

## **The Moderating Roles of Age and Organizational Culture on the Relationship Between Early Retirement Intention and its Determinants**

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**Abstract:** The main objective of this research is to test the moderating roles of organizational culture on the factors that make employees of industrial sector in the Kingdom of Saudi Arabia to retire early. In order to achieve this objective, 384 valid responses were analyzed using SPSS to conduct a regression analysis by considering factors such as financial status, health status, personal leisure, work stress, job satisfaction and work status otherwise known as personal and work related factors as direct predictors of early retirement in the Kingdom. The study equally tested the moderating influence of organizational culture on the relationship between early retirement intention and its predictors. The outcomes of the research revealed that organizational culture moderates the relationship between works related factors and intention while the moderating influence was not found for the relationship between personal factors and intention to retire early. The direction relationships between work related and personal related factors and early retirement intention are significant. Implications for future research were drawn.

**Key words:** Work status, job stress, health status, financial status, early retirement intention

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### **INTRODUCTION**

The concept of retirement evolved throughout time and this evolvement was highly influenced by political movements, particularly in Britain and the United States. The literature supports this idea of complexity and evolvement of retirement throughout time (Macnicol, 1998; Marcus, 2007) as retirement has been defined as the decision to exit work either at official age of retirement or before then. Macnicol (1998) argues that the shift towards institutionalized retirement was being driven by political leadership and dependency on the state as a provider. However, the evolvement of concept of retirement is generating a lot of challenges both in developed and developing countries.

In a recent report done by Saudi Public Pension Agency Report in 2013 for instance, the percentage of those who retired early during year of 2012 was 31.4% of the total number of retirees constituting an increase by 11.7% from the earlier year of 2011. The report also stated that the percentage of those who retired early during the past 5 years constituted 50.7% of the total number of retiree and this percentage is considered high as compared to other countries in the region and this percentage is likely to keep increasing with more Saudi

employees, particularly in the industrial sector pursuing the path of early retirement. This report indicates a serious problem in the country of Saudi Arabia where more and more employees seem to retire early during the coming years and thus an examination of the factors that influence these employee's early retirement decisions and intentions is urgently needed.

Importantly, a number of factors have been hypothesized to affect employee's decisions or intentions to retire early before the official retirement age. Some of these factors which are regarded to be work-related include workload, job satisfaction, organizational commitment, stress levels and the organizational policies of the firm (Dwyer and Mitchell, 1999; Kanfer and Ackerman, 2004). On the other hand, other factors are personal in nature and it include financial status, health status of the employee, health status of spouse, caring for family member and preferences for leisure (Shultz, 2003; Wang and Shultz, 2010). The two factors have received a lot of scholarly attention as triggers of early retirement intention among employees.

While most of the previous studies on the factors influencing government employee's early retirement intentions have been conducted in Western countries context, particularly in Europe, USA and Canada

(Baslevent *et al.*, 2008; Blanchet and Debrand, 2008; Schreurs *et al.*, 2011) with a few others conducted in Eastern countries context such as in Japan, Singapore and Malaysia (Yashiro and Oshio, 1999; Moorthy *et al.*, 2012), experience has shown that little or no serious empirical studies are available in a Middle Eastern context, particularly in Saudi Arabia. So, our understanding of the factors that influence early retirement intentions among government employees is grounded on Western scholars concepts and theories. Although, such theories and philosophies are definitely of a great value and can also be beneficial in the Saudi context they might not provide a deep understanding of the factors that influence early retirement intentions of the Saudi government employees.

More significantly, the lack of deep understanding of these factors might lead to inaccurate practices to deal with them and in turn a drain to the resources of organizations and countries. The lack of deep understanding stems from the idea that different cultures have different ways of looking at things and constructing their own decisions that are related to their life. Saudi Arabia is characterized by a distinct culture that is not only different from Western or Eastern culture but also different from most cultures in the Middle East. For example, the financial status of the Saudi people is higher than most neighbouring countries in the Middle East (Bakar *et al.*, 2013). In this context, financial status is agreed to be one of the major determinants of early retirement intentions (Gobeski and Beehr, 2009). Consequently, a contextualized research is needed in Saudi Arabia as to understand the most critical factors that influence early retirement intentions of the Saudi employees in the industrial sector. Thus, the present research will explore the two sets of factors (work-related and personal) in which well-established factors will be investigated in the Saudi industrial sector.

**Conceptual framework:** Previous studies have discussed a number of factors which are related to intention to retire early among employees in different contexts. Some of these antecedents are related to personal factors while others are job related. The objective of this study is to study both factors while testing the moderating influence of organizational culture on the relationship between early retirement intention and these determinants. Based on the findings of previous studies, the following the framework that synchronizes the relationship between personal related factors (financial status, health condition and preference for leisure), work related factors (work stress, job satisfaction and work status) is conceptualized in Fig. 1.

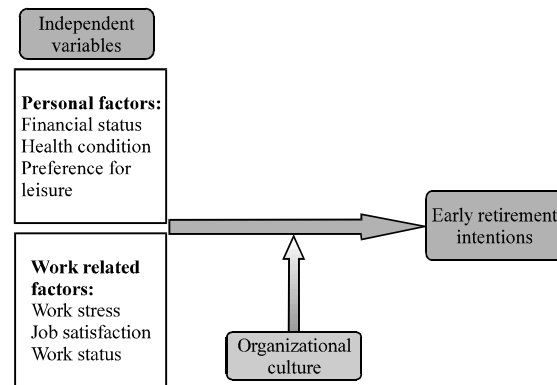


Fig. 1: Conceptual framework

**Literature review:** Scholars have discussed several factors that are related to early retirement intention among employees. Some of these factors are related to job related issues while others are personal factors. The following study discusses these factors.

