Differences in Retirement Preferences between the Solo Self-employed and Employees: Do Job Characteristics Play an Explanatory Role?

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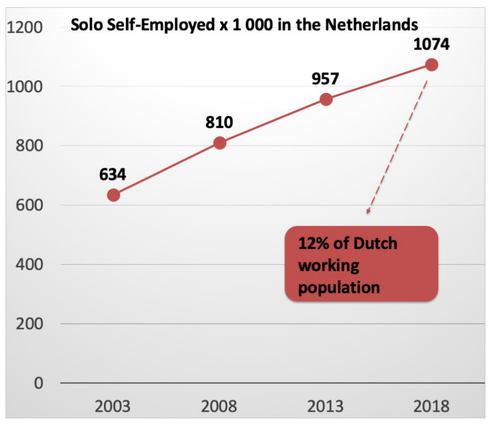
Background



Research question:

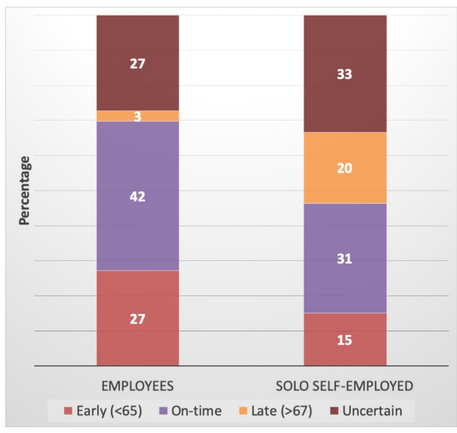
To what extent and how can differences in retirement timing preferences between the solo self-employed and employees in the Netherlands be explained by differences in their job characteristics (i.e., flexibility, autonomy, skills-job match, and limited job security)?

Hypotheses

Data

- Study on Transitions in Employment, Ability and Motivation (STREAM)
- Survey data, collected by TNO, via Intomart GfK Online Panel
- Stratified sample based on age and work status (employees, self-employed, not working)
- Focus of this paper: 8,192 employees and 626 solo self-employed respondents (age 45-64) in the Netherlands, who participated in STREAM in 2016

Retirement timing preferences – full sample



Survey question: Until what age would you like to continue working?
- Age in years: xx
- Don't know

Among those providing a specific age:

Employees	Solo self-employed
M = 64.33	M = 66.53
SD = 3.10	SD = 5.22

STREAM, 2016

Job characteristics – full sample

	Employees	Solo self-employed
Flexibility *[sum flexibility in where, when, and for how long to work; range 0-3]*	0.75	1.72
Autonomy *[four-item scale variable; range 1-5]*	3.74	4.43
Skills-job match *[dichotomous (yes/no) indicator of good skills-job match]*	75%	83%
Limited job security *[dichotomous (yes/no) indicator of job security being not present at all]*	8%	27%

STREAM, 2016

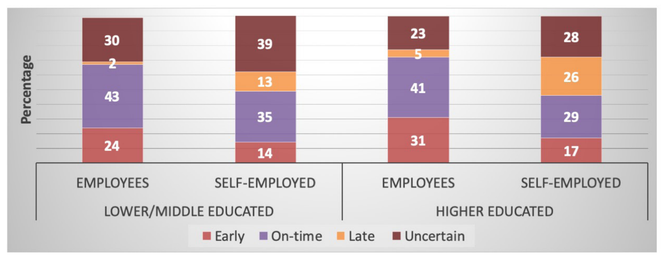
Summary of multivariate findings – full sample

- Multinomial logistic regression models
  - Model 1: When controlling for socio-demographic variables, the self-employed are more likely to have late or uncertain retirement preferences (vs. on-time) than employees
  - Model 2: Some of the effects of the job characteristics were in the expected direction + effect of self-employment is reduced

Ref: "On-time"	Early	Late	Uncertain
Flexibility	Ns	+	Ns
Autonomy	-	Ns	-
Skills-job match	-	Ns	Ns
Limited job security	+	(+)	(+)

- KHB mediation analysis: 16,00% of the total effect of self-employment on late retirement preferences is due to the studied job characteristics (in particular via flexibility)

Summary of multivariate findings – by educational level



- Higher educated: 19,50% of effect of self-employment on late retirement preferences can be explained by the job characteristics (flexibility, autonomy, limited job security)

	Lower/ middle educated respondents		Higher educated respondents	
	Employees	Self-employed	Employees	Self-employed
Flexibility	0.54	1.49	1.06	1.93
Autonomy	3.64	4.41	3.88	4.45
Skills-job match	74%	78%	76%	86%
Limited job security	8%	20%	7%	33%

Conclusion

- Solo self-employed workers are more likely than employees to prefer to retire late and to be uncertain about their preferred retirement timing
  - ➢ Many of the expected differences in perceived job characteristics were observed
  - ➢ Especially higher levels of workplace flexibility partly explain observed disparities in late retirement preferences between the solo self-employed and employees
- For higher educated respondents, not only workplace flexibility, but also relatively high levels of autonomy and limited job security partly can account for the observed differences in the preference to retire late (vs. "on-time")
  - ➢ Results are most in line with the hypothesized theoretical mechanisms among the higher educated