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Retirement planning and management of post-retirement adjustment of retirees in Nigeria: South-east in perspective

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ABSTRACT

Retirement planning is ideally a life-long process and it is the best way to ensure a safe, secure and fulfilled retirement. However, in Nigeria especially Southeast geopolitical zone, potential retirees hardly plan towards retirement. To this end, it became necessary to examine the likely effects of retirement planning on the management of post-retirement adjustment of potential retirees in South – East Nigeria. Descriptive Survey research method was adopted for the study. The study's population of 13,326 was considered too large; and as such the statistical tool ofKrejcie and Morgan (1970) formula was used to obtain the sample size of 373. The study found that there is a very strong positive relationship between retirement planning and management of post-retirement adjustment challenges of potential retirees in South East Nigeria, by the correlation coefficient of 0.957 and it is significant because the p-value (0.045) is less than the significant level (0.05) at 2-tailed test. In conclusion, those who still have many years in service can still prepare for a happy retirement by adopting the strategies which bothers on adequate planning. It recommended that potential retirees should be encouraged to invest in assets and financial instruments so that at retirement they can earn additional income from these assets and financial instruments to supplement their pension income at retirement.

Keywords:
Activity Theory, Adjustment, Retirement Planning.

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1. INTRODUCTION

Growth is inevitable (Chioke and Ewuim, 2022:32) for the active labour force, but at the long run aging sets in. To manage this situation, there is need for preparation towards the coming change in employment status of the working population. However, there is no growth and development in organisations and societies without adequate planning and management of existing manpower of the organization during a given time and space (Chioke, 2012; Chioke and Mbamalu, 2020). This therefore entails that planning and management is necessary for change and adjustment of potential retirees to take place at the proper time. To this end, it is on record that time can be a powerful force that shapes careers and lives (Kene, 2018). It is regrettable as Quoidbach, Gilbert and Wilson (2013) noted that people have fundamental misconceptions about their future selves. Although people realize that they have changed in important ways compared to the past, when asked to consider their future they expect to remain pretty much the same as they are currently. To arrest this ugly trend, it is quite clear that since the middle of the 20th century, there have been too many changes in retirement and pension arrangements for researchers to become complacent about a fixed future (Kene, 2018). Pitiably, the reforms so far have not succeeded in introducing the needed preparedness that will guarantee change and adjustment by the human resources nearing the compulsory retirement age in Nigeria and other severely underdeveloped climes world over.

Development is basically about the process of changes which lies around the spheres of societal life (Chioke, 2020, p.53). Retirement planning ensures development. Retirement planning according to Kagan (2020), is the process of determining retirement income, goals, actions and decisions necessary to achieve those goals. Pre-retirement planning improves the chances of making a good adjustment in respect of retirement (Idehen and Ewere, 2021), because people who made preparation for retirement are likely more adaptable to change (Shultz & Wang, 2011). Retirement planning includes identifying sources of income, estimating expenses, implementing a savings programme and managing assets and risk. Future cash flows are estimated to determine if the retirement income goals will be achieved. Retirement planning is ideally a life-long process and it is the best way to ensure a safe, secure and fulfilled retirement.

1.1 Statement of Problem

When it comes to the study of retirement, social scientists are unlikely to fall prey to a similar 'end of history' illusion. To deviate from this illusion, this study is geared toward interrogating the preparedness of potential retirees in managing their life after retirement. Nwankwo, Muo and Ibenta (2020) observe that, "It is a fact of life that many academics get overwhelmed when confronted with harsh and painful experiences beyond their control in Nigeria, especially at retirement from the service." With this, it is pertinent to note that an enquiry into the preparedness of potential retirees is paramount. The reason for this was briefly captured by Nwankwo et al (2020) as follows: "Retirement from service after a successful career in an organization is an inevitable glorious end in the life of every employee that will come at one point in time or the other and yet people are often caught unprepared to face the reality of the situation." What effect will retirement planning have on potential retirees of federal universities in South-east geopolitical zone? This has not been empirically investigated before now. Therefore, there is need to empirically ascertain the effect of retirement planning on the management of post-retirement adjustment of potential retirees in South – East Nigeria as perceived by Lecturers in the selected public universities in the area of the study.