**Financial status:** One of the personal factors that has emerged in the literature on early retirement intentions is the employee's financial status or situations (Kim and Feldman, 1998). In this context, Bahrami (2011) argues that it makes sense that the financial situation of the employee is one of the major determinants for early retirement intentions. This is because retirement itself is a trade-off process between the benefits of staying at work until the legal retirement age and those that would be gained if early retirement is perused. It should be kept in mind that the financial situation of the employee includes a number of resources such as pension income, spouse's income and property income, etc. (Bahrami, 2011). Thus, the more confidence workers have in their ability to handle financial situations after leaving work, the more likely these workers will retire early. On the other hand, financial constraints act as a pull factor that does not encourage early retirement; the more a family faces financial challenges and constraints, the less likely a worker will permanently leave the job market (Hair *et al.*, 2006). This is because that the loss in salary related to change in status cannot be taken on by the household.

**Health conditions:** A very strong predictor of early retirement intentions that emerged in the literature is the health conditions of the employee. A study by Dwyer and Mitchell (1999) reported that men in poor overall health are expected to retire few years before the official retirement age. It should be kept in mind that the health condition does not only apply to the employees themselves but also to the health conditions of their

spouse or one of their family members (Schils, 2008). However, some studies found that sometimes the poor health of the spouse might be a reason for employees to stay at their work until the legal retirement age is due. In this context, Bahrami (2011) argues that the poor health of the spouse has a negative sign implying that having an ill spouse decreases the chance of early retirement. Bahrami attributes this to a number of reasons; the first reason is that the employee needs to stay at work so that they can maintain the health insurance so that they can pay the medical expenses of the ill spouse. Another, reason Bahrami states is that it is not fun staying with a spouse who is sick. Thus, the present research attempts to validate such contradicting claims and findings by previous work by investigating the impact of health conditions of the employees and their family members on their early retirement intentions.

**Preference for leisure:** Preference for leisure is another factor that makes employees to choose to retire before the official retirement age for their own leisure activities that include gardening, golfing, traveling, spending time with family, etc. (Blanchet and Debrand, 2008). In this context, Bahrami (2011)'s reported that the factor of the preference for leisure constituted a positive sign and was found to be significant in predicting early retirement intentions. This implies that the preference for more personal special interests and activities such as golfing, spending time with family, traveling, gardening, perusing own hobbies, etc., increases the likelihood that employees choose to retire early.

**Work stress:** One of the critical factors that can stimulate early retirement intentions among employees is work stress. Schreurs *et al.* (2011) in line with this argues that decision to stay at work or retire earlier is dependent on the nature of stress. This therefore indicates that the more an employee feels stressed the more the chance that he/she would want to retire before the required age of retirement. This position has been supported by Molinie (2006) who equally argues that when an employee is faced with high intensity of psychosocial risks his ability to resist pressure may be may decrease as the employee is getting aged. Importantly, the researcher further elaborates that in situation where working conditions are becoming more difficult and challenging, there is tendency that the employees become weaker. Feldman (1994) also argues in favour of this notion by asserting that the intensification and difficulty which workers face at work has a great influence on their choice of retiring early.

**Job satisfaction:** Evidence abounds in literature that an average employee will want to stay longer at work if he or she is satisfied with working conditions. This is in line with the findings by Adams and Beehr (1998) who reported that the more employees found satisfaction with their jobs, the less likely that they will retire early. Contrarily however, lack of satisfaction has been reported as one of the major factors that makes employees to retire early before their official retirement age. Importantly, Gobeski and Beehr (2009) while stressing importance of job satisfaction also hypothesized that employees who are satisfied with their present tasks may want to embark on career building. Likewise, Burnay opined that the job satisfaction as a strong related issue is an important antecedent of early retirement intentions since professional discontentment can strengthen the choice retiring early among employees.

**Work status:** The research status is an important factor in early retirement issue. It represents the position which an employee occupies in the company with respect to the nature of work and whether the employee is in white-collar, blue-collar, lower management, upper management position. Von Bonsdorff opines that when an employee holds prestigious position at work, he/she may not choose to leave the job early.

**Organizational culture:** The term organizational culture or as some refer to as corporate culture is defined as a set of values, beliefs, goals, norms and ways of solving problems shared by the members (employees) of an organization. Organizational culture includes the behavioral patterns, concepts, values, ceremonies and rituals that take place in the organization or as describes the term as the basic pattern of shared assumptions, values and beliefs that govern the way employees within a particular organization think about and act on, problems and opportunities. The researchers further elaborate that organizational culture gives the members of the organization meaning as well as the internal rules of behaviour so when these values, beliefs, customs, rules and ceremonies are accepted, shared and circulated throughout the organization they represent its culture. Other researchers also support this view, for example O'Reilly and Chatman (1996) described the construct of "a system of shared values defining what is important and norms, defining appropriate attitudes and behaviors that guide member's attitude and behaviors".

In the present research, organizational culture refers to the system of management that governs the relationship between employees in the Saudi companies functioning in the industrial sector.

