Chapter 19

**HOW DO DIFFERENT EXIT ROUTES FROM WORK AFFECT OLDER WORKERS’ SELF-ESTEEM?**

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**ABSTRACT**

This chapter is based on a study of the effects of different exit routes from working life on the individual worker’s self-esteem. We compared three exit routes, retirement or exit on disability pension (life-long option based on medical evaluation), retirement or exit on optional age pension (available between age 62 and 66), and ordinary old age pension (taking effect between 67 and 70 years of age). The hypotheses were tested on data from a panel study of a random sample of Norwegian workforce that conducted two measurements five years apart. Self-esteem was measured by the Rosenberg Self-Esteem Scale. The results revealed that, compared to those remaining at work, exiting on disability pension led to reduced self-esteem, while exiting on optional early pension or ordinary old age pension showed similar trends, although the differences were not significant for these groups. Exit on disability pension seemed to be a more negative experience for the individual, probably threatening the “self-maintenance motive” or the “motive of self-worth”. The findings present a unique contribution to the research on self-esteem and exit from working life.

**INTRODUCTION**

Self-esteem, which is closely related to our entire being, may be one of the most important social needs in our Western cultures (Sheldon, Elliot, Kim, & Kasser, 2001). Avoiding the definitional maze of self-esteem (Mruk, 1999), this chapter defines a person’s self-esteem as a relatively stable sense of personal worth influenced by external valuations.

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(Rosenberg, 1965) and includes both a cognitive and an affective component (Rosenberg, Schooeler, Schoenbach, & Rosenberg, 1995). The global self-esteem, which is discussed in this chapter, may be conceived of as the individual’s positive or negative attitudes towards the self as a totality (Tafarodi & Swann, 1995). Since William James (1890) conceptualized the view that human beings possesses both a self-conceiving “I” and a self-conceptual “me”, the self and self-related concepts have been an issue of controversies and one of the most studied personality concepts in related to individual differences (Baumeister, 1999; Ramsdal, 2008). Although psychology of work has incorporated this concept (e.g., Blom, 2011; Hartung & Subich, 2011), there has been a paucity of self-esteem studies conducted among age groups other than adolescents.

Self-esteem is found to be relatively stable over the lifespan; however, it tends to increase with age, peak around the age of 60, and then it tends to decline (Orth, Trzesniewski, & Robins, 2010). Even with limited research-based evidence, it has been reasoned that major transitions in life, like adults’ retirement or exit from working life, might contribute to a normative decline in self-esteem (Orth, Robins, Trzesniewski, Maes & Schmitt, 2009). Although this might apply especially to adults in their old age, on the other hand, older individuals may have developed coping skills through a lifetime that would bolster their self-esteem against deteriorations (Baltes & Mayer, 1999). The extant research includes only few longitudinal studies, which report contradictory findings regarding self-esteem in older age groups (Orth et al., 2009). Health has been positively related to self-esteem in old age in both cross-sectional (Benyamini, Leventhal, & Leventhal, 2004) and longitudinal (Reitzes & Mutran, 2006) studies. Gender has been related to self-esteem mainly in young age while self-esteem of men and women converge at older ages (Robins, Trzesniewski, Tracy, Gosling & Potter, 2002). Relationship variables have been demonstrated to influence self-esteem, for instance a close relationship with a partner increases self-esteem (Andrews & Brown, 1995; Elliot, 1996).

As mentioned above, little attention has been paid to the possible effects of life events on self-esteem. However, Joiner, Katz, and Lew (1999) reported that stressful life-events predict decrease in self-esteem; however, Orth, Robins, and Meier (2009) reported contradictory findings. Exit from working life careers may constitute a life event with detrimental consequences on the individual self-esteem. This may apply especially to workforce in Norway, as the retirement age in Norway is higher compared to most other developed nations. Norway ranks as number four among the seven nations worldwide in which more than 60 percent of the population aged 55 to 64 is participating in the workforce and is exceeded only by Iceland, New Zealand, and Sweden (Ilmarinen, 2006). Hence, it may be argued that being active in the workforce until high age is the social norm and that exiting work may be expected to become detrimental to one’s self-esteem. This should apply especially to “state” self-esteem, which is more likely to be influenced by environmental fluctuations compared to the “trait” self-esteem (Trzesniewski, Donnellan, & Robins, 2003).