1.2 Research Question

The research question which guided the study is:

What are the probable effects of retirement planning on the management of post-retirement adjustment challenges of potential retirees in South – East Nigeria?

The hypothesis which guided the study is:

Ho: Retirement planning has no significant effect on the management of post-retirement adjustment challenges of potential retirees in South – East Nigeria.

2. EMPIRICAL LITERATURE

Griffin and Hesketh (2008) researched onpost retirement work: the individual determinants of paid and volunteer work. Both paid and volunteer post retirement work. They adopted multinomial logistic regression analysis and a framework based on image theory was tested that include evaluations of attitude to retirement, behavioral style, pre-retirement work, and demographics are used to determine both intentions to work in retirement in a pre-retiree sample of (N=987) and actual work in retirement in a sample of (N=725) retirees. It revealed that both volunteer and paid post-retirement work were strongly related to people's evaluation of their preretirement work and for pre-retirees, a proactive style of behavior was also predictive.

Ukah (2011) studied the administration of retirement policy in Nigerian public sector, implementation problems in the University of Nigeria Nsukka. The study was carried out to examine whether retirement policy in the University of Nigeria, Nsukka is properly implemented and as well as to find out some challenges facing the Pension Act, 2004. The methodology adopted in the conduct of this research was both primary and secondary sources of data collection. 650 copies of questionnaire were distributed to the staff of University of Nigeria Nsukka, while 603 were returned which was the figure that was worked with. The analysis of data showed that the administration of retirement policy in the University of Nigeria, Nsukka is not effective and efficient. Also, it was established that corruption is one of the problems that has hindered the proper implementation of retirement policy in Nigeria. Adetunde, Imhonopi, Tayo and Nana (2016), investigated socio-economic adjustment among retired civil servants of Kwara and Lagos States. The objectives of the study were to: investigate the factors that promote fulfilling life after retirement; examine the challenges faced by retired civil servants in the study areas; and analyse the steps taken by retirees in adjusting to the retired life. Secondary data was adopted for the study; the study explored the actual actions taken by retirees at this transitional phase for proper adjustment to post-retirement and subsequently, old age using Activity, Multiple Modes of Livelihood and Conservation of Resources perspectives. The study concluded that (i) due to Nigerian economic instability and irregularity in pension payment, several retirees seek out for alternative means of income to augment their meagre pension, (ii) retirees engage in such activities to deal with boredom and as survival strategies in the mist of economic crises. This study is related to the present study on the ground it deals with retirement adjustment among retired civil servants

Ebito, Umoh and Ufot (2020) investigated the moderating influence of emotional intelligence development on the relationship between retirement planning and post retirement entrepreneurship in Nigeria. The study employed questionnaire in surveying the opinions of 118 retirees in Akwa Ibom State of Nigeria. Analysis of data was done with multiple regression analysis. The study established that there was significant relationship between retirement planning and post retirement entrepreneurship in Nigeria. Idehen and Ewere (2021) did research on the topic, Pre-retirement entrepreneurial implementations (10 years before retirement) among civil servants in Benin City. The objective of their study was to psychologically prepare individuals for retirement and develop small scale business information prior to retirement in other to spur entrepreneurial implementation among civil servants ten to five years before their disengagement from service. The research design is both explorative and quantitative. Primary data were elicited through the use of questionnaire. One hundred (100) respondents that have 10-5 years before retirement was purposively selected and sampled. The data were analyzed and presented using statistical technique such as table and percentages. The result revealed that many civil servants do not have business 10years before their retirement.

2.1 Gap in Literature

The above empirical literature review shows that researchers have done considerable work on issues pertaining to retirement. Nevertheless, the works did not explore the pertinent issue of the probable effect of retirement planning on the management of post-retirement adjustment of potential retirees in South – East Nigeria that this current work sought to investigate.