### **Hypothesis development**

**Financial status and earlier retirement intention:** As discussed earlier, financial status is an important determinant of earlier retirement intention. This variable has been addressed in most researches that attempted to investigate the factors that influence the employee's early retirement decisions and this particular factor received a great deal of attentions (Kim and Feldman, 2000). Bahrami (2011) conducted a study that attempted to examine the impact of a number of personal and work-related factors on early retirement decisions of physicians in the United States. The finding of the study revealed that the factor of physician's financial status had a significant impact of their early retirement intentions. Barnay and Jeger reported that the financial status of the employees explain to a large extent their intentions to retire early before the official retirement age while on the other hand, financial constraints act as a pull factor that does not encourage early retirement. This means when household face financial challenges and constraints, the providers of these household (employees) will not consider leaving the job market by making early retirement decisions. Thus and based on the previous argument, the following sub-hypothesis is generated:

- H<sub>1</sub>: there is a relationship between the personal factor of financial status and early retirement intentions among the Saudi employees in the industrial sector in Saudi Arabia

### **Health condition and earlier retirement intention:**

A number of research studies investigated the impact of the health conditions on early retirement intentions among employees. For example, Dwyer and Mitchell (1999) conducted a study that attempted to investigate the possible determinants of early retirement intentions among employees. The findings of their study revealed that men in poor overall health are expected to retire few years before the official retirement age. The researchers go on to state that the health condition does not only apply to the employees themselves but also to the health conditions of their spouse or one of their family members. Some other studies contradicted the earlier findings by Dwyer and Mitchell (1999) in which the poor health of the spouse was found to act as a pull factor forming a reason for employees to stay at their work until the official retirement age (Bahrami, 2011). Bahrami argues that the poor health of the spouse has a negative sign implying that having an ill spouse decreases the chance of early retirement as the employee might have to stay at work so that he/she could maintain the health insurance to pay for the medical expenses of the ill spouse. Furthermore, the researcher goes on to argue that sometimes it is not

fun to stay with ill spouse at home. Despite the contradicting findings, the two studies reported a significant relationship between the health condition and early retirement intention with the difference that in the first study, health condition acted as push factor while it acted as a pull factor in the latter study.

Another study that attempted to examine the impact of health condition on early retirement intentions was conducted by Burnay. The findings of the study revealed that the condition of the employee was found to be one of the major determinants of early retirement intentions. Burnay found that the health problems of the employees are considered to be a major reason for leaving the job market earlier to the official retirement age especially when the nature of work involves difficult working conditions that might leave negative influence on the health conditions of the workers. Thus and based on the previous argument, the following sub-hypothesis is generated:

- H<sub>2</sub>: there is a relationship between the personal factor of health status and early retirement intentions among the Saudi employees in the industrial sector in Saudi Arabia

### **Preference for leisure and earlier retirement intention:**

A number of research studies investigated the impact of the preference for leisure on early retirement intentions among employees which means that some employees choose to retire early for their own leisure activities such as gardening, golfing, traveling, spending time with family, etc (Blanchet and Debrand, 2008). Bahrami (2011) conducted a study that attempted to examine the impact of a number of personal and work-related factors on early retirement decisions of physicians in the United States. The findings of the study revealed that the factor of the preference for leisure constituted a positive sign and was found to be significant in predicting early retirement intentions. Taking into account that the Saudi people are known for their love of travelling abroad particularly during the summer season, it is expected that the preference for leisure factor will be related in the context of this study. Thus and based on the previous argument, the following sub-hypothesis is generated:

- H<sub>3</sub>: there is a relationship between the personal factor of preference for leisure and early retirement intentions among the Saudi employees in the industrial sector in Saudi Arabia

**Work stress and early retirement:** A number of previous studies have articulated work stress as a strong antecedent of early retirement intentions among

employees. Schreurs *et al.* (2011) in this regard investigated a number of work-related and personal factors that can make employees to retire early. The results of the research revealed that work stress was one of factors that greatly impact on the intention of employees to retire before official age. Schreurs *et al.* (2011) reported that the more stressful the nature of work which an employee engages, the more the tendency that he/she wants to retire early.

Furthermore, Molinie (2006) conducted a study on the factors that make employees to retire early, the results of the study revealed that the pressure and stress which an employee were found as major stimulants of early retirement intention. Molinie (2006) further expatiates that high degree of work psychosocial does have a great influence on the employee's capacity to defy pressures while this ability of reduces as worker age. In essence, when the working conditions become stringent, employees may be forced to take their leave before their official age. Thus, based on this discussion, the following hypothesis is generated:

- H<sub>4</sub>: there is a relationship between work stress and early retirement intentions among the Saudi employees in the industrial sector in Saudi Arabia

**Job satisfaction and early retirement intention:** Job satisfaction has been defined as a positive state of feeling that is obtained from a positive job experience (Locke, 1976). Evans and Davis (2005) also defined job satisfaction as a personal belief of an employee with respect to the conditions of employment and relationship that exists between the employer and employee. Many studies have confirmed job satisfaction as an important factor that can cause employee to retire early or stay on the job until age of retirement. Adams and Beehr (1998) reported job satisfaction as a strong factor of early retirement intentions. The report of the study shows that if employees are satisfied with their works they may not engage in any type of withdrawal behavior. However, a contrary behavior may occur if worker's expectations are not met. Other studies have equally reported similar findings. Moreover, some other studies linked job satisfaction with partial withdrawal or what is regarded as career bridge employment (Gobeski and Beehr, 2009).

