

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

This chapter explains theories related to Retirement Planning, Career Commitment, Attachment to Work, and Expectations Related to Professional Development. Each variable will be described in the definition, indicators, previous research, and hypotheses. Then related to the proposed hypothesis will form a research model.

2.1 Theoretical Literature

2.1.1 Retirement Planning

Retirement planning is intended to provide an overview of employees who will retire so that they can plan what they want to do when retirement is over them. Retirement is a part of personal finance-related to financial planning and requirements later in life. Retirement Preparation could be seen as a multi-dimensional concept consisting of trust in retirement, retirement planning, long-term financial planning, and participation in private retirement plans (PRS) (Niu et al., 2020; OECD, 2018). Retirement planning refers to individual behaviours that are goal-oriented, getting involved in planning and preparing for retirement (Yeung and Zhou, 2017) and thinking about retirement beforehand.

One of the keys to success in facing retirement is to prepare for retirement, where the preparation is done while still productive. Someone preparing for retirement tends to be more successful because he can adapt to changes in the environment. According to (Fardila et al, 2014), retirement readiness is a form of acceptance, alertness, and willingness by individuals due to changes that are no longer working which are manifested in behaviour. (Ismulcokro and Sutarto, 2008) explain that those who have retired but have specific activities or continue to work can obtain several benefits, namely being able to achieve a longer, healthier, and

more prosperous average age in retirement than those who have retired but do not have a substitute job or activity.

2.1.2 Career Commitment

Career commitment refers to an individual's attitude towards their profession or occupation (Blau, 1985). A high level of career commitment indicates a close relationship between an employee and his/her chosen profession or occupation based on an affective attachment to it (Lee et al., 2000). Workers who are strongly committed to their careers are likely to consider them a vocation, bringing more significant meaning to their lives (Jones & McIntosh, 2010). Thus, they may be willing to devote more time and effort to such a career with which they identify. Similarly, for older workers, a higher level of career commitment can also lead to a solid motivation to transmit their knowledge and skills to the younger workers, a phenomenon referred to as the generative reasons for working (Dendingeret al., 2005).

Moran (2005, p.54) confirmed this explanation, who stated that: "Professional Commitment is the strength of one's motivation to work in a profession." Based on a series of definitions of Career Commitment above, a definition of Career Commitment can be drawn, namely emotional attachment to the profession (career identity); encouragement from within to continue to develop in the profession (career planning); as well as encouragement from within to stay survive in bad conditions and struggle to face obstacles/problems in the profession (career resilience).

2.1.3 Attachment to Work

Attachment to work is defined as a positive attitude shown in work behaviour, characterized by vigour, dedication, and absorption (Schaufeli and Bakker, 2003). Vigour is characterized by resilience, high energy levels, resilience, willingness to try, and not giving up in the face of challenges. Dedication is characterized by feeling valuable, enthusiastic, inspiring, and challenging. Absorption is characterized by a complete concentration on a task (Schaufeli and

Bakker, 2003). Armstrong (2008) mentions factors that influence work engagement, namely the work itself, work environment, leadership, opportunities for self-development, and opportunities to contribute.

Attachment to Work is also defined by (Kahn, 2014) as “the harnessing of organization members selves to their work roles”, defined freedom as the process of binding themselves up as members of the organization with their respective work roles. Initially, Attachment to Work was interpreted as a two-dimensional motivational variable that included attention, namely: cognitive availability and length of time spent on thinking about the job role; and Absorption, i.e. intensity to focus on the job roles (Rothbard, 2001). Meaning This working attachment then develops more broadly as a state of mind and feelings (state of mind) related to positive Work that is marked by the spirit (vigour), devotion (dedication), and appreciation (absorption) of his Work (Schaufeli et al., 2002).

2.1.4 Expectations Relating to Professional Development

Professional development is the development of professionalism throughout one's career. It involves two aspects, namely descriptive and prescriptive aspects. For the descriptive aspect, professional development refers to how an employee's evolution occurs or plays a role throughout his career. In contrast, the prescriptive aspect relates to the training factor in shaping the attitude of professionalism we want (Kelchtermans, 1993). This process involves replanting, updating, and increasing their commitment as agents of change to teaching goals. Professional development is also seen as an intensive, continuous, and systematic process to improve teaching, learning and the environment (Ferst & Berliner, 1985). Professional development can also be seen as an internal awareness process that leads to critical thinking and efforts to solve problems (Boon P.Y, 2002).