2.2 Theoretical Underpinning

This study was premised upon activity theory. Activity theory was propounded by Robert Havighurst in 1961 in reaction to disengagement theory. The theory is also known as implicit theory of ageing, normal theory of ageing and lay theory of ageing, it is one of the three major psychosocial theories which describe how people develop in old age (Ebersole, 2005).It proposes that successful ageing occur when older adults stay active and maintain social interaction (Sana &Sajatovic, 2008). It is of the view that ageing process is delayed and the quality of life is enhanced when old people remain socially active (Richard, 2006). This theory stands on the premise that elderly individuals experience utmost happiness and fulfilment when they actively engage in meaningful social interaction and activities. In this way, older people substitute new activities or roles for those lost to retirement. It is not surprising for instance to see a retired teacher could be seen taking up a new job in a private school as school administrator or head teacher, a retired lecturer can take up appointment in another university. Some other retired individuals take to private activities like owning a poultry or fishery farm, running laundry services etc. Such activities as these are encouraged among older folks (Ali, 2014, Quadagno,2005). Rather than retiring to fate, the involvement of elderly people in active lifestyle after retirement could also help to prolong their lives and produce satisfaction with and in life. The purpose is not always for them to earn income only but also to remain active participants in the society. This theory is in agreement with the argument put forward by Moody and Sasser (2012) that retirement should not be abrupt and room should be given to elderly ones who desire to work longer than usual. Akpanmkpuk (2011) maintains that retirees must be engaged in activities that could keep them fit and healthy. Quadagno (2005) advocates phased or bridged retirement so as to eliminate the feeling of rolelessness.

According to the activity theory of ageing, there is a positive relationship between a person's level of activity and life satisfaction, which in turn increases how positively a person views him or herself and improves adjustment later in life. The activity theory rose in opposing response to the disengagement theory (Vern and Norella, 2009). It describes social disengagement as an adaptive response to ageing in which elderly persons relinquish roles while maintaining a sense of self-worth. The theory assumes that there is a positive relationship between activity and life satisfaction as this enables older adults adjust to retirement (Sana and Sajatovic, 2008). The common-sense idea behind many programs and services for older adults' rests on the proposition that activities in and of themselves have important benefits and that they contribute to increased life satisfaction for everyone. Activity theory holds that people construct ideas about themselves from two major sources: the things that they do and the roles that they fill in life. According to activity theory people give up many roles as they age-they retire from work, become widows or widowers, drop out of profession and other organizations, leave clubs and unions, and so on. These changes challenge the ideas that people hold about themselves; they may create a reduced sense of identity; and they sap the strength of one's inner 'self'. For this reason, people need to, and most actually do, engage in activities that develop substitute roles for those that have been abandoned. Hence, activities in late life are essential to restore one's self and boost one's sense of well-being. How do you plan for retirement and the likely effect retirement planning is thus important as it determines the satisfaction one would have? In applying the logic of the activity theory the research shows the probable effect of retirement planning on the management of post-retirement adjustment of potential retirees in South – East Nigeria.

3. METHODOLOGY

Descriptive Survey research method was adopted for the study. Chukwuemeka, (2006), sees descriptive survey method as concerned with the collection, presentation, analysis and interpretation of data for the purpose of describing practical beliefs and attitudes. This method was adopted because it afforded the researcher the opportunity to empirically determine the relationship between retirement planning and management of post-retirement adjustment of potential retirees in Nigeria, especially South–East geopolitical zone. The data for this study were collected from primary and secondary sources of data. The study area was South East geopolitical zone of Nigeria. The south east Nigeria is made up of Abia, Anambra, Ebonyi, Enugu and Imo states. Specifically, the study focused on five federal universities selected from the five states in the eastern part Nigeria – The Michael Okpara University of Agriculture, Umudike (MOUAU), Abia State; Nnamdi Azikiwe University (NAU), Awka, Anambra State; Alex Ekwueme Federal University Ndufu-Alike (ALE-FUNAI), Ebonyi State; University of Nigeria Nsukka, Enugu State; and Federal University of Technology Owerri (FUTO), Imo State.