Furthermore, also conducted a study on work-related factors that make people to retire early. The results of the study showed that job satisfaction is a strong determinant of early retirement intentions as the scholars opined that when employees are dissatisfied professionally their choice to retire early may be reinforced. Based on the previous argument, the following sub-hypothesis about the link between job satisfaction and early retirement intentions is generated:

- H<sub>5</sub>: there is a relationship between job satisfaction and early retirement intentions among the Saudi employees in the industrial sector in Saudi Arabia

**Work status and early retirement intention:** The term work status refers to the position the employee holds in the company whether he/she is blue-collar worker, white-collar worker, lower management, upper management, etc. In this regard, Bonsdorff conducted a study that attempted to investigate a number of work-related factors and their impacts on early retirement intentions among employees. The findings of the study revealed that work status was one of the determinants of early retirement intentions and was found to be an indicator. Specifically, Bonsdorff reported that the higher the work status or the work position of the employee, the less likely he/she would want to leave the job early. Thus and based on this argument about the relationship between the factors of work status and early retirement intentions, the following hypothesis is generated:

- H<sub>6</sub>: there is a relationship between work status and early retirement intentions among the Saudi employees in the industrial sector in Saudi Arabia

**Organizational culture and early retirement age:** In organizational behaviour research, the concept of organizational culture has been addressed in on a large scale. The construct has been hypothesized by many researchers and practitioners as a strong determinant for applying the company's policies that would in turn to achieving its long term objectives (Taormina, 2008). A number of researchers found a link between organizational culture and securing a competitive advantage in the market (Chang and Lee, 2007). Other researchers found a moderating link between organizational culture and job satisfaction in which the nature of the culture being practiced in the organization affects the level of satisfaction among employees working in the organization (Alharbi, 2012). Furthermore, some researchers addressed the effect of organizational culture on the employee's intentions and decisions to retire early arguing that the nature of culture that is being practiced in the organization and the practices of the management have an effect on the employee's decisions whether to continue working with such practices or whether it is not a comfortable environment for them to continue. However, the construct of culture was not used as a moderator in Bonsdorff but as one of the independent variables. This study, however, attempts to examine the impact of organizational culture as a moderator rather than an independent variable.

Taylor and Walker (1994) conducted a study that attempted to examine the impact of a number of factors on early retirement intentions among employees. The findings of the study revealed that age for example is a strong determinant for early retirement intentions in which older employees consider early retirement as compared to younger ones. The interesting part about this finding is that one of the reasons why older employees consider early retirement more than younger ones have been attributed to the culture of the organization where the employees work. The researchers argue that the culture of the organizations they included in their study favor younger employees and consider them more valuable to the company as they are seen as more energetic and also they receive fewer wages as compared to older ones. The researchers recommended that there needs to be an age positive culture at all levels of an organization which values and recognizes the benefits of older employees through actions to support these workers. Furthermore, Parry and Harris (2011) also conducted a study that attempted to examine employment relations challenges of an ageing workforce and found that stereotypical attitudes about both older and younger workers appear to be both widespread and well embedded in which younger employees are favored by organizations which in turn force older ones to consider early retirement. Parry and Harris (2011) study also revealed that organizational culture does have an influential impact on whether or not an older worker could successfully make a career transition. However, Parry and Harris (2011) study did not incorporate organizational culture as a moderator nor was it used as a variable in the study. The study is merely a discussion paper that reviewed the views of scholars and researchers towards employment relations challenges of an ageing workforce and later reported these views with the researchers own points of view regarding the subject matter.

In addition, Ogbonna (1992) argues that culture and shared values within the organization is critical in providing the management an insight as to how any systematic or managerial changes would be accepted or rejected by the workers of this organization. This would give these workers the ability to minimize any negative consequences of their choices which would in turn influence their decision to retire early or stay. In supporting this view, Wilson (1992) argues that organizational culture is considered to be the great “cure-all” for most organizational problems among which early retirement is one. Thus and based on this discussion, the following hypothesis is generated:

- H<sub>7</sub>: organizational culture moderates the relationship between financial status and early retirement intentions among the Saudi employees in the industrial sector in Saudi Arabia
- H<sub>8</sub>: organizational culture moderates the relationship between health condition and early retirement intentions among the Saudi employees in the industrial sector in Saudi Arabia
- H<sub>9</sub>: organizational culture moderates the relationship between preference for leisure and early retirement intentions among the Saudi employees in the industrial sector in Saudi Arabia
- H<sub>10</sub>: organizational culture moderates the relationship between stress and early retirement intentions among the Saudi employees in the industrial sector in Saudi Arabia
- H<sub>11</sub>: organizational culture moderates the relationship between jobs satisfaction and early retirement intentions among the Saudi employees in the industrial sector in Saudi Arabia
- H<sub>12</sub>: organizational culture moderates the relationship between work status and early retirement intentions among the Saudi employees in the industrial sector in Saudi Arabia

## **MATERIALS AND METHODS**

**Sample and procedure:** This study employed random sampling technique in order to select respondents among employees of industrial sector of Kingdom of Saudi Arabia. Self-administered questionnaires were personally distributed in order to gather the primary data of the study. The questionnaire has two primary sections. The first section availed the respondents to answer questions on their demographic information. The second section asked questions relating to work and personal factors which stimulate early retirement intentions among the employees. A five-point Likert scale, ranging from “strongly agree” to “strongly disagree” was also used.

