reduced income and disability were the main reasons for intentions of retirement. Hayward, Friedman and Chen (1998) studied retirement factors for older men in the USA.

They examined the importance of career structure in understanding its termination. They observed that occupational roles influence retirement experiences. They found that the roles in mid career decisions have long term, indirect effects on retirement intentions. Major discontinuities in the career and work role in terms of unemployment and retirement from the existing employment are sensitive to main career endings.

Karpansalo et al (2005) studied middle aged men in Finland through a cohort survey involving 1726 men from 1984 to 2000. They found depression as a factor for early retirement. Depressed people retired 1.5 years earlier than their non-depressed counterparts. According to Syedain (2010) it is detrimental to give mandatory retirement to underperforming mature age workers. He found that workers aged 55 or more (71 percent) plan to work after their retirement age. This was 40 percent as compared to two years ago in UK. He is of the opinion that this percentage is going to further increase in the coming years.

According to Moyer (2014) people receiving social security benefits have declined during the last ten years in USA. This indicates that people at a mature age (of more than 60 years) are still part of the workforce.

Feldman (1994) studied early retirement decision. He explored the decision of leaving a long term employment before the age of 65 years, bridge employment accepting decision. He also explored if the bridge employment should be taken as the last job in the career and the relationship among the above factors. The macroeconomic fluctuations, the demand of

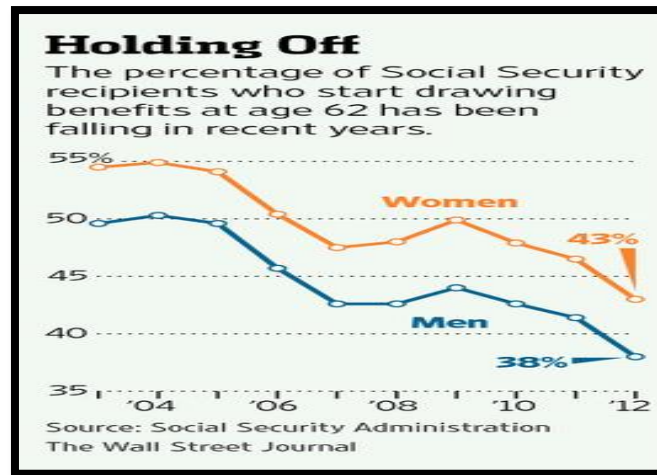
downsizing, and legislation governing age discrimination have the early retirement decision very complex. A suitable bridge employment was indeed a consideration for decision of early retirement.

The interplay between individual's preferences and organizational programs examined while the researchers research on this subject. Davidson, Worrell and Fox (1996) discussed firm's performance with reference to early retirement. In human resource early retirement programs have changed the business environment.

The company owners view this program favorably. Workforce reduction has positively influenced early retirement intentions. Post, Schmeer, Reitman and Ogilvie (2012) analyzed retirement age expectations. He found that understanding about employees' retirement expectations have challenged the organizations. They found that income at the mature age plays a pivotal role for the employees to retire earlier. They also found that mid career employees also have intention to retire because of insufficient income at that particular stage of life.

They found that individuals in their late career more readily disengage themselves from work as compared to those at mid career or early career, thoughts of retiring was associated with managing upward. To lengthen one's time horizon and taking a broad perspective the late career role of providing direction for the organization is requires.

The process of managing mid career crisis identified as an important aspect of life. This may be one of the reasons for the employees to consider early retirement and bridge employment. Damman, Henkens, and Kalmijn (2011) discussed educational, work, health and family during middle life and their affect on early retirement. They found that midlife experiences are related to retirement intentions.



**Figure 1: Social security recipient administration**

Job changes, educational investments, late transition into parenthood and late divorces play roles in weaker intentions to early retirement intentions. Early retirement intentions were also associated with mid career health problems. Retirement intention was also linked with midlife family and work experiences.

This was to a great extent mediated by preretirement financial opportunity structure. In the work, health and educational segment the situation has a mediating effect. Bonsdorff, Huuhtanen, Tuomi and Seitsamo (2010) conducted an eleven year longitudinal study.

