Who opts for self-employment after retirement? A longitudinal study in the Netherlands

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Abstract Self-employment among older age groups is rising. A better understanding of the role of self-employment in extending the working lives of individuals is, therefore, relevant from a policy perspective. By bridging the gap in the literature on work/retirement decision-making and entrepreneurship, the present study examines the factors associated with entry into self-employment post-retirement, after a worker has left a regular salaried position. This decision is modelled as a choice between full retirement and prolonged labour force participation, in the form of either a typical wage-providing job or self-employment. Data were derived from the Netherlands Interdisciplinary Demographic Institute Work and Retirement Panel, an ongoing longitudinal survey of older workers (50 years and over) employed by three private sector organisations and employed as civil servants in the Netherlands. These data were then analysed using multinomial logistic regression analysis. The results of this study show that the decision to pursue self-employment is primarily taken by retirees with relatively high levels of financial and human capital (wealth and educational attainment), those possessing entrepreneurial attitudes (high self-efficacy scores) and those who perceive their retirements to be completely involuntary. The results lend support to self-employment being selected as a postretirement path through opportunity rather than out of necessity. The fact that the retirements of the studied population were generally quite early, while not considered involuntary also

suggests that the timing of the decision to retire may be driven by the emergence of new (business) opportunities.

Keywords Bridge employment · Self-employment · Older workers · Senior entrepreneurship · Longitudinal study · Opportunity versus necessity

Introduction

Extending the working lives of individuals was a key objective of the Lisbon strategy in 2000, and remains an integral part of the European Employment Strategy. It is also seen as an answer to the challenge of keeping the welfare state affordable with an ageing labour force. The willingness of older adults to work beyond retirement is a valuable societal resource. But, in order to enhance it, one must understand older adults' work/retirement decisions, particularly their willingness to engage in paid work after initially retiring. This study examines engagement in paid work after retirement among older adults in the Netherlands. Specifically, we focus on one particular type of post-retirement work arrangement: self-employment (defined as any person who owns a business or works for him/herself, who may or may not hire employees).

Previously, retirement was viewed as an abrupt and complete discontinuation of paid employment in later life (Shultz and Wang 2011). Today, however, retirement is characterised as a process that can take multiple forms (Beehr and Bennett 2007). Many older adults engage in some form of transitional employment between career employment and complete withdrawal from the labour force, a transitional period that is termed 'bridge employment'. Cahill et al. (2006), found that approximately 60 % of older workers in the US first moved into some form of

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bridge employment rather than directly out of the workforce.

Bridge employment can be part time or seasonal, it can entail a change in occupation or industry and can even involve a switch in tenure type, such as from wage-and-salary employment (wage employment hereafter) to self-employment (Giandrea et al. 2008). Post-career transitions into self-employment are increasingly common (Wang et al. 2008); indeed, Dutch national statistics indicate that the propensity to be self-employed increases with age. This is partly the result of self-selection, because self-employed workers tend to stay in the labour force longer than wage workers (Hochguertel 2010). Incidence measures, which represent new start-ups as an entrepreneur (Chamber of Commerce various years), also underscore the significance of self-employment as a work arrangement for older age groups.

While there is a growing body of research on delayed retirement and bridge employment in general (Wang and Shultz 2010), self-employment choices for older workers are relatively understudied (Zissimopoulos and Karoly 2007). A small body of knowledge on senior, third-age or silver entrepreneurs (Kautonen 2013), views the decision to become an entrepreneur¹ as a binary occupational choice between paid and self-employment. Studies of this phenomenon examine the transition into self-employment in older age and its determinants (Zissimopoulos and Karoly 2007), for example, or compare ‘prime-age’ with ‘third-age’ entrepreneurs (Kautonen 2008). By contrast, few authors have investigated the self-employment choices of retirees and early retirees (Kerr and Armstrong-Stassen 2011). Based on the dearth of previous work in this area, the present paper considers the factors that determine engagement in self-employment after retirement from a wage job among older adults in the Netherlands and examines the degree to which older workers who engage in self-employment as bridge employment differ from those who opt for wage employment.

The study is innovative in several ways. Firstly, we explore the labour market behaviour of the growing number of healthy and skilled older adults reaching retirement age. Many such individuals wish to continue to contribute to society (Griffin and Hesketh 2008), and entrepreneurship or self-employment is one such mechanism. In fact, promoting senior entrepreneurship was one of the goals of the 2012 European Year of Active Ageing and Solidarity between Generations (European Union/OECD 2012). A better understanding of the antecedents of (post-retirement) self-employment and its role in extending the working lives of individuals is thus relevant from a policy as well as a scientific perspective.

