

## In Search of Influential Factors for Ageing Workers' Job Retention

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### *Abstract*

*This study investigates factors that affect the job retention of ageing workers in an uncertain work environment of industrial restructuring amidst the onset of the fourth industrial revolution. This study analyzes factors that affect the job retention of ageing workers. In total, the study draws 17 factors after categorizing them into individual, organization, and society based on ecological systems theory, considering the characteristics of ageing workers.*

**Keywords:** *Ageing workers, Job retention, Retention factor*

### **1. Introduction**

The population of the aged is increasing across the globe [14]. This is also true in South Korea, which has the fastest aging population among OECD members due to increased life expectancy (Joint Measure of Government Agencies 2016). However, a negative perception of ageing workers in workplaces persist, including the notion that their productivity is lower than younger workers due to declining physical function and lower adaptability to the fast-changing job market. However, some argue that ageing workers have more value in terms of emotional resilience. For instance, on average, older workers cope more actively in an emotionally difficult situation, compared to younger workers [9].

However, employer perception and attitude remain barriers in age discrimination and employment for ageing workers, despite the existence of legal relief measures against layoff and employment discrimination [18]. Meanwhile, research results indicate that labor productivity declines as the labor force ages. Consequently, most new jobs for the older generation after retirement often involve simple tasks and are likely to be temporary, and daily or subsistence self-employment [2].

At a time when South Korea must cope with population decline due to low birth rate and rapid population aging, retaining ageing workers is of utmost importance. However, many prior studies explored factors that affect continuous work and employment of ageing workers in a piecemeal manner or focused on policy development for job retention. The purpose of this study is to examine various factors influencing the job retention of ageing workers suggested by prior studies and systemize them to enhance the effectiveness of policy

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development. Therefore, this study examines various prior studies, categorizes and summarizes influential factors based on the ecological systems theory, and finally provides policy suggestions.

## **2. Findings**

### **2.1. Individual factors**

#### **2.1.1. Health**

Ageing workers contribute to the organization with their long experience and knowhow; however, their declining physical function can lower their capacity for work. Considering their long period of dedication to the organization and family responsibilities, the deterioration in their physical function is a natural physiological and physical phenomenon.

#### **2.1.2 Emotion**

Ageing workers face considerable emotional stress. The transition to a new social role might have a negative effect on self-respect and self-efficacy at about the age of 50 when they retire after 15 years of work. A study shows that most ageing wage earners get a temporary or daily job when re-employed, and that the turnover rate of part-time jobs is significantly higher than that of full-time jobs, which denotes job instability [6].

#### **2.1.3 Motivation**

Motivation is one factor in the work of ageing employees [4]. Motivation, in the literature, is divided into intrinsic motivation and extrinsic motivation [15]. Intrinsic motivation is job characteristics, job performance, and psychological motivation, such as accomplishment, relationships with others, and autonomy, while extrinsic motivation refers to preference for job features and outcomes that occur because of work, rather than as a critical part of the work process [8].

### **2.2. Organizational factors**

#### **2.2.1. Stereotypes**

Stereotypes are the biggest obstacle to retaining ageing workers in the labor market. As workers age, their physical function and productivity (performance compared to wages) decline and they become less adaptable to fast-changing business environments, compared to younger workers. This is a negative stereotype of ageing workers [7] [11] [13] [22] [22].

#### **2.2.2. Perception of employers and managers**

It is necessary that employers or managers willing to hire or retain ageing workers maintain the employment of such workers. Therefore, the perception of employers or managers is a critical factor in the job retention of ageing workers [5] [7] [8] [11] [20][21].

### **2.2.3. Age discrimination**

Age discrimination derives from stereotypes [22]. In particular, a stereotype of ageing workers needing more time to adapt to rapidly changing labor markets than younger workers, in the midst of the fourth industrial revolution, is easy to create. However, note that ageing workers have dedicated their lives to their families and the society. For them, it would be distressing to face the barrier of age discrimination in a rapidly changing environment.

### **2.2.4. Generation gap**

Gilley, Egglund, and Gilley investigated the phenomenon that an enhanced perception of new relationships between older workers and younger managers in human resource departments would lead to higher organizational performance [16]. The rapid progress in population aging since the 2000s and slowdown in the economy led to the emergence of generational conflicts between the young and old.