All items used to measure the constructs of this research were adapted from instruments of previous since, the instruments have been initially validated. The construct of early retirement intention was measured with scales from Isaksson and Johansson (2000), financial status from Marcus (2007), health condition from Shacklock and Brunento (2005), preference for leisure from Huovinen and Piekola (2002), work stress from Park (2007), job satisfaction from Blanchet and Debrand (2008), work status from and Sejbaek *et al.* (2013) and organizational culture from Alharbi (2012). From total of 484 questionnaires distributed, 384 were valid and used

for the analysis indicating 79% response rate. The sampled respondents comprised 16.8% whose age fall between 20 and 27 years, 23.3% aged between 28 and 35 years old, 26.2% had age range of 36 and 43, 25.4% aged between 44 and 45 years while 7.9% got 50 years and above age. With respect to level of education, 26.5% got secondary education qualification, 30.5% had diploma, 31.2% had bachelor degrees while 11.5% had education at master/PhD level. Concerning working experience, 53.2% of the work force has worked for 15 years and above, 10.4% got between 11 and 15 years, 18% got 7-11 years work experience, 11.2% had worked for 3-7 years while 7.2% got <3 years work experience. With respect to the type of industry, 67.1% of the employees worked with Saudi oil company, 25.1% worked in Saudi Arabia basic industries corporation, 6.1% worked in Saudi Electricity Company (SEC) and 0.7% worked with Saudi Arabia mining company (Appendix 1, Table 1).

## RESULTS

### Statistical analysis and results

**Data analysis:** In order to analyse data of this study, SPSS was employed. Importantly, correlational and regression analysis were used to establish the direct and moderating relationship.

**Correlational analysis:** Correlation matrix expresses the direction and degree of linear association that exists between two variables (Pallant, 2011). To establish the degree and direction of the relationship among the variables, the researchers computed pearson product-moment correlations. The correlation coefficients among health status ( $r = 0.495$ ,  $p < 0.01$ ), preference for leisure ( $r = 0.395$ ,  $p < 0.01$ ), work stress ( $r = 0.465$ ,  $p < 0.01$ ) work status ( $r = 0.365$ ,  $p < 0.01$ ) and intention were positive. The positive relationship among study variables indicates that an increase in the value of one variable of the model was positively associated with an increase in the other. The correlation coefficients among, financial status ( $r = -0.326$ ,  $p < 0.01$ ), job satisfaction ( $r = -0.425$ ,  $p < 0.01$ ), organizational culture ( $r = -0.289$ ,  $p < 0.01$ ) and intention were negative. Table 2 provides (Appendix 1) further details of correlational analysis.

**Regression analysis:** Multiple regression analysis was further performed to test all the hypotheses that were formulated on the relationship between early retirement intention and its determinants (personal and work related factor). Hypothesis 1 suggested that there is a relationship between the personal factor of financial status and early retirement intentions among the Saudi

employees in the industrial sector in Saudi Arabia. The results showed that financial status has a negative and significant ( $\beta = -0.227$ ,  $t = -5.048$ ,  $p < 0.001$ ) influence on early retirement intentions among the Saudi employees in the industrial sector in Saudi Arabia. Therefore, Hypothesis 1 was supported. Hypothesis 2 suggested that there is a relationship between the personal factor of health status and early retirement intentions among the Saudi employees in the industrial sector in Saudi Arabia. The results showed that health status has a positive and significant ( $\beta = 0.285$ ,  $t = 5.830$ ,  $p < 0.001$ ) influence on early retirement intentions among the Saudi employees in the industrial sector in Saudi Arabia. Therefore, Hypothesis 2 was supported. Hypothesis 3 suggested that there is a relationship between the personal factor of preference for leisure and early retirement intentions among the Saudi employees in the industrial sector in Saudi Arabia. The results showed that preference for leisure has a positive and significant ( $\beta = 0.221$ ,  $t = 4.785$ ,  $p < 0.001$ ) influence on early retirement intentions among the Saudi employees in the industrial sector in Saudi Arabia. Therefore, Hypothesis 3 was supported.

Moreover, the relationship between early retirement intention and work related factor was also tested. Hypothesis 4 that suggested a relationship between work stress and early retirement intentions among the Saudi employees in the industrial sector in Saudi Arabia was supported as the result showed positive and significant relationship ( $\beta = 0.149$ ,  $t = 2.643$ ,  $p < 0.05$ ). In addition, Hypothesis 5 that suggested a relationship between job satisfaction and early retirement intentions was supported. The results showed that job satisfaction negatively and significantly influences early retirement intentions ( $\beta = -0.157$ ,  $t = -2.936$ ,  $p < 0.05$ ). Hypothesis 6 suggested that there is a relationship between work status and early retirement intentions. The findings revealed that the relationship between work status and early retirement intention is positive and significant ( $\beta = 0.147$ ,  $t = 3.050$ ,  $p < 0.05$ ) making Hypothesis 6 to be supported. The results of regression analysis are further depicted in Table 3 (Appendix 2).