Secondly, unlike other studies on senior entrepreneurship or self-employment that have viewed the decision to

become an entrepreneur as an occupational choice between paid employment and self-employment (e.g. Zissimopoulos and Karoly 2007; Kerr and Armstrong-Stassen 2011), this study explores self-employment in light of the work/retirement decision-making process. Self-employment is viewed as one of the trajectories that may be chosen by older people in their pathway to full retirement, and self-employment choices are, therefore, examined simultaneously with two other work/retirement options: full retirement and bridge employment.

Thirdly, this study is based on large-scale longitudinal survey data, unlike many previous studies based on case studies (Heimonen 2013) or cross-sectional designs (Kerr and Armstrong-Stassen 2011; Kautonen 2008). The use of longitudinal data allows consideration of different pathways to retirement and their antecedents. Fourthly, this study combines insights from economic, sociological and psychological research on work/retirement decision-making with insights from entrepreneurship studies. The self-employment decisions of older individuals are explained based on the restrictions and/or opportunities they face in their own opportunity structures (financial and human capital) and in their socio-psychological make-ups. In addition, attention is paid to the context of retirement, acknowledging that not all older adults have full control over their retirement transitions (Szinovacz and Davey 2005; Van Solinge and Henkens 2007).

The study uses data from the Netherlands Interdisciplinary Demographic Institute (NIDI) Work and Retirement Panel, an ongoing longitudinal survey of older workers (50 years and over) who work in one of three private sector organisations or as civil servants. We examined a subset of 1,221 individuals aged 52 years and over, all of whom were in waged employment at the time of the first interview in 2001, who participated in at least two of the three study waves undertaken in 2006 and 2011 and who retired from their career jobs during this period.

Overview of the Dutch pension system

The Dutch pension system relies on two pillars, namely a flat-rate public pension scheme (AOW) and earnings-related occupational plans. Although Dutch employers are not obliged to offer pension schemes, the force of collective wage agreements is strong, and 91 % of employees are covered by some form of occupational pension program. The overwhelming majority of occupational pension contracts—95 % in 2004—are of the Defined Benefit (DB) type. Everyone who has reached the AOW pension age (currently 65, but rising to 67 in 2013) and lives or has lived in the Netherlands is entitled to an AOW pension.

In the 1980s, the majority of occupational plans introduced early retirement schemes that permitted employees to leave the labour market before the statutory pensionable

¹ Entrepreneurship and self-employment are used interchangeably hereafter.

age (early retirement age: 60–62 year). Since January 2006, however, the possibility of retiring before the age of 65 was greatly reduced for employees born after 1949. In addition, pension schemes are no longer allowed to include a bridging pension, and pension rights must be based on a retirement age of 65 years. These changes mark the end of collective pre-pension schemes. Furthermore, public pathways into early retirement such as disability and unemployment insurance have also been closed (Van Oorschot 2007).

Theoretical perspectives on bridge employment and self-employment

Bridge employment is often viewed as a motivated choice in the context of general retirement transitions. The underlying assumption is that workers evaluate work/retirement choices in light of the restrictions they face and their personal goals. The most relevant factors in this process vary according to the discipline of the study in question. In economics, for example, emphasis is placed on how work/retirement choices are restricted by the availability of key resources such as money, time and health (Ruhm 1990; Hurd 1990). The general assumption is that work in the post-retirement stage is primarily driven by financial incentives or extrinsic motives. In contrast, psychological research views retirement as a late-career developmental stage (Feldman and Beehr 2011) and stresses the impact of role identities and personal values and goals in the work/retirement decision (Wang and Shi 2013). The general assumption is that working post-retirement is primarily driven by intrinsic motives; individuals remain in the workforce as long as working contributes to the realisation of their personal goals (Brougham and Walsh 2007).

The empirical literature reveals mixed findings. There is some consensus that those who return to the labour force after initially retiring from career jobs are more likely to be men, healthy, better educated and younger (Von Bonsdorff et al. 2009; Maestas 2004; Wang et al. 2008). But, the findings with regard to income or financial resources are ambiguous. Cahill et al. (2006), for example, found that bridge employment was more common among respondents at both the lower and upper ends of the wage distribution. Wang et al. (2008) suggest that this may stem from the fact that bridge employment covers a variety of employment types. Studies that distinguish between types of bridge employment (i.e. in the same industry or field as the career job versus in a different field) find different patterns of antecedents (Wang et al. 2008; Gobeski and Beehr 2009). Overall, this suggests that general studies of bridge employment may not fully uncover the processes involved

in choosing the type of bridge employment in which to engage. In this study, we disaggregate bridge employment by defining two thus far under-researched forms, namely self-employment and wage employment. Because the literature does not provide direct clues for unravelling the factors underlying the choice of self-employment from among the bridge employment options, we turn to the entrepreneurship or self-employment literature. Such studies focus on entrepreneurship or venture creation in the working age population, but their findings provide useful leads for the study of post-retirement self-employment as well.