Retirement is a significant event at the entrance to old age. It hampers the fulfillment of the work ethics, and it is possibly followed by reduced self-esteem. However, the pathway to retirement may be crucial. In Norway, retirement on ordinary old age pension is normative and occurs between 67 and 70 years of age. It is possible to maintain a positive self-esteem as the situation is predictable and coping strategies may be developed in due time. Likewise, optional early retirement, available to about 60 percent of the workforce at the age of 62 to 67 years, may be less of a challenge to self-esteem, since it most often involves an individual
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decision and is largely under personal control. Early retirement due to disability depends on medical evaluations of health and work ability states. It is available as a solution throughout the entire career and occurs more frequently around the age of 63 years. Thus, it indicates an inability to perform work and inability to remain employed up to ordinary retirement age. Hence, this might be an unpleasant event and might burden individual, leading to a lower self-esteem. As the economical compensation of the disability pension may be lower compared to the compensation received from the alternative exit routes, a low income may also contribute to a decline in self-esteem among the disability-pensioned retirees. This is especially so because of ongoing value changes in the Norwegian society, where basic orientations are moving towards increasing materialism (Hellevik, 2001). An individual who bases his/her self-esteem on job-related competence (Crocker & Park, 2004) might be seriously vulnerable to the loss in self-esteem due to disability pensioning.

Self-enhancement theory (e.g., Baumeister, 1982) is the foundation of the importance of self-esteem. According to this theory, self-esteem is a fundamental human motive (Rosenberg et al., 1995). It is often called the “self-maintenance motive” (Tesser & Campell, 1983) or the “motive of self-worth” (Covington, 1984), which urges the individual to “protect and enhance his/her feelings of self-worth, as the frustration of these desires generates some measures of psychological distress” (Rosenberg et al, 1995, p. 145). Low self-esteem functions as a risk factor for depressive symptoms at all phases of the life span, as demonstrated by Orth, Robins, Trzesniewski, Maes, and Schmitt (2009). Low self-esteem relates to vulnerability to stress (Crocker & Park, 2004), poorer well-being (Kernis, 2006), and poor performance (Crocker & Luthanen, 2003). This aggravates the issue of possible differential self-esteem outcomes of exit routes from careers in working life. The study reported in this chapter is based on the premises that one of the exit routes, specifically disability pension, is the path to retirement that is most likely to lead to low self-esteem, which again is supposed to jeopardize the need for enhancing one’s self-esteem. Our hypothesis contradicts the one proposed by Rege, Telle, and Votruba (2007). They hypothesized that retirement on disability pension is “contaminating” like an infectious disease in the shape of a social norm through social interactions with similar aged individual in one’s closest environment. Their argument rests on the hypothesis of “the economic man” searching for hedonic rewards through an easy way out of the workforce offered by disability pension. We argue that this hypothesis is false.

To the best of our knowledge, this is the first study to compare three different exit routes from the workforce, namely exit on disability pension, exit on optional early pension, and exit on ordinary old age pension, and assess their effect on self-esteem of the workforce. The study was undertaken in Norway, where companies offer these three exit routes from a career in the working life. The aim of this study was to test whether retirement on disability pension reduces individuals’ self-esteem.

**METHOD**

The data are from the longitudinal (panel) study, The Norwegian Study on Life Course, Aging and Generation (NorLAG; see www.nova.no/norlag). Compared to cross-sectional data, using a longitudinal study design is advantageous as it allows for assessing the change
from the first measurement (t1) to the second (t2). Moreover, if an event has occurred between the two measurements and, due to theory, the event is expected to influence on a specific phenomenon measured in the data, a hypotheses of causal relationships between the two measurements may also be tested. In our case, this applies to effects of retirement on self-esteem, in particular to the effects of different exit routes like disability pension, optional early pension, and old age pension on changes in self-esteem.