Table 1. Total population of teaching staff of the institutions randomly selected for the study

Institutions	Population
Michael Okpara University of Agriculture, Umudike	3800
Nnamdi Azikiwe University (NAU), Awka	2683
Alex Ekwueme Federal University Ndufu-Alike	755
University of Nigeria Nsukka (UNN)	3283
Federal University of Technology, Owerri (FUTO)	2800
TOTAL	13,326

Source: Information from Personnel Service Unit, Academic Planning, Records and Statistics Departments of the Institutions under Survey, 2021

The study's population of 13,326 was considered too large; hence the statistical tool ofKrejcie and Morgan (1970) formula was used to obtain the sample size. Using their formular, the sample size for the study is 373. To determine the sample size for each component of the population, Bowley's proportion allocation formula was applied. Therefore, the sample allocation to each unit was determined as follows:

1. MOUAU $= \frac{3800 \times 373}{13,326} = 106$
2. NAU $= \frac{2683 \times 373}{13,326} = 75$
3. ALE-FUNAI $= \frac{755 \times 373}{13,326} = 22$
4. UNN $= \frac{3283 \times 373}{13,326} = 92$
5. FUTO $= \frac{2800 \times 373}{13,326} = 78$

The instrument was subjected to content and construct validity, whereby the principal component analysis/factor analysis were carried out. To ensure that the instrument guides were valid and relevant to the issue being investigated, the questionnaire together with the objectives of the study and hypotheses were sent to three research experts. To determine the reliability of the questionnaire, the Spearman Rank Order Correlation Coefficient was used to assess the strength of the relationship between the two sets of results. After the computation, the reliability of 0.96 was obtained.

4. ANALYSIS OF DATA

Research Question One: What is the effect of retirement planning on the management of post-retirement adjustment challenges of potential retirees in South – East Nigeria?

The results of data analysis relating to the above research question are presented on table 2 below.

Table 2. Mean score and decision on the extent of planning for retirement and preparedness of potential retirees in Southeast Nigeria

VARIABLES		OPTIONS							
S/N	Variables (Items)	SA	A	SD	D	U	∑fx	X	Decision
1	Adequate financial plans enhance preparedness of potential employees for retirement	112	176	17	21	27	1384	3.88	Agreed
2	Personal investment plan ensures happy retirement	64	53	120	105	14	1116	3.13	Agreed
3	The knowledge of financial projection and forecasting will help in sensing viable businesses for a happy retirement.	55	53	120	106	22	10811	3.03	Agreed
4	Having other sources of income to take care of my financial need whenever my pension is not paid will guarantee happy retirement.	120	156	15	15	50	1349	3.78	Agreed
5	Total dependency of potential retirees on present salarydoes not ensure preparedness of potential retirees	110	133	35	38	40	1303	3.66	Agreed
6	Relying on retirement benefits alone guarantees a happy retirement.	45	50	115	110	36	1026	2.88	Disagreed
7	Lack of knowledge of financial projection and forecasting will not promote a happy retirement.	55	53	120	116	12	1091	3.06	Agreed
8	Lack of alternative sources of livelihood make me nervous about retirement.	110	140	30	35	41	1307	3.67	Agreed
	Grand Total of Mean Score (X)								3.39

Source: Field Data, 2021

Data from table 1 shows that seven out of the eight listed items showed a mean score of 3.0 and above. Hence the respondents agreed that adequate financial plans enhance preparedness of potential employees for retirement (3.88); personal investment plan ensures happy retirement (3.13); the knowledge of financial projection and forecasting will help in sensing viable businesses for a happy retirement (3.03); having other sources of income to take care of my financial need whenever my pension is not paid will guarantee happy retirement (3.78); Lack of knowledge of financial projection and forecasting will not promote a happy retirement (3.06); and that lack of alternative sources livelihood make me nervous about retirement (3.67); and that total dependency of potential retirees on present salary ensures preparedness of potential retirees (3.66). However, the respondents disagreed that the respondents also disagreed that relying on retirement benefits alone guarantees a happy retirement.