For instance, according to the push/pull theory (Amit and Muller 1995), the trigger for the decision to start a new venture (or become self-employed) may be interpreted as a function of either push or pull forces. New venture creation, for example, follows pull dynamics when it is considered to be a source of profits. It follows push dynamics if it results from dissatisfaction with one's current position. This distinction has also been referred to in terms of necessity (push) and opportunity (pull) entrepreneurship (Giacomin et al. 2011). Thus, individuals who opt for entrepreneurship or self-employment as a means of personal fulfilment are considered to be opportunity entrepreneurs, whereas those whose choices to pursue self-employment or entrepreneurship were motivated by need are considered to be necessity entrepreneurs.

Scholars have sought to identify empirically the relationships between these two types of entrepreneurs (e.g. Block and Wagner 2010). Their studies show that opportunity entrepreneurs are more privileged in terms of financial and human capital and psychological resources, whereas necessity entrepreneurs are usually less privileged and more exposed to unfavourable environmental push factors, such as involuntary job loss or retirement and racial, gender or age discrimination. Research further suggests that entrepreneurship in the general population is predominantly driven by pull dynamics (Zissimopoulos and Karoly 2007; Blanchflower 2000). In other words, individuals with greater human and financial capital are more likely to select the self-employment option. Entrepreneurs can also be distinguished from non-entrepreneurs based on personality traits and attitudes. The former tend to have a higher propensity for risk-taking, a high internal locus of control and higher levels of self-efficacy.

Moreover, the motives behind late-career transitions into self-employment may differ from those within the general working age population (e.g. Singh and DeNoble 2003). For instance, self-employment transition in older age may be predominantly driven by the lack of employment opportunities in the primary labour market. Entrepreneurship is often a last choice and, therefore, frequently involuntary (Kautonen et al. 2009). This finding suggests

that those who opt for self-employment are less privileged in terms of human capital and employment opportunities.

Overall, two sets of hypotheses regarding post-retirement self-employment choices emerge from the literature: the opportunity-based entrepreneurship hypothesis and the necessity-based entrepreneurship hypothesis. Hence, using antecedent profiles, we should be able conclude whether post-retirement engagement in self-employment is a choice made out of opportunity or necessity.

Theoretical framework and hypothesis development

Transition into self-employment is one of the trajectories that older people may choose in their pathway into full retirement. We model this decision as a choice between full retirement and prolonged labour force participation (bridge employment), either in the form of wage employment or self-employment. One's decision to become self-employed depends on the restrictions and/or opportunities faced as well as on psychological make-up.

Opportunity structure

Access to resources determines the conditions of retirement and influences the opportunities and quality of the retirement experience (Kim and Moen 2002). Resources shape what retirees can do (physically) and what they can afford (financially). Financial incentives, particularly retirement income and accumulated wealth, are thus deemed to influence retirement choices (Gruber and Wise 2004). As discussed earlier, bridge employment has been examined in terms of the financial benefits it offers to older workers who might be undecided about stopping work (Quinn and Kozy 1996; Ruhm 1990). Older workers with lower projected income streams and less accumulated wealth are more likely to need a bridge income to be able to leave their career jobs. Financial constraints may thus work as stimulus to take on bridge work. With regard to the decision to choose self-employment, two contradictory hypotheses exist. Several authors argue that opportunity and necessity entrepreneurs can be distinguished by their financial resources, in the sense that opportunity entrepreneurs are located at the upper end of the wealth and earnings distribution both before and after entering self-employment, whereas necessity entrepreneurs can be found at the lower end (e.g. Block and Wagner 2010). This leads to the formulation of Hypothesis 1:

Hypothesis 1a Retirees with fewer financial resources are more likely to engage in self-employment after retirement from their career jobs than to work in wage employment (necessity hypothesis)

Hypothesis 1b Retirees with more financial resources are more likely to engage in self-employment after retirement from their career jobs than to work in wage employment (opportunity hypothesis)

Health is another factor that older workers must consider when they make their retirement decisions (Wang and Shultz 2010). Firstly, poor health is assumed to increase the preference for leisure (Gustman and Steinmeier 2009). Secondly, health problems may constrain one's ability to continue in the workforce (Pagán-Rodríguez 2011). Previous studies have also found that healthy retirees are more likely to accept bridge employment (e.g. Kim and Feldman 2000; Wang et al. 2008). Therefore, we do not expect to find significant health-related differences between the two bridge employment options.