The first wave of the study took place in 2002/2003 (referred to as t1 from now on) and used a stratified random sample of the population aged 40-79 living in 30 municipalities and townships all over the country. The sample was gainfully employed at t1 and was interviewed also in the second wave. The total number of respondents was 2500 (1263 men and 1237 women). The second wave was carried out in 2007/2008 (referred to as t2 below).

The data were collected using both telephone interviews and questionnaires. In both studies, information about relationship to work was collected by asking, Do you regard yourself mainly as employed, retired on old age pension, retired on optional early pension, retired on disability pension, or other? Self esteem was measured using Rosenberg’s Self-esteem Scale (RSES) (Rosenberg, 1965), which is the scale most frequently applied in the published studies on self-esteem (Blascovich & Tomaka, 1991; Robins, Hendin, & Trzesniewski, 2001). This scale measures global self-evaluations using items like, “On the whole, I am satisfied with myself” and “I am able to do things as well as most other people”. Ten such items were presented to the respondent in a questionnaire format and were measured on a five-point scale (as opposed to four point scales in the original version) ranging from Strongly Agree to Strongly Disagree. The self-esteem score was calculated as a sum-score across items, with the minimum value of 10 points and maximum values of 50 points. In the present t1 data, the Alpha reliability coefficient for the self-esteem score was .80 when all respondents were included and .78 when only respondents aged 56 to 69 were included. The test-retest reliability over two weeks ranged from .85 to .88 (Rosenberg, 1979). Confirmatory factor analysis demonstrated the unidimensionality of the scale (Gray-Little, Williams & Hancock, 1997); however, others (e.g. Goldsmith, 1986) who have identified two factors of this scale questioned this result.

An individual’s self-esteem change score was calculated by subtracting the self-esteem score at t2 for each individual from his/her self-esteem score at t1. Negative values of these change scores would then represent an increase in self-esteem scores at t2 as compared to t1, while positive change scores will be indicators of reduced self-esteem from t1 to t2. Furthermore, information on self-reported health change was collected using the item, Have you experienced recent changes in your health?, measured on a 5-point scale: 1) major deterioration; 2) minor deterioration; 3) no changes; 4) minor improvements; and 5) main improvements. Level of education was measured on a 4-point scale ranging from 1) elementary school; 2) high school; 3) college or lower university degree; and 4) higher university degree.

All statistical analyses were conducted by SPSS 18. The first analysis was conducted to identify levels of self-esteem at t2 across different age groups, 55 – 59 years, 60 – 64 years, and 65 - 69 years of age. Between group differences were tested by one-way ANOVA. We then used ANOVA to compare self-esteem scores at t2 across groups based on whether respondents retired on old age pension; retired on optional early pension; retired on disability pension; or still working.
Furthermore, we compared groups on self-esteem change scores by applying cross-tabulations and correlations. We compared the following groups:

1) First group comprised respondents who were gainfully employed at $t_1$ and who retired on disability pension between $t_1$ and $t_2$. The respondents who fitted the criteria for this analysis were 56 – 61 years of age at $t_1$. A total of 37 respondents fitted the criteria for this group. They were compared to the respondents of the same age group who were employed at both $t_1$ and $t_2$ and the time span in between.

2) Second group comprised respondents who were gainfully employed at $t_1$ but retired on optional early pension between $t_1$ and $t_2$. The respondents that fitted the criteria for this analysis were 56-62 years of age at $t_1$. A total of 74 respondents fitted to the criteria of this group. They were compared to respondents of the same age group who were employed at both $t_1$ and $t_2$ and the time span in between.

3) Third group comprised respondents who were gainfully employed at $t_1$ but retired on ordinary old age pension between $t_1$ and $t_2$. They were 61 years old or older. A total of 118 respondents fitted to the criteria of this group. They were compared to respondents of the same age group who were employed at both $t_1$ and $t_2$ and the time span in between.