In order to assess the moderating influence of organizational culture on the relationship between work factor, personal factor and early retirement intention, hierarchical multiple regression was performed. The results of the regression are further shown in Table 4-9 (Appendix 3). For the moderating role of organizational culture on the relationship between financial status and early retirement intention, the unstandardized regression coefficient for the interaction term financial status  $\times$  organizational culture was  $-0.049$  ( $p = 0.462$ ). This therefore means that the interaction term of financial

status×organizational culture has no significant influence on early retirement intentions at the 1% level. The result suggests that organizational culture does not moderate the relationship between financial status and early retirement intentions and makes Hypothesis 7 to be rejected.

Further, in order to test the moderating influence of organizational culture on the relationship between Preference for leisure and early retirement intentions, hierarchical multiple regression is also employed. The unstandardized regression coefficient for the interaction term preference for leisure x organizational culture was -0.081 ( $p = 0.166$ ) which means the interaction term preference for leisure x organizational culture has not a significant effect on early retirement intentions at the 1% level. This therefore suggests that organizational culture does not moderate the relationship between preference for leisure and early retirement intentions making Hypothesis 8 to be rejected.

Additionally, moderating role of organizational culture on the relationship between health status and early retirement intention was tested. In this regard, the unstandardized regression coefficient for the interaction term health status x organizational culture was -0.037 ( $p = 0.486$ ) which means the interaction term health status x organizational culture has not a significant effect on early retirement intentions at the 1% level. This suggests that organizational culture does not moderate the relationship between health status and early retirement intentions. Therefore, Hypothesis 9 is not supported.

Moreover, the moderating influence of organizational culture between work stress and early retirement intention was also tested. The unstandardized regression coefficient for the interaction term work stress x organizational culture was -0.148 ( $p < 0.05$ ) which means the interaction term work stress x organizational culture has a significant effect on early retirement intentions at the 1% level. This therefore suggests that organizational culture moderates the relationship between work stress and early retirement intentions, thereby making Hypothesis 10 to be accepted.

In addition, the moderating role of organizational culture between job satisfaction and early retirement intention was also tested. The unstandardized regression coefficient for the interaction term job satisfaction x organizational culture was 0.131 ( $p < 0.05$ ) thereby indicating that the interaction term of job satisfaction x organizational culture has a significant influence on early retirement intentions at the 1% level. This suggests that organizational culture moderates the relationship between job satisfaction and early retirement intentions. Hypothesis 11 in this regard is supported.

Hierarchical multiple regression is further applied to examine moderating influence of the effect of organizational culture on the relationship between work status and early retirement intentions. The unstandardized regression coefficient for the interaction term work status x organizational culture was -0.140 ( $p < 0.05$ ) which means the interaction term work status x organizational culture has a significant effect on early retirement intentions at the 1% level. This suggests that organizational culture moderates the relationship between work status and early retirement intentions making Hypothesis 12 to be supported.

## DISCUSSION

The results from this study are highly revealing. Based on 384 responses that were analysed, the results showed that financial status is negatively related to early retirement intention. Previous studies such as Bahrami (2011) equally revealed that financial stability is one of the factors that can stimulate early retirement intention. In essence, the more confidence workers have in their ability to handle financial situations after leaving work, the more these workers will retire early. However, if the worker faces any financial problems like debts mortgages, loans, credit cards then the likelihood that the retirement will be prolonged in order to become financial stable.

Further, health concern affecting early retirement intentions has been fully supported by previous research such as Dwyer and Mitchell (1999). The results showed that employees are concerned about their own well-being initially as this will affect their way of life. Health problems are a major reason for leaving the job market earlier to the official retirement age particularly when the nature of work involves difficult working conditions. In this study, it was found that health interfering with the ability to perform work was a big factor in deciding whether to retire early or not. It should be kept in mind however that the health condition does not only apply to the employees themselves but also to the health conditions of their spouse or one of their family members (Gobeski and Beehr, 2009; Schils, 2008).

In addition, findings from this study showed a positive influence of leisure factors on early retirement intentions. This result has been supported by previous studies that indicated that employees choose to retire before the official retirement age for their own leisure activities such as gardening, golfing, traveling, spending time with family, etc. (Blanchet and Debrand, 2008). In the Saudi context; the citizens are family orientated and enjoy leisure activities as a reward for working hard. Also due to the climate and conditions experienced from working in a hot, desert environment, it would make it more of an influence to prefer leisure activities than work.



For work related factors, work stress was found to have positive and significant relationship with early retirement intention among employees of industrial sector of Saudi Arabia. Work stress is a critical factor that several studies have equally found to influence employees to either retire early or stay until required age of retirement (Schreurs *et al.*, 2011). This is in line with the argument by Molinie (2006) who opined that high degree of psychosocial risk is a critical work that influences the ability of workers to resist work pressures and this ability of resisting work pressures decreases as worker age.

Moreover, negative and significant relationship was found between job satisfaction and early retirement intentions. Early studies such as Adams and Beehr (1998) indicate that employees feel satisfied with their job responsibilities; they may choose to stick to their jobs longer. However, other scholars argue that when employees feel less satisfied with their work, they will prefer early retirement. A number of job satisfaction triggers such as job autonomy, progression, training, support and salary have been studied by previous scholars but recent findings indicate recognition for work was the most crucial factor that is valued by the employees. In essence, employees who felt supported or recognized in their current job would more likely move into early retirement.