On the other hand, higher levels of education and training increase labour market options. Educated people have more options when searching for post-retirement labour opportunities and are more likely to engage in bridge employment (Ruhm 1990; Wang et al. 2008). Moreover, we expect that individuals with higher educational levels and greater managerial abilities are better able to identify self-employment opportunities and to succeed as self-employed workers (Simoes et al. 2013). This leads to the formulation of Hypothesis 2:

Hypothesis 2 Retirees with higher levels of educational attainment are more likely to engage in self-employment after retirement from their career jobs than to work in wage employment (opportunity hypothesis)

Psychological resources

Personality or psychological disposition is thought to influence work/retirement transitions through its association with emotional appraisals and coping strategies (Löckenhoff et al. 2009). Role theorists (e.g. Ashforth and Mael 1989) argue that retirement is a process of role transition. Individuals may experience adverse psychological outcomes if they lose valued work- and occupation-specific identities. To avoid this and/or prevent abrupt role loss, individuals may seek bridge employment (Wang et al. 2008). The impact of retirement is thus likely to depend on the worker's work role identity (Wheaton 1990). In line with role theory, individuals who have a strong attachment to their work feel less positive about leaving their jobs (Taylor and Shore 1995), suggesting that work attachment may also influence the decision to pursue bridge employment. Indeed, there is some evidence that attitudes towards work commitment predict preferences for bridge employment (e.g. Jones and McIntosh 2010; Davies and Cartwright 2011). We assume that work attachment, namely the degree to which an individual views work as the main

component of his or her life, predicts engagement in bridge employment in general. However, we do not expect to find significant differences between the two bridge employment options.

The entrepreneurship literature consistently shows that entrepreneurs can be distinguished from non-entrepreneurs based on personality traits and entrepreneurial attitudes. In addition to risk attitude, for example, many other psychological factors have been shown to predict entry into self-employment. The most commonly studied personality traits include the need for achievement, locus of control, self-efficacy and taste for variety (Hisrich et al. 2007; Simoes et al. 2013). We, therefore, assume that individuals who possess entrepreneurial personality traits and attitudes (as reflected by higher self-efficacy and sensation-seeking scores) are more interested in self-employment after retirement, leading to the formulation of Hypotheses 3 and 4:

Hypothesis 3 Retirees with higher levels of self-efficacy are more likely to engage in self-employment after retirement from their career jobs than they are to work in wage employment (opportunity hypothesis)

Hypothesis 4 Retirees with higher levels of sensation-seeking are more likely to engage in self-employment after retirement from their career jobs than they are to work in wage employment (opportunity hypothesis)

Context of retirement

The sociological retirement literature emphasises the contextual embeddedness of the retirement decision-making process. This literature stresses that attitudes and decisions about work and retirement are not formed in a social vacuum, but evolve from a variety of contextual influences (Kim and Moen 2002; Beehr and Bennett 2007). Further, timing of and preparation for retirement and the resources associated with the retirement transition can vary enormously, and these differences may have profound consequences in terms of adjustment and well-being in addition to preferences to return to the workforce (Van Solinge and Henkens 2008). We thus distinguish three aspects that are deemed relevant when deciding on the type of bridge employment, namely age at retirement, voluntariness of the retirement decision and labour market constraints.

Many workers leave the labour force long before the normal retirement age (Van Solinge and Henkens 2007). When the retirement transition occurs unexpectedly or at a younger age, individuals may not have had the chance to go through anticipatory socialisation, they may be financially unprepared, or they may lack peers with whom to share transition experiences. Bridge employment can ameliorate some of these difficulties (Wang et al. 2008).

We, therefore, expect retirees who retired involuntary or at younger ages to be more likely to engage in bridge employment of any sort. In particular, we expect involuntary retirement to serve as a push factor for self-employment. Retirees who wish to work may see no better alternative for earning money than becoming self-employed. We, therefore, formulate Hypothesis 5:

Hypothesis 5 Retirees who retire involuntary are more likely to engage in self-employment after retirement from their career jobs than they are to work in wage employment (necessity hypothesis)

We also expect age at retirement to influence the decision on the type of bridge employment. Organisations are reluctant to hire early retirees (Oude Mulders et al. 2013), and age is important in this respect (Karpinska et al. 2013). Older retirees, therefore, experience more difficulties finding work in the primary labour market and may have to turn to self-employment in order to remain active. This leads to the formulation of Hypothesis 6:

Hypothesis 6 Retirees who retire in older age are more likely to engage in self-employment after retirement from their career jobs than they are to work in wage employment (necessity hypothesis)

Given older adults' preferences for post-retirement labour force participation, macro-economic conditions, especially labour market constraints, determine whether these preferences can be met. Differential employment opportunities may thus affect post-retirement labour force participation in general and the choice of self-employment in particular. This leads to the formulation of Hypothesis 7:

Hypothesis 7 Retirees who were (at baseline) less optimistic about their chances of finding new work are more likely to engage in self-employment after retirement from their career jobs than to work in wage employment (necessity hypothesis)

Data, measures and method

To answer the research questions, we used data from the NIDI Work and Retirement Panel. This multi-actor panel study follows older workers and their spouses over a 10-year period. The first wave was carried out in 2001 in three large Dutch multinational companies in the private sector (Unilever, IBM, VendexKBB) and in the public sector (civil service). Employees in these organisations were covered by a DB-type occupational pension. Data were collected in collaboration with the Human Relations departments of these companies, which provided the random sample as well as the administrative data.