Finally, the a multiple regression analyses was conducted with self-esteem change scores as the dependent variable and self-reported health change, level of education, gender, and relationship to the workforce as the independent variables. The purpose of these analyses was to identify direct effects of these independent variables on self-esteem scores while controlling for gender and changes in health as possible confounders of the relationships observed in the first group of analyses.

**RESULTS**

Within the age span of 56 to 69 years, we compared self-esteem level at $t_2$ across age groups both for those still at work and for the total sample (Figure 1). Within this age span, respondents participating in the workforce tended to report higher level of self-esteem compared to the entire sample. Moreover, for the working respondents, mean levels of self-esteem was the highest for the oldest group (65 – 69 years), followed by the group of 60 to 64 years old and 55 to 59 years old. For the entire group of respondents, the tendency was somewhat different. The group of 60 to 64 years old showed slightly higher self-esteem compared to the 55 to 59 years old while the oldest group (65 – 69 years) reported slightly lower self-esteem compared to the 55 to 59 years old. However, the differences observed between age groups were small and mainly not statistically significant. The exception was the difference between the age groups 60 – 64 and 65 – 69, which was significant ($F=4.107$, $p=.043$).

In the next step, we used ANOVA to compare self-esteem scores at $t_2$ for respondents by groups based on whether respondents at $t_2$ were retired on old age pension; retired on disability pension; or still working. The results for the age groups 55 – 69 (n=508) and the total sample (n=1798) are presented in Figure 2. For the total
sample, the groups retired on old age pension and retired on optional early pension are identical to those in the sample of 55 – 69 years old. For the retired on disability, the total sample includes more cases, as some of the respondents had exited from the workforce on disability pension even before reaching the age of 55 years. The mean self-esteem scores for the entire sample and the 55 – 69 years old were similar. Concerning exit road from the retirement, the disability pension retirees reported significantly lower self esteem compared to other groups (F = 3.590; p=.013 for the entire sample; and F = 2.301; p = .076 for the older sample, thus being marginally significant). Consequently, it may be concluded that exit from the workforce via disability pension predicts lower self-esteem in employees. The findings indicated that this finding, although only marginally significant, also applies to the sub-sample of older workers.

Figure 1. Mean self-esteem scores at t2 by age groups 55 - 59, 60 – 64, and 65 – 69 for all respondents (n = 1218) and for respondents still participating in the workforce (n = 508).

Figure 2. Mean self-esteem at t2 for the total sample (n=1798) and the age subsample of 55 - 69 years old (n=508) grouped by attachment to work at t1: gainfully employed, retired on disability pension, retired on optional early pension, and retired on old age pensions.
To further examine possible causal links between exit routes at t1 and t2 and self-esteem at t2, the self-esteem change score was applied as the dependent variable. Analyses were run for each exit route separately, comparing the self-esteem change scores of the persons exiting workforce with different retirement option to those who remained at work. Slightly different age groups had to be used for these comparisons, as the different exit routes are mainly relevant for certain age groups.

The first analyses were made for respondents who were gainfully employed at t1 and who retired on disability pension between t1 and t2. The respondents that fitted the criteria for this analysis included 56 – 61 years of age at t1. A total of 37 respondents fitted to the criteria of this group. They were compared to respondents of the same age group who were employed at both t1 and t2 and the time span in between. The findings are shown in Figure 3. The change scores ranged from -14 to 12, with negative change score values indicating an increase in the level of self-esteem at t2 compared to t1 and positive scores indicating lower level of self-esteem. As can be seen from Figure 3, the group that retired on disability pension had a larger decline in self-esteem from t1 to t2 compared to the comparison group comprises respondents still active in the workforce. The relationship between self-esteem change scores and relationship to work (retired on disability pension versus still active in the workforce) was weak but significant (r = .13, p = .033). Consequently, exit from working life on the disability pension route during the five-year period of this study related to a decline in self-esteem for the respondents at the age of 56 – 61 years retiring at t2.