Additionally, job status and early retirement intention are positively related. Bonsdorff similarly found that the higher the work position or work status of an employee, the less the chance that the employee will retire earlier. This is important as experience has revealed that majority of employees want to reach cadre of senior management before they are retired. If the chance of reaching such position is bright, the employees may choose to retire later than otherwise.

The findings on the moderating role of organizational culture on the relationship between independent factors and early retirement intention are mixed. Personal factors of financial status, health and leisure are not supported. Possible reason for this is that these factors are out of company's control. The decision to influence these towards retirement decisions is based on the worker's own values rather than being influenced directly by the company. On the other hand, the relationship between work based factors and early retirement intention has been fully moderated by organizational culture. This result is obtained since, work related factors are within the parameters of the work environment and come under the factor of organizational culture. Organizational culture depends on individual in the company but in order to directly affect the independent factors; the worker needs to feel some significant influence on either personal or work factors in order to consider early retirement. This controlled factor can be changed by the company to prevent any early retirement decisions as shown in the

findings. Cited from the literature review, organizational culture is defined as a set of values, beliefs, goals, norms and ways of solving problems shared by the members (employees) of an organization. Organizational culture includes the behavioral patterns, concepts, values, ceremonies and rituals that take place in the organization.

## **CONCLUSION**

Most of the research that has been conducted on the factors determining early retirement intentions focused on the direct relationship between these factors and early retirement intentions. However, very scarce research attempted to study this impact through the moderating influence of organizational culture.

Based on foregoing, the rest part of this study is structured as follows. The second part presents conceptual framework, literature review follows while methodology, discussion of findings and implications of the study follow.

## **LIMITATIONS**

The framework for this study was conceptualized in order to test the moderating influence of organizational culture on the relationship between work and personal related factors and earlier retirement intention in the context of Saudi Arabia. This study is relatively a new concept in the context of middle east in general and Kingdom of Saudi Arabia in particular. Experience and detail review of literature has shown that most previous studies on early retirement intentions are western based. In view of the difference that exists between Arab region and western nations, it is recommended that other researchers from Saudi Arabia and other similar regions should come up with additional research that may improve understanding and practices of the industrial sector. In doing so, other factors such as influence of peers, psychological working environment and job redundancy that are out of the scope of this present study should be considered. Apart from this, future researchers can also conduct a comparative study among GCC as this will help to elicit more understanding of retirement issues by both practitioners and academics.

## **IMPLICATIONS**

Many theoretical and practical implications can be drawn from this study. It is practically essential for Saudi Arabia industrial sectors practitioners to always be conscious of those factors that can make workers to either choose to retire early or decide to stay with the company until their official retirement age. As discussed in this study, several factors such as financial status, health

condition of employees, preference for leisure, work stress, job satisfaction, work status and organizational culture are important factors at different magnitude that can influence decision to either retire early or stay till the official retirement age. Since, it is the goal of an average employer to retain their employees over a long period time, it is therefore sacrosanct for the employers to be cognizant of these factors especially that it is very costly to attract, train and retain new employees than old ones. To retain workers, the employers need to ensure they are happy with their position and the company can provide them with the best possible working environment. Any health concerns whether they are physical or mental need to be addressed as soon as they arise; regular health checks for older employees would help to alleviate this problem. The employee needs to feel the benefits of financial status; if they feel that they will receive a better settlement as a result of retiring earlier than the normal retirement age, then they will. The company needs to provide an adequate benefits package during employment to prevent the employee from early departure. And finally the employee needs to have a good work to personal life balance; if the employee feels they will not

have enough personal time with family members then they will seek early retirement. These recommendations are targeted towards the industrial companies to benefit both the labourer and the company mutually.

## RECOMMENDATIONS

Another recommendation for any future research could be a collaborative study between more economically developed countries and less economically developed countries. There are many differences between more and less economically developed countries that could produce different results. Less-economically developed countries will have positions in the industrial sector but these many have lower benefits than more economically developed countries, for example: salaries will be fluctuated between the two types of economically developed countries; way of life and lifestyle will vary between the cultures; healthcare is known to be of a better quality in more economically developed countries; life expectancy will generally be increased due to better healthcare in more economically developed countries.

## APPENDIX

Appendix 1 (Table 1: Profile of respondents)

Variable/Group	N	Percent
<b>Age (years)</b>		
20-27	64	16.8
28-35	90	23.3
36-43	101	26.2
44-50	98	25.4
Above 50	30	7.9
<b>Level of education</b>		
Secondary	102	26.5
Diploma	118	30.5
Bachelor degree	120	31.2
Masters, PhD	44	11.5
<b>Working experience (years)</b>		
Below 3	28	7.2
3-7	43	11.2
7-11	69	18.0
11-15	40	10.4
Above 15	205	53.2
<b>Industry</b>		
Saudi Oil Company (ARAMCO)	189	67.7
Saudi Electricity Company (SEC)	17	6.1
Saudi Arabian Basic Industries Corporation (SABIC)	70	25.1
Saudi Arabian Mining Company (MAADEN)	2	0.7

Appendix 2 (Table 2: Pearson correlations among variables)