A random sample of employees aged 50 years and over, who worked in the different operating companies of these multinationals (for the civil service: different ministries) received a questionnaire for themselves and a separate questionnaire for their partners. The questionnaire included questions related to the older worker's financial, work, health and family situation as well as his or her work/retirement plans. The data show a great deal of variability with respect to different occupational settings and individual characteristics. The questionnaire was sent to 3,845 older workers, and 2,403 completed questionnaires were returned (response rate 62 %).

In 2006–2007, a follow-up survey was conducted (wave 2) in which all surviving wave 1 participants were asked, by mail questionnaire, about changes in employment status, including retirement and retirement plans and behaviour, since wave 1. Of the 2,240 questionnaires sent to surviving wave 1 participants, 1,678 respondents provided complete or virtually complete data. The wave 2 response rate was thus 75 %. In 2011, all surviving respondents were reinterviewed by mailed questionnaire. A total of 1,636 questionnaires were sent and 1,276 valid surveys were returned (response rate 78 %). Respondents were aged between 60 and 75 in this third wave of data collection. The wave 3 survey asked respondents about changes in employment status, including retirement, since wave 2. We collected detailed information on the characteristics of bridge jobs (objective characteristics as well as the perceived quality of the jobs in terms of perceived stress, autonomy, job challenge and so on), as well as information on health and psychological well-being.

For the present study, we examined a subset of 1,304 respondents who were in a career job at the time of the first interview and who retired from this job in the period between 2001 and 2011. This subset included more cases than the 1,052 individuals that participated in all study waves. We added information from 252 people who only participated in the first and second waves, but for whom full information on the retirement transition was available. In order to account for potential selectivity in the retirement transition (e.g. healthy or privileged workers tend to remain longer in their career jobs), we introduced an additional restriction by removing the youngest cohort (born in 1950/51) from the analysis. More than half of this youngest cohort was still active in career jobs in wave 3. The resulting subsample consisted of 1,221 individuals, 978 of whom participated in all study waves.

Measures

Measures of the antecedents of bridge employment—except sensation-seeking—were obtained from wave 1

data. The measure for bridge employment engagement was obtained by matching wave 1–3 data.

Bridge employment engagement

In the second and third waves of the study, participants were asked whether they had retired between study waves. In addition, retired participants were asked whether they had returned to work after their initial retirement. Where relevant, further information was asked about this bridge employment (e.g. number of working hours, wage employment or self-employment) and about whether the participant had 'retired' from this bridge employment, too. Based on this information, we composed a dummy variable that indicated whether (=1) or not (=0) participants were engaged in bridge employment after retiring from their wage jobs. For those engaged in bridge employment, another two dummies were created for self-employment and wage employment.

Explanatory variables

Gender was represented by a dummy variable (male = 1). Partner status was also a dummy variable that indicated whether the respondent had a partner at the beginning of the survey (partner = 1).

Educational attainment was rated from 1 (primary school) to 7 (university level)

Health was measured by a single self-reported general health item ('How would you rate your health status?'). The categories ranged from 1 (excellent) to 5 (poor). They were recoded in the current study so that a higher value indicated a better health status.

We have two measures for financial status. Accumulated wealth was a seven-category continuous variable that measured the total value of household property (including housing and non-housing assets, savings and other financial wealth), net of debt. Categories ranged from 1 (<500 Euros) to 7 (>500 000 Euros). Perceived pension shortage was a dummy variable indicating whether or not the older worker had a pension shortfall.

Retirement age was a continuous variable that indicated the age at which respondents retired from their career jobs.

Involuntary retirement was measured with three dummy variables indicating whether retirement was perceived as voluntary (1 = yes), partly involuntary (1 = yes) or completely involuntary (1 = yes).

Perceived labour market opportunities were rated on the following two-item scales: 'I think it will be difficult for me to find another job' and 'If I wanted to, I would be able to find another employer right away'. The categories ranged from 1 (completely agree) to 5 (completely disagree). Items

were recoded and summed so that higher values indicated better perceived chances (Cronbach's $\alpha = 0.71$).

Psychological work attachment was based on the item: 'My job is my passion'. The recoded response categories ranged from 1 (completely disagree) to 5 (completely agree).

Self-efficacy was measured using five items from the shortened Scherer General Self-efficacy Scale, for example, 'If I make plans, I am convinced I will succeed at executing them'; and 'If I absolutely want something, it usually goes wrong'. The response categories ranged from 1 (completely agree) to 5 (completely disagree) (Cronbach's $\alpha = 0.65$).

Sensation-seeking was based on the item: 'New and unexpected experiences give me the excitement I need in life', derived from Zuckerman's sensation-seeking scale. A higher value on this 5-point scale indicated greater sensation-seeking behaviour.