They observed gender differences in early retirement intentions. In women, negative perceptions about work and low satisfaction were the main reasons for early retirement intentions. In men, low work ability and deteriorating health were the main reasons for early retirement intentions. While assessing the early retirement intention negative perceptions about work was also a reason among men. They concluded that health related factors detected in middle age and adverse work environment are major reasons for early retirement intentions. Solinge Hanna van and Henkens Kène (2009) discussed retirement intentions and behavior on a subjective parameter.

It was found that retirement decision making process was influenced by individuals' expectations of their remaining lifetime earnings. People who feel that they will live longer



plan a late retirement. Older employees retired earlier than originally intended. Hayward, Friedman and Chen (1998) examined careers in American employees. They observed that retirement intention was influenced by occupational roles in the mid career. It has also indirect effect on a long term basis. This includes onset of health problems and adequacy of pension benefits. They found that retirement intention was influenced by career endings which includes major discontinuities in the career and work role in terms of early retirement intentions.

### **Research Methodology**

The purpose of research was descriptive in nature and the type of investigation was correlational as we have found the relevant material regarding this research and we tried to create a relationship between the variables we have found in prior research work the study setting was non contrived and it was a field experiment as in this research we have collected data through the help of closed ended questionnaire and this questionnaire was filled by the respondents are those places which are included in their work settings and the time horizon for this research was cross sectional as we have collected the snap shot data for the compilation of this research.

### **Data Collection:**

To assess the intention for early retirement from the present job and a likelihood of bridge employment we developed a questionnaire for interview with selected older employees of ten national pharmaceutical companies of Karachi. There was a screening process in which only those employees who seek early retirement were included. The age group of these employees was 45-55 years. All were male employees. The questionnaire was administered in the office of the employees in a friendly environment.

All the employees were in officer grade (non-unionized, non-managerial). The reason for taking officer grade was as follows: it was assumed that they have not been rewarded as

per their expectations. Prior permission from the management was sought for the survey. The period of survey was September 15 to October 30, 2014. Motivation was taken as dependent variable while the following independent variables were chosen: Recognition, compensation package (salary etc.), leave, job authority, independence in managing the work and late seating (after office hours).

### Sampling:

Frame of sampling for this research includes all the leading pharmaceuticals operating in Pakistan, the method of sampling is snow ball sampling as it was revealed by the respondent that who else can be interested in taking early retirement and can be a part of our research. The sample size for this research was hundred respondents.

## Data Analysis and Results

**Table 1: General Analysis**

### Crosstab Count

		Education		Total
		Graduate	Master	
Age	46-50	45	5	50
	51-55	42	6	48
	56-60	2	0	2
Total		89	11	100

### Chi-Square Tests

	Value	df	Sig. (2-sided)
<b>Pearson Chi-Square</b>	.409 <sup>a</sup>	2	.815
<b>Likelihood Ratio</b>	.625	2	.732
<b>Linear-by-Linear Association</b>	.181	1	.670
<b>N of Valid Cases</b>	100		

a. 2 cells (33.3%) have expected count less than 5. The minimum expected count is .22.

### Symmetric Measures

		Value	Std. Error <sup>a</sup>	Approx. T <sup>b</sup>	Approx. Sig.
<b>Interval by Interval</b>	<b>Pearson's R</b>	-.043	.027	-.424	.673 <sup>c</sup>
<b>Ordinal by Ordinal</b>	<b>Spearman Correlation</b>	.024	.097	.238	.812 <sup>c</sup>
<b>N of Valid Cases</b>		100			

- Not assuming the null hypothesis.
- Using the asymptotic standard error assuming the null hypothesis.
- Based on normal approximation.

**Age \* Family status****Table 2: Analysis as per family and age status****Crosstab  
Count**

		Family status		Total
		Some are above 18 years and some below 18 years	All children below 18 years	
Age	46-50	28	22	50
	51-55	25	23	48
	56-60	2	0	2
Total		55	45	100

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
<b>Pearson Chi-Square</b>	1.822 <sup>a</sup>	2	.402
<b>Likelihood Ratio</b>	2.576	2	.276
<b>Linear-by-Linear Association</b>	1.443	1	.230
<b>N of Valid Cases</b>	100		

a. 2 cells (33.3%) have expected count less than 5. The minimum expected count is .90.