Construct	ER	FS	HC	PFL	WS	JS	WST	OC	Age
Early Retirement intentions (ER)	1	-	-	-	-	-	-	-	-
Financial Status (FS)	-0.326**	1	-	-	-	-	-	-	-
Health status (HC)	0.495**	-0.252**	1	-	-	-	-	-	-
Preference For Leisure (PFL)	0.395**	-0.048	0.158**	1	-	-	-	-	-
Work Stress (WS)	0.465**	-0.029	0.393**	0.279**	1	-	-	-	-
Job Satisfaction (JS)	-0.425**	0.073	-0.224**	-0.230**	-0.547**	1	-	-	-
Work Status (WST)	0.365**	-0.003	0.163**	0.275**	0.340**	-0.380**	1	-	-
Organizational Culture (OC)	-0.289**	0.110	-0.129*	0.034	-0.295**	0.406**	-0.172**	1	-

\*\*Correlation is significant at the 0.01 level (2-tailed); \*Correlation is significant at the 0.05 level (2-tailed)

Table 3: Multiple regression results

Models	Unstandardized coefficients (B)	SE	Standardized coefficients (β)	t-values	Sig.
Constant	1.893	0.399		4.7450	0.000
Financial status	-0.246	0.049	-0.227	-5.0480	0.000
Health status	0.265	0.045	0.285	5.8300	0.000
Preference for leisure	0.237	0.050	0.221	4.7850	0.000
Work stress	0.166	0.063	0.149	2.6430	0.009
Job satisfaction	-0.174	0.059	-0.157	-2.9360	0.004
Work status	0.168	0.055	0.147	3.0500	0.003

F = 43.748\*\*\*

Appendix 3 (Table 4: Testing the moderating effect of organizational culture on the relationship between financial status and early retirement intentions)

Models	Unstandardized coefficients (B)	SE	Standardized coefficients (β)	t-values	Sig.
Constant	5.121	0.288		17.779	0.000
Organizational culture	-0.357	0.077	-0.257	-4.649	0.000
Financial status	-0.322	0.060	-0.298	-5.391	0.000
Constant	5.142	0.290		17.751	0.000
Organizational culture	-0.358	0.077	-0.258	-4.660	0.000
Financial status	-0.326	0.060	-0.301	-5.430	0.000
Financial status×organizational culture	-0.049	0.067	-0.041	-0.736	0.462

Table 5: Testing the moderating effect of organizational culture on the relationship between health status and early retirement intentions

Models	Unstandardized coefficients (B)	SE	Standardized coefficients (β)	t-values	Sig.
Constant	2.917	0.256		11.413	0.000
Organizational culture	-0.319	0.071	-0.229	-4.497	0.000
Health status	0.432	0.047	0.465	9.114	0.000
Constant	2.918	0.256		11.406	0.000
Organizational culture	-0.317	0.071	-0.228	-4.462	0.000
Health status	0.427	0.048	0.460	8.916	0.000
Health status×organizational culture	-0.037	0.053	-0.036	-0.697	0.486

Table 6: Testing the moderating effect of organizational culture on the relationship between preference for leisure and early retirement intentions

Models	Unstandardized coefficients (B)	SE	Standardized coefficients (β)	t-values	Sig.
Constant	2.752	0.289		9.514	0.000
Organizational culture	-0.422	0.073	-0.303	-5.790	0.000
Preference for leisure	0.435	0.056	0.405	7.740	0.000
Constant	2.753	0.289		9.533	0.000
Organizational culture	-0.417	0.073	-0.300	-5.735	0.000
Preference for leisure	0.431	0.056	0.402	7.688	0.000
Preference for leisure×organizational culture	-0.081	0.058	-0.073	-1.388	0.166

Table 7: Testing the moderating effect of organizational culture on the relationship between work stress and early retirement intentions

Models	Unstandardized coefficients (B)	SE	Standardized coefficients (β)	t-values	Sig.
Constant	2.383	0.327		7.295	0.000
Organizational culture	-0.232	0.076	-0.167	-3.035	0.003
Work stress	0.464	0.061	0.416	7.567	0.000
Constant	2.451	0.326		7.529	0.000
Organizational culture	-0.244	0.076	-0.175	-3.206	0.002
Work stress	0.440	0.062	0.394	7.118	0.000
Work stress×organizational culture	-0.148	0.065	-0.121	-2.281	0.023

Table 8: Testing the moderating effect of organizational culture on the relationship between job satisfaction and early retirement intentions

Models	Unstandardized coefficients (B)	SE	Standardized coefficients (β)	t-values	Sig.
Constant	4.771	0.246		19.408	0.000
Organizational culture	-0.194	0.082	-0.140	-2.361	0.019
Job satisfaction	-0.407	0.065	-0.369	-6.235	0.000
Constant	4.687	0.248		18.895	0.000
Organizational culture	-0.212	0.082	-0.152	-2.571	0.011
Job satisfaction	-0.376	0.067	-0.340	-5.623	0.000
Job satisfaction×organizational culture	0.131	0.066	0.110	1.991	0.047

Table 9: Testing the moderating effect of organizational culture on the relationship between work status and early retirement intentions

Models	Unstandardized coefficients (B)	SE	Standardized coefficients (β)	t-values	Sig.
Constant	2.839	0.325		8.724	0.000
Organizational culture	-0.325	0.077	-0.233	-4.229	0.000
Work status	0.370	0.063	0.325	5.892	0.000
Constant	2.878	0.324		8.884	0.000
Organizational culture	-0.324	0.076	-0.233	-4.244	0.000
Work status	0.350	0.063	0.308	5.557	0.000
Work status×organizational culture	-0.140	0.066	-0.116	-2.124	0.035

Dependent variable: early retirement intentions

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