Analytical strategy

We used multinomial logistic regression analysis to examine the antecedents of specific bridge employment decisions. The contrasts of predictive effects on the dependent variable were created across every two categories. Specifically, we tested antecedents for self-employment against full retirement and against bridge employment in a wage job. We also tested the antecedents of bridge employment in a wage job against full retirement. The model fit (i.e. χ^2 tests), pseudo R^2 effect size estimates, logistic regression estimates and their significance and corresponding odds ratios (ORs) and their confidence intervals are all reported in the "Results" section.

Results

Descriptive analysis

Of the respondents in the sample, 70 % took full retirement after leaving their career jobs, whereas 30 % engaged in some form of bridge employment (19 % in wage employment and 11 % in self-employment). We also found that the characteristics of those respondents who re-entered the labour force differed significantly from those who remained fully retired (Table 1).

Multivariate analysis

Three successive models were tested for the three paired comparisons among the studied bridge employment decisions: self-employment against full retirement, wage employment against full retirement and self-employment against wage employment. The results of these multinomial

regression models are presented in Table 2. We start with the joint examination of the two bridge employment options versus full retirement and continue with the examination of self-employment versus wage employment.

Self-employment and wage employment versus full retirement

In the second and third columns of Table 2, people in self-employment and those in wage employment are compared with those in full retirement, respectively. Combining the results of these two comparisons allows us to make some inferences about the antecedents of engagement in bridge employment in general terms. The results showed many similarities: bridge employees were more likely to be men, better educated and have higher levels of psychological work attachment than full retirees. Further, compared with full retirees, bridge employees also retired at younger ages and had significantly better perceived labour market opportunities in wave 1. No significant differences were found with regard to the voluntariness of the retirement transition, however. Finally, health status predicted engagement in post-retirement wage employment, but not self-employment, whereas sensation-seeking predicted engagement in self-employment, but not wage employment.

Self-employment versus wage employment

In the fourth column of Table 2, people in self-employment are compared with those in wage employment. The results showed that self-employees significantly differed from wage earners in terms of four characteristics. Consistent with H1a (and thus inconsistent with H1b), accumulated wealth was found to be a predictor of self-employment against wage employment ($B = 0.22$, $p < 0.05$, $OR = 1.24$). Further, educational attainment ($B = 0.22$, $p < 0.05$, $OR = 1.24$) and self-efficacy ($B = 0.17$, $p < 0.05$, $OR = 1.18$) significantly predicted self-employment against wage employment. These results support H2 and H3 indicating that better educated retirees and those with higher self-efficacy scores are more likely to be self-employed rather than wage earners. Contrary to our expectations, however, the two types of bridge employees did not significantly differ in terms of sensation-seeking (H4). Further, we found an association between involuntary retirement and self-employment engagement (H5). Those who perceived their retirement to be completely involuntary were significantly more likely to engage in self-employment than in wage employment ($B = 0.82$, $p < 0.05$, $OR = 2.27$). Inconsistent with H6, age at retirement did not significantly predict the probability of engaging in self-employment compared with wage employment. The same finding applies for perceived labour market opportunities (H7).

Table 1 Descriptive statistics (percentages unless otherwise stated)

	Self-employment	Wage employment	Fully Retired	Total
Demographic information				
Gender				
% Male	95	86	70	76
Age at baseline—Mean (SD)	54.9 (2.5)	54.5 (2.4)	55.3 (2.6)	55.2 (2.6)
Organisation				
Private	30	36	38	37
Public	70	64	62	63
Opportunity structure				
Educational attainment				
Low	4	12	22	18
Medium	38	51	51	49
High	58	37	27	33
Perceived health				
(Very) Poor	3	3	6	6
Not good/not bad	6	14	16	14
(Very) good	91	83	78	80
Accumulated wealth				
Low (1–2)	8	15	20	18
Medium (3–5)	44	59	57	56
High (6–7)	48	26	23	26
Perceived pension shortage				
% yes	27	28	32	31
Partner status				
% with partner	96	91	86	88
Context of retirement				
Age at retirement—Mean (SD)	58.4 (3.0)	58.2 (2.9)	59.3 (2.9)	59.0 (2.9)
Voluntariness of retirement				
Voluntary	67	72	73	72
Partly involuntary	20	21	18	19
Completely involuntary	13	7	9	9
Labour market chances (1–5)—Mean (SD)	2.8 (1.0)	2.6 (0.9)	2.3 (0.9)	2.4 (0.9)
Psychological variables				
Work centrality (1–5)—Mean (SD)	2.8 (1.1)	2.7 (1.0)	2.6 (1.1)	2.6 (1.1)
Self-efficacy (0–10)—Mean (SD)	7.3 ((1.3)	6.8 (1.4)	6.7 (1.5)	6.8 (1.5)
Sensation-seeking (1–5)—Mean (SD)	3.6 (1.0)	3.4 (0.8)	3.2 (0.9)	3.3 (0.9)
<i>N</i>	133	231	853	1,217

