

## The Retirement Syndrome - The Psychology of Letting Go

– Manfred Kets de Vries

---

Many family business leaders face difficulty in relinquishing their control over business even after a full career. Manfred Kets de Vries of Insead Business School keenly observes several family businesses and terms this phenomenon as *'the retirement syndrome.'* The author reviews the incumbent's barriers to exit and also describes the psychological aspects of the phenomenon. The article suggests how individuals and family firms can develop more effective and sensible disengagement strategies.

**The underpinnings of retirement syndrome:** Some family business leaders cannot let go because it has a devastating effect on them and they view retirement from business as a hostile act. This happens due to multiple reasons –

- ***Single-mindedness*** - Ever engrossed in business career the family business leader never cultivates other interests, therefore he/she is at a total loss of what to do other than business. The thought of nothingness in the absence of work deters them from retiring.
- ***Fear of losing public recognition*** – Being the business leader, the individual is identified with an institution of great power. He/she fears that this public recognition and image in social circles would be lost once the leadership position is relinquished.
- ***Loss of control and importance*** - For years the family business leader has had influence over individuals and controlled policies and decisions at business. He/she has had constant affirmation of his/her importance as a leader. Leaving all this and climbing down to be a 'nobody' is considered a painful degradation.
- ***Financial concerns*** - Retirement benefits are lesser than the money the individual would be making as the business head. There are concerns the individual has over maintenance of the lifestyle and comforts that he/she has become habitual about.
- ***The 'talion principle' - fear of retaliation*** - All through their careers leaders take difficult decisions that may have adversely affected the happiness of others. Their involvement in the organisation's power game also creates multiple 'victims.' Thus, they have a fear of retaliation by such persons, once the leadership position is gone.
- ***The 'edifice complex'- wish to leave a legacy*** - Leaders view the family business as their 'monument' - a legacy they wish to leave. They doubt whether their successor will respect the 'monument' that took them long, and was hard, to build. Fearing that their legacy will be lost, they want to hold on to the leadership position for as long as possible.

**Managing Retirement - Organisational Perspective:** In most firms retirement planning is considered as a personal concern with no or little management guidance or support planned for the retiring individual. Unplanned and badly managed exits of business leaders can be detrimental for the organisation. Firms need to evolve enabling retirement policies that take into account the adjustments to be made by the retiring leader. Phased retirement is one good way of systematic reduction of retiring leader's working time. Occupying the retired leader as a part time consultant is another mutually beneficial way of managing leadership transition. Such sensitive policies help evolve an organisational culture of caring the aging members while recognizing the services they rendered and the wisdom they carry.

**Managing Retirement - Individual Perspective:** Family business leader must recognize the fact that aging is a natural process that diminishes physical and cognitive capabilities. They must realize that there comes a time when one has to let go and make way for others. Planning ahead for retirement helps the individual to come to terms and make preparations for financial, social and personal changes that the event entails. It serves the retiring person well to invest time and effort in developing new interests and inculcate meaningful relationships beyond business. Growing old in a dignified way keeps one on the road to wisdom and helps win respect.

---

*Source: European Management Journal, 21(6), 2003; pgs. 707-716.*