Test of Hypothesis One

Ho: Retirement planning has no significant effect on the management of post-retirement adjustment challenges of potential retirees in South–East Nigeria

H1: Retirement planning has significant effect on the management of post-retirement adjustment challenges of potential retirees in South–East Nigeria**.** The hypothesis one was tested using responses in table 2.

Table 3: Pearson Correlation for Hypothesis One Correlations

		Retirement Planning	Post-retirement adjustment
Retirement Planning	Pearson Correlation	1	.957
	Sig. (2-tailed)		.045
	N	356	356
Post-retirement adjustment	Pearson Correlation	.957	1
	Sig. (2-tailed)	.045	
	N	356	356

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Field Data, 2021

The results as tabulated in table 2 indicates that Retirement planning has positive and significant effect on the management of post-retirement adjustment challenges of potential retirees in Nigeria given that the P-value .045 less than 0.5 (.045< 0.05). The null hypothesis is there rejected, while the alternate hypothesis (H1) which stated that retirement planning has significant effect on the management of post-retirement adjustment challenges of potential retirees in Nigeria is accepted.

5. DISCUSSION OF THE RESULT

From the result of the test of hypothesis one, it was revealed that there is a very strong positive relationship between retirement planning and management of post-retirement adjustment challenges of potential retirees in South East Nigeria, by the correlation coefficient of 0.957 and it is significant because the p-value (0.045) is less than the significant level (0.05) at 2-tailed test. Therefore, the null hypothesis was rejected and the researcher accepted the alternate hypothesis which states that, retirement planning has significant effect on the management of post-retirement adjustment challenges of potential retirees in Nigeria.From the analysis of the data, the results revealed that adequate financial plans, personal investment plan, knowledge of financial projection and forecasting, having other sources of income enhance potential retires preparedness for retirement. With mean score of 3.6, the study revealed that lack of alternative sources of livelihood makes the potential retirees in the study area nervous about retirement. But the question is: what is the problem that could warrant such feeling of nervousness? This feeling is largely unconnected with the large quantum of corruption going in public bureaucracies. Those managing retirement are corrupt and even the retirees or potential retirees have cockroaches in their cupboard. Therefore, it was rightly established that corruption is one of the problems that has hindered the proper implementation of retirement policy in Nigeria (Ukah, 2011). However, the problem with retirement planning like every other decision making with respect to Nigeria is that today the ability to make good decision is decaying (Chioke, 2012) coupled with the fact that the problem overtime has been poor implementation of well-crafted policies and programs (NEPAD, 2008). Therefore, consistent bad decision making does not help anyone or an organization to attain the zenith (Chioke, 2012).

5.1 Conclusion

The findings of the study showed that retirement planning has significant and positive effect on the management of post-retirement adjustment challenges of potential retirees in Nigeria. Adequate financial plans; Personal investment plan; knowledge of financial projection and forecasting; and having other sources of income were considered as the necessary plans that enhance retirement planning for management of post-retirement adjustment challenges of potential retirees in South-East Nigeria. Retirement planning is an essential part of individual life. It is a stage that every worker must surely reach whether he prepares for it or not. Some of the basic challenges faced by the potential retirees as discovered in the study include the problems associated with planning and management of change and adjustment challenges that come with the retirement. In conclusion, those who still have many years in service can still prepare for a happy retirement by adopting the strategies which bothers on adequate planning. Based on the finding and conclusion, the study recommended that potential retirees should be encouraged to invest in assets and financial instruments so that at retirement they can earn additional income from these assets and financial instruments to supplement their pension income at retirement.

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