Sample Participants aged 52 and over in 2001 who took early retirement between 2001 and 2011

In the theory section, we formulated two hypotheses regarding self-employment engagement. Based on antecedent profiles, we argued that we may be able to conclude whether post-retirement engagement in self-employment is a choice made out of opportunity rather than out of necessity. According to the opportunity hypothesis, we expected self-employed people to have more accumulated wealth (H1b), higher levels of educational attainment (H2), higher self-efficacy (H3) and sensation-seeking scores (H4). According to the necessity hypothesis, we expected self-employed people to have less accumulated wealth

(H1a), higher levels of involuntary retirement (H5), higher ages at initial retirement (H6) and weaker perceived labour market positions (H7). Overall, the findings pointed in the direction of the opportunity hypothesis, suggesting that—in the Netherlands in the period under study—the decision to engage in self-employment after retirement from the career job is predominantly driven by intrinsic motives. This notion is supported by the respondents' answers to a more direct question about their motives for taking up bridge employment. The majority of bridge employees stated that they did so because they loved to work (48 % of all bridge

Table 2 Estimated coefficients of the multinomial regression of the antecedents of bridge employment decisions

	Self-employment versus full retirement				Wage employment versus full retirement				Self-employment versus wage employment			
	<i>B</i>	SE	OR	95 % CI	<i>B</i>	SE	OR	95 % CI	<i>B</i>	SE	OR	95 % CI
Intercept	−2.74	2.26	0.06	0.00–5.43	3.96*	1.72	52.7	1.80–1,540	−6.70***	2.57	0.00	0.00–0.17
Gender (male = 1)	1.55***	0.45	4.75	1.97–11.44	0.93***	0.23	2.53	1.62–3.98	0.63	0.48	1.87	0.72–4.84
Partner status (with partner = 1)	0.81	0.49	2.24	0.86–5.91	0.26	0.27	1.30	0.77–2.20	0.55	0.53	1.73	0.61–4.89
Opportunity structure												
Educational attainment	0.35***	0.07	1.41	1.22–1.63	0.13*	0.05	1.14	1.02–1.26	0.22*	0.08	1.24	1.06–1.45
Health	0.11	0.13	1.12	0.87–1.44	0.25*	0.10	1.29	1.06–1.56	−0.14	0.15	0.87	0.65–1.16
Total wealth	0.15	0.08	1.17	0.99–1.36	−0.06	0.05	0.94	0.84–1.04	0.22*	0.09	1.24	1.05–1.47
Pension shortage	−0.11	0.24	0.89	0.56–1.43	0.06	0.18	1.06	0.75–1.51	−0.17	0.27	0.84	0.50–1.42
Psychological resources												
Psychological work attachment	0.27**	0.10	1.31	1.07–1.60	0.16*	0.08	1.17	1.00–1.37	0.11	0.11	1.11	0.90–1.40
Self-efficacy	0.12	0.07	1.13	0.97–1.31	−0.05	0.06	0.95	0.85–1.06	0.17*	0.09	1.18	1.00–1.40
Sensation-seeking	0.25*	0.12	1.28	1.01–1.61	0.11	0.09	1.11	0.94–1.33	0.14	0.13	1.14	0.88–1.48
Social context of retirement												
Age at retirement	−0.13***	0.04	0.88	0.82–0.95	−0.15***	0.03	0.86	0.82–0.91	0.02	0.04	1.02	0.94–1.10
Voluntariness of retirement												
Voluntary (ref)	–											
Partly involuntary	0.12	0.27	1.12	0.67–1.89	0.09	0.20	1.10	0.74–1.62	0.02	0.46	1.02	0.57–1.81
Completely involuntary	0.53	0.33	1.70	0.89–3.24	−0.29	0.32	0.75	0.40–1.40	0.82*	0.40	2.27	1.02–5.04
Perceived labour market opportunities	0.34**	0.11	1.40	1.13–1.73	0.22**	0.09	1.25	1.06–1.48	0.12	0.12	1.12	0.88–1.43
Chi square	218.37											
<i>df</i>	26											
Log likelihood	−848.148											
Pseudo <i>R</i> ²	0.114											
Sample size	1,204											

OR odds ratio, CI confidence interval of OR

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

employees, 62 % of self-employed). By contrast, financial motives were recorded by only 14 % of bridge employees (14 % of self-employed). Moreover, maintaining social contacts was reported by 14 % of bridge employees and this incentive was much more relevant for wage earners (12 %) than for the self-employed (7 %).