### **2.2.5. Manpower planning**

Companies hire and retain ageing workers to resolve the issues of declining population and changes in the work force [20]. Retaining ageing workers varies, depending on manpower planning, which in turn varies according to various factors [18] such as hiring and retention, maintenance, performance assessment, education and career development (motivation), flexible work, and work and life balance [18]. It is necessary to collect data on the effect and improvement in labor market patterns and human resource trends on ageing workers at every step of the employment cycle.

### **2.2.6. Education and career development**

Opportunities for education and career development are significant for ageing workers, as they set new career directions according to life stages after retirement [20]. In addition, their lack of work education and expertise development has a significant impact on employers and organizations [18]. Lifelong learning is essential for the success of any future workforce. As demographic changes occur, ageing workers will emerge as a primary goal of human development efforts.

### **2.2.7. Work and life balance**

The work and life balance are an essential element of job satisfaction for ageing workers [18]. Ageing workers consider long working hours as unbalanced work-life; moreover, this balance can directly relate to health, which has a huge impact on the job retention of ageing workers. It also affects job involvement and job satisfaction, ultimately influencing organizational productivity. Employers should focus on job design, health and safety requirements, and suitable ergonomics for ageing workers [17]. In addition, although ageing workers are responsible for their health and welfare, employers should encourage them towards a healthy lifestyle [17].

### **2.2.8. Flexible work**

Excessive overtime and continuous work for protracted durations have significant effects on ageing workers. Protracted working hours lower physical strength and accumulate fatigue, which affects productivity. Hence, studies suggest flexible work as

a factor affecting the job retention of ageing workers [18] [20]. One study examines ageing workers who demand flexible work for health reasons [13].

### **2.2.9. Reassignment**

Owing to increased life expectancy, ageing workers are now considered a resource that can be re-educated, reassigned, and retained [10] [20]. Reassignment helps express the advanced skills and knowhow of ageing workers. As an age management strategy, reassignment can help improve flexibility, qualifications, and skills. It is advisable to adjust reassignment according to the ability of ageing workers and the demands of the organization [19].

### **2.2.10. Work environment**

The work environment refers to all environments that affect workers. Ageing workers are mostly temporary or daily workers at businesses where the quality of employment is low. Thus, it is necessary to consider work environment. Employees cite work environment as the most important factor when deciding to quit a job, regardless of age [20]. In addition, the occupational injury rate of ageing workers rises with the increase in the number of these workers [1] [2].

## **2.3. Social factors**

### **2.3.1. Legal requirements**

It is notable that the legal retirement age has been raised to 60 years. For public organizations and businesses with more than 300 employees, the law is in effect since 2016, and it will be effective for businesses with less than 300 employees from 2017. However, the reality in South Korea is that most workers retire voluntarily or involuntarily at approximately 50 years of age after and then obtain re-employment for more than 20 years, finally retiring in their 70s.

### **2.3.2. Pension**

Ageing workers consider wages and pensions as factors influencing their employment decision. Focusing on classical life-cycle models, employee judgment of expected flow of wages and pension payments is an important determinant for retirement [5].

### **2.3.3. Insufficient support for job seekers**

Ageing workers find it difficult to enter the job market as they lack knowledge of hiring processes [20]. The government suggests various policies for the ageing: employment extension subsidy, pay-peak subsidy, support programs for older people-friendly workplace, employment subsidy for the elderly, support programs for social contribution activities, the "academy" for ageing job seekers, job centers for the ageing, and the talent pool of older people. One argument claims that despite the implementation of measures such as the "academy," job centers, and talent pool, most workers obtain re-employment through acquaintances and job centers offer no services other than unemployment benefits.

### 2.3.4. Employment policy

Employment and reward policies affect employment, retention, and quitting rates in each age group [3]. A demographic model can play an important role in the future of companies and organizations. Employers should prepare strategic plans for maximum production at minimum possible costs [3], which requires an optimized process or managerial plan. The required level of human resources should be determined, and employers should establish and use a demographic model as a long-term employment strategy [3].

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