

Exploring the Success Factors for Post-Retirement Entrepreneurship

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Abstract Worried by the seemingly unending plight of retirees after years of active service to their father land, the Federal Government of Nigeria began tinkering on elderly entrepreneurship as a sure way out. Certain critical factors, worth empirical investigation are important to successfully transit from a retiree to entrepreneur state. Adopting the survey design, this study ascertained the major precursors of successful transition from paid employment to self-employment in Nigeria. Relevant primary data were obtained through the use of structured questionnaire. This was administered on one thousand three hundred and twenty-two (1,322) civil service retirees during their annual pension claim verification exercise. Descriptive statistics (mean and standard deviation) and multiple regression were used to delineate the precursory factors and analyse their relationship with retiree entrepreneurial success. We found statistical evidence that post-retirement entrepreneurship success is significantly influenced by seven out of the twelve success factors evaluated. These included gratuity payment, positive peer attitude, and family size. The study has policy implication.

Keywords: Retirement, entrepreneurship, gratuity, retiree self-efficacy, counselin

INTRODUCTION

Retirement, the act of leaving paid employment at prescribed age or period has become an important decision variable for humanity. Inconsequential as the process may seem, retirement is known to have exerted great impact on social policy areas such as urbanization, healthcare, employment, rural development and sustainability [1]. At approved age, it is statutory to have those on organized paid employment leave work no matter how experienced, talented and physically agile. This has no doubt generated a huge number of retired workers yearly in many nations. However, the rising numbers of retirees each year and the associated socio-economic implications have generated huge interest among scholars and policy makers the world over.

To the employee, the idea of staying without work with the associated privileges as well as having economic responsibilities are issues of great concern. While the employer struggles with the reality of paying their entitlement, the nation is faced with challenges of managing increasing proportion of elderly population [2, 3]. Even with reduction in retirement age as done in Malawi, and the increase in retirement age in France, the situation remains contentious [4]. In Nigeria, evidence abound where retirees slump to death while on long waiting line for retirement entitlements. Cases of ex-military men camping for days in municipal centers for pension-related payments are also common in Nigeria. In Akwa Ibom State of Nigeria, documented

evidence shows that retirees are among the poorest in standard of living and social wellbeing [5].

In the face of these difficulties, scholars [4, 6, 7] have thought of ways of eliminating retirement challenges, attempting to make retirement an experience a worker should look up to. Co-opting retirees into mainstream entrepreneurship programmes has received considerable research interest [6]. This is because of the acknowledged importance of entrepreneurship. For instance, entrepreneurs are known to create employment, wealth, enhance household living standard, alleviate poverty, and increase general economic growth [3, 8, 9]. Thus, preparing retirees to face life after paid employment with renewed hope and sense of dignity can be routed through entrepreneurship development.

As plausible as this proposition appears, the decision processes that may facilitate the retiree propensity towards embracing entrepreneurship may not be clearly understood. In addition, the dearth of empirical evidence underlining the essential factors for successful transition from retiree state to entrepreneurship state particularly in Nigeria is equally of great concern. This study therefore had a twofold objective: First, it examined the processes undertaken to successfully orient public servants with entrepreneurial thinking. Second, the study investigated the critical success factors for co-opting public sector retirees into entrepreneurship programmes in Nigeria. This study will make contributions that government ministries,

relevant agencies and policy makers may find central to evaluate their plans and fine-tune their strategies on elderly entrepreneurship.

The paper is structured into five sections. The first discusses the introduction, section two reviews relevant literature on retirement and entrepreneurial success, section three