Discussion and conclusion

With the pending retirement of the ‘Baby Boomer’ generation, increasing attention is being paid by policymakers to strategies that could encourage older workers to extend their working lives. In addition to raising the retirement age, bridge employment may be a useful instrument with which to postpone the age at which workers finally leave the labour market. A better understanding of the antecedents of bridge employment may, therefore, inform those policies and strategies designed to extend working life.

The present paper has examined the factors that contribute to the propensity to engage in paid work after retirement among older adults in the Netherlands. Focus was placed on one particular type of post-retirement work arrangement, namely self-employment, and data were derived from the NIDI Work and Retirement Panel, an ongoing longitudinal survey of older workers in the Netherlands and their partners that began in 2001. We examined a subset of 1,221 respondents aged 52 and over at the start of the panel who were in a wage job at the time of the first interview from which they retired between 2001 and 2011.

Our findings provide further empirical evidence to support the suggestion put forward by Griffin and Hesketh (2008) that factors that serve to delay retirement may also influence whether individuals work in the post-retirement stage. In addition, they largely concur with those of previous studies of delayed retirement (e.g. Litwin et al. 2009) and post-retirement work (e.g. Pleau and Shauman 2013). Overall, the presented results suggest that bridge employment is primarily patterned along lines of age, gender and social class (education). It is unclear, however, whether or not this finding reflects differential preferences for—or rather differential access to—post-retirement work opportunities. We further show that financial resources do not predict engagement in bridge employment. Although this tendency corresponds with other research findings, it is somewhat surprising and suggests that intrinsic rather than extrinsic motives dominate the bridge employment decision. This notion is supported by the fact that psychological work attachment predicts the taking on of bridge employment.

In addition to general involvement in bridge employment, this study has examined the factors associated with entry into self-employment following retirement from a waged job. The results showed that the self-employed

significantly differ from bridge employees in wage jobs in terms of their levels of financial and human capital as well as psychological make-ups. Only one of the examined environmental factors predicted self-employment: those who perceived their retirement to be completely involuntary were more likely to engage in bridge employment than they were in wage employment. Hence, one yet untested school of thought is that the decisions of older adults to become self-employed are predominantly determined by the lack of opportunities for paid work offered by employers. As such, the self-employment transition may be largely driven by necessity or, indeed, be involuntary (Kautonen et al. 2009).

The results of this study do not support the necessity hypothesis, however. At least in the period under study, the self-employment option was primarily chosen by retirees who were more privileged in terms of financial and human capital as well as those who possessed more entrepreneurial attitudes. The fact that their retirements were generally quite early, but not considered to be involuntary also suggests that the timing of the decision to retire may have been driven by the emergence of new business or job opportunities. Moreover, the generous early retirement arrangements for these cohorts may have provided them with a strong financial basis that served as a powerful springboard and incentive to pursue self-employment. This privileged retirement context may change in the near future when the official retirement age increases to 67 years in the Netherlands and as replacement rates decline. As a result, future older adults in the Netherlands are likely to age with more modest retirement incomes than current cohorts, and thus delaying retirement or taking up bridge employment may gain in importance in the years ahead.

The large-scale panel study on retirement reported herein has several noteworthy strengths. The most obvious is its capacity to examine work/retirement decisions from a longitudinal perspective. This is an important advance compared with the existing literature, which has relied largely on cross-sectional studies. Another benefit is its capacity to examine two major modes of bridge employment simultaneously, namely post-career wage employment *and* self-employment, thereby enabling researchers to gain more insights into the processes involved in choosing the type of bridge employment in which to engage.

The present study nonetheless has some limitations. Firstly, the sample was restricted to four large organisations that provided their employees with a DB-type occupational pension. Although, the sample did contain substantial variation in terms of important individual-level and organisational variables, the data used were not nationally representative and may not be entirely generalisable to the Dutch population as a whole. This holds in particular for employees of small enterprises who receive

no occupational pension. Secondly, the survey did not contain objective data on exact replacement rates, post-retirement income decline or labour market constraints. The degree to which more objective measures may have deepened the insights into the financial and labour market forces in the bridge employment decision, or indeed led to other outcomes, is an interesting question for follow-up studies. A third point that warrants attention concerns some of the measurement instruments used, which comprised a limited number of items, and may thus have reduced reliability of the scales.

In sum, there is a growing population of healthy older people with the skills, financial resources and time to contribute to economic activity by extending their working lives. Nevertheless, the motivation to engage in post-retirement work seems to be predominantly intrinsic, which may alter as the institutional and financial contexts of retirement change over time. Further research could, therefore, aim to investigate how the motivations for and conditions of bridge employment change as environmental conditions evolve.

Given the unfavourable condition of the labour market towards older people, self-employment may be of interest for the rising population of seniors who wish to remain active in the labour force. Training programs that provide prospective as well as newly practicing entrepreneurs with the skills and knowledge they need to validate their ideas and generate opportunities may thus stimulate more older adults, in particular women and the less skilled, to create their own post-retirement jobs.

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