![Figure 3. Self-esteem change scores between t1 and t2 for respondents still in the workforce (n = 233) and respondents retired on disability pension (n = 37). Age of respondents = 56 – 61 years at t1. Negative change score values indicate positive change in self-esteem from t1 to t2, and positive change score values indicate negative change in self-esteem.](image)

Likewise, an analysis was made for respondents who were gainfully employed at t1 as well as those who retired on optional early pension between t1 and t2. The respondents that fitted the criteria for this analysis were 56-62 years of age at t1. A total of 74 respondents fitted to the criteria of this group. They were compared to respondents of the same age group who were employed at both t1 and t2 and the time span in between. The findings are
The change scores ranged from -14 to 12, with negative change score values indicating an improved level of self-esteem at t2 compared to t1 and positive scores indicating lower level of self-esteem. Although there is a tendency towards a larger negative change in the group of retired on optional early pension (Figure 4) compared to the group of respondents still active in the workforce, the relationship between self-esteem change scores and relationship to work (retired on disability pension versus still active in the workforce) was weak and non-significant (r = .04, p = .492). Consequently, exit from working life through optional early pension during the five years of this study was not significantly related to changes in self-esteem, although, there was a tendency for self-esteem to decline also for this group.

![Image](image.png)

Figure 4. Self-esteem change scores between t1 and t2 for respondents still in the workforce (n = 290) and respondents retired on optional early pension (n = 74). Age of respondents = 56 – 61 years at t1. Negative change score values indicate positive change in self-esteem from t1 to t2 and positive change score values indicate negative change in self-esteem.

Furthermore, additional analysis compared changes in self-esteem of respondents who were gainfully employed at t1 and 61 years old or more with respondents retired on ordinary old age pension between t1 and t2. A total of 118 respondents fitted the criteria of this group. We compared the respondents in this group to respondents of the same age group who were employed at both t1 and t2 and the time span in between. The change scores ranged from -14 to 12, with negative change score values indicating an improved level of self-esteem at t2 compared to t1 and positive scores indicating lower level of self-esteem at t2. There was a tendency towards a larger negative change in self-esteem for the respondents that retired on old age pension compared to respondents still active in the workforce (Figure 5). However, the difference was small and non-significant (r = .04, p = .435).
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Figure 5. Self-esteem change scores between t1 and t2 for respondents still in the workforce (n = 233) and respondents retired on optional early pension (n = 118). Age of respondents = 61 years or more at t1. Negative change score values indicate positive change in self-esteem from t1 to t2 and positive change score values indicate negative change in self-esteem.

Finally, to identify direct effects of retiring on disability pension on self-esteem change scores while controlling for possible effects of self-reported health, level of education, and gender, we conducted a multiple regression analysis with self-esteem difference scores as the dependent variable. The results are displayed in Table 1. The regression model was significant (F = 4.97; p = .000), although the adjusted R Square was small (.08). Retiring on disability pension was a significant predictor of self-esteem change scores; however, as judged based on the standardized beta coefficients, gender was a stronger predictor of self-esteem change scores. Thus, women reported larger positive changes in self-esteem compared to men during the five years of the study. These findings applied to the age group 56 – 61 at t1.

Table 1. Predicting the effect of exit from the workforce on disability pension on changes in self-esteem from t1 to t2, controlling for perceived changes in subjective health, gender, and level of education. Only respondents aged 56 – 61 years at t1 were included. Multiple regression (n = 267)