**Symmetric Measures**

		Value	Std. Error <sup>a</sup>	Approx. T <sup>b</sup>	Approx. Sig.
<b>Interval by Interval</b>	<b>Pearson's R</b>	-.121	.052	-1.204	.232 <sup>c</sup>
<b>Ordinal by Ordinal</b>	<b>Spearman Correlation</b>	.002	.100	.016	.987 <sup>c</sup>
<b>N of Valid Cases</b>		100			

- Not assuming the null hypothesis.
- Using the asymptotic standard error assuming the null hypothesis.
- Based on normal approximation.

## Age \* House status

**Table 3: Analysis as per house and age status**  
**Crosstab**  
*Count*

		House status		Total
		Live in parents house	Live in a rented house	
Age	46-50	18	32	50
	51-55	19	29	48
	56-60	1	1	2
Total		38	62	100

## Chi-Square Tests

	Value	df	Sig. (2-sided)
Pearson Chi-Square	.258 <sup>a</sup>	2	.879
Likelihood Ratio	.255	2	.880
Linear-by-Linear Association	.166	1	.683
N of Valid Cases	100		

a. 2 cells (33.3%) have expected count less than 5. The minimum expected count is .76.

## Symmetric Measures

		Value	Std. Error	Approx. T <sup>b</sup>	Approx. Sig.
Interval by Interval	Pearson's R	-.041	.103	-.406	.685 <sup>c</sup>
Ordinal by Ordinal	Spearman Correlation	-.045	.100	-.445	.657 <sup>c</sup>
N of Valid Cases		100			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

## Regression Analysis

**Table 4: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.187 <sup>a</sup>	.035	-.016	.71785	.035	.680	5	94	.640	1.724

a. Predictors: (Constant), Late seating is infrequent, Good recognition, Leaves are sufficient, Compensation package is good, Job independence is good

b. Dependent Variable: Good motivation level

Table 5: ANOVA<sup>b</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.751	5	.350	.680	.640 <sup>a</sup>
	Residual	48.439	94	.515		
	Total	50.190	99			

a. Predictors: (Constant), Late seating is infrequent, Good recognition , Leaves are sufficient, Compensation package is good, Job independence is good

b. Dependent Variable: Good motivation level

The ANNOVA table shows that there is no significant association among dependent and independent variables.

Table 6: Coefficients

Model		Un-standardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.382	.854		3.961	.000
	Good recognition	-.091	.105	-.090	-.863	.390
	Compensation package is good	.167	.109	.180	1.539	.127
	Leaves are sufficient	.051	.104	.056	.487	.627
	Job independence is good	-.020	.130	-.029	-.155	.878
	Late seating is infrequent	.075	.168	.083	.449	.655

a. Dependent Variable: Good motivation level

The equation show that if all other independent variables constant then increase in good motivation level is 3.382. If good recognition is increased by 1 level then good motivation level decreased by 0.091 levels. If compensation package is good increased by 1 level then good motivation level is increased by 0.167 levels.

If leaves are sufficient increased by 1 level then good motivation level increased by 0.051 level. If job independence is good increased by 1 level then good motivation level is decreased by 0.020 level. If late seating is infrequent increased by 1 level then good motivation level is increased by 0.075 level.

This table shows that good recognition and job independence is good has an impact on good motivation level. Compensation package is good, leaves are sufficient and late seating is infrequent have positive impact on good motivation level.

### **Conclusions**

On the basis of above results we come to the following conclusions:

The tables show that  $R = .187$ , this show that there is a strong relationship between good motivation level and independent variables. R square  $.035 = 3.5\%$  value shows that the model predicts 3.5 % by these independent variables and 96.5% uncounted due to other variables. Thus H1 is accepted.

Employees having children less than 18 years or some of the children are less than 18 years and some are more than 18 years have early retirement intentions. Thus H2is accepted.

Employees who either live in parents' house or rented house have early retirement intention. Thus H3 is accepted.

### **Recommendation**

For future researchers on this subject we propose that age group below 45 should also be included. We suggest that in this regard a pretest should be conducted first to assess the intentions of employees for retirement intentions.

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