2.2 Empirical Literature

The results of descriptive data processing found that almost half of the participants stated that they have a negative attitude towards retirement (no or less expect retirement). This is a finding which is important to note because participants when It's already 1-2 years before retirement should have had a positive attitude towards the future his retirement. These results are in line with research previously done to civil servants who is undergoing a period of preparation for retirement in Palembang Regency, Indonesia, which shows that only a small number of employees have positive attitude towards future retirement faced (Kusumarini, 2006).

2.3 Hypothesis Development

H1. Career commitment will be positively associated with planned retirement age.

Previous studies have also shown work centrality to explain the decision to continue working (Templer et al., 2010). Individuals for whom work is central to their lives can maintain continuity in their professional role by pursuing transitional employment—also referred to as bridge employment—in the same profession or career. Work-role attachment theory (Carter and Cook, 1995) suggests that older workers in positions with social status or recognition will be less likely to retire early, given the loss of identity or status that leaving their job would represent. For older workers firmly attached to their jobs, retirement also represents a loss of financial benefits and social interaction.

H2. Attachment to work will be negatively associated with planned retirement age.

Met expectations theory, expectations relating to professional development and expectations relating to workplace adjustments prior to retirement Met expectations theory (Porter and Steers, 1973) can be applied to retirement behaviours. This theory suggests that the greater the extent to which an individual's expectations correspond to the realities of the job, the more likely he/she will be to experience job satisfaction and be well-adjusted at work (Porter

and Steers, 1973). It refers to the idea that every individual brings a set of expectations to the job, some of which will be more important than others (valence theory) (Vroom, 1964). The individual will assess what the organization provides considering these expectations.

No previous studies on retirement intentions have examined workers' expectations. Some studies have investigated the employment conditions deemed to be demanding that foster early retirement. These mainly include work overload, highly physical work demands, age-based discrimination, few opportunities for development and high work pressure (Hewkoet al., 2018; Van Den Berget al., 2010). Based on the met expectations theory, the present study focuses on workers' expectations relating to professional development and workplace adjustments prior to retirement. Following this logic, we formulated the following two hypotheses:

H3. Expectations relating to professional development will be positively associated with planned retirement age.

H4. Expectations relating to workplace adjustments prior to retirement will be positively associated with the planned retirement age.

2.4 Research Model of Study

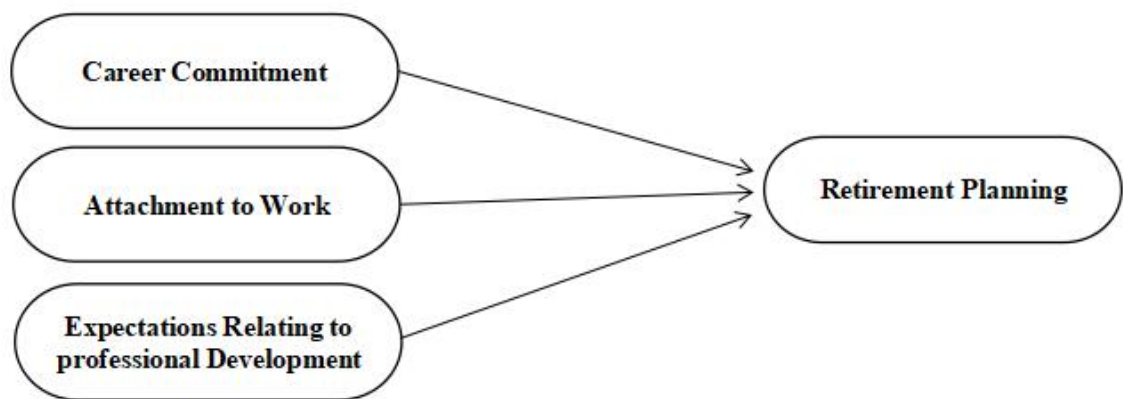


Figure1.: Conceptual Framework

2.5 Summary

This chapter mainly contains a summary of the literature review. The literature review is divided into seven subtopics. The first is the introduction, which explains the topic. The second subtopic discusses the theory used in this research. The third subtopic is the Theoretical Literature. The fourth subtopic is The Empirical Literature. The fifth is a Hypotheses Development. The sixth is the Research Model of Study, and the seventh is the Summary.