<table>
<thead>
<tr>
<th>Predictor variables</th>
<th>Standardized Beta coefficient</th>
<th>t</th>
<th>Level of significance</th>
</tr>
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<td>Retired on disability pension between t1 and t2</td>
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<td>2.04</td>
<td>.042</td>
</tr>
<tr>
<td>Subjective health change</td>
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<td>-1.19</td>
<td>ns</td>
</tr>
<tr>
<td>Gender</td>
<td>-.22</td>
<td>-3.37</td>
<td>.001</td>
</tr>
<tr>
<td>Level of education</td>
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<td>.04</td>
<td>ns</td>
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<tr>
<td>Living alone versus married / partnership</td>
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<td>-3.33</td>
<td>.001</td>
</tr>
</tbody>
</table>
CONCLUSION

The study identified relationship between age and self-esteem, showing a tendency towards a decline in self-esteem after 60 years of age, thus supporting the findings of Orth et al. (2010). Moreover, the study showed that respondents who retired or exited from the workforce on disability pension tended to have lower self-esteem compared to those exiting on the other pension regimes. This might indicate that exiting on ordinary old age pension and optional early pension rather than on disability pension is more likely to boost the individuals’ self-esteem. We found no previous research that would support these findings. The longitudinal nature of this study provides strong support for these findings. The study was designed as a panel data study testing the effects of changes between t1 and t2. When comparing changes in self-esteem between t1 and t2, relating these changes to the retirement or exit routes from the workforce, and using the respondents that remained active in the workforce as a control group, we found that exiting on disability pension during the time span of the study related to significant changes in self-esteem when compared to the control group. While the control group increased their self-esteem, those who exited on disability pension suffered from a decline in self-esteem. Similar but insignificant trends were observed for those retiring on optional early pensions (available from 62 years to 66 years of age) and ordinary old age pension (available at the age of 67).

The findings support the expectation that exiting on disability pension is a negative life event associated with loss of self-esteem. Although those exiting on optional early pensions and old age pensions might experience loss of self-esteem, these groups reported changes that were not significantly different from the control group that remained active in the workforce. There is reason to believe that the exit routes, as major life events, cause the observed self-esteem changes. In a culture where long careers are common, both social environment and the self endorses remaining active in the workforce, thus retirement on disability pension may promote feelings of inferiority to others, even to those exiting on optional early pensions or ordinary old age pensions. Together with relatively low compensation rates, it may function as a punishment for the individual. Moreover, retirement on disability pension is partly out of the control of the individual, as it has to be supported by a medical doctor’s examination and recommendation. According to the “self-maintenance motive” (Tesser & Campell, 1983) or the “motive of self-worth” (Covington, 1984), being defined as unable to work for medical reasons might frustrate the individual’s desire for enhancing his or her self-esteem and constitute an unpleasant state. The optional early pension is more a matter of the individual’s own choice and control; hence, it may be less of a social stigma. The ordinary old age pension is normative and must take effect at latest when 70 years old; therefore, it should be least likely to affect the individuals’ self-esteem. Hence, it is unlikely for individuals to actively seek disability pension as an exit rout, as proposed by Rege et al. (2007) in their “social contamination hypothesis”.

The final multiple regression analysis, where retirement on disability pension had direct effects on self-esteem while controlling for the effect of health change, gender, level of education and marital status, supports this reasoning. These findings support the detrimental effects of negative life events on self-esteem, as observed by Joiner, Katz and Lew (1999) but contradicted by Orth, Robins & Meier (2009). In line with the research of Benyamini, Leventhal, and Leventhal (2004) and the longitudinal study of Reitzes and Mutran (2006),
health predicts positive changes in self-esteem. Moreover, being married or in a stable partnership enhances self-esteem, which supports of previous research (Andrews & Brown, 1995; Elliot, 1996). Gender differences did not reduce differences in self-esteem in this study, which contradicts the findings of Robins, Trzesniewski, Tracy, Gosling, and Potter, 2002). Thus, our research adds to the inconsistencies found across other studies.

Lastly, it may be stated that exiting from the workforce on disability pension is associated with decline in self-esteem. Although other exit routes may have a negative effect on self-esteem of the individual, these effects were not significant in our study. The observed effects of disability pension on self-esteem is regarded as an original contribution of the present study, as is the differential effects of the exit routes on self-esteem.

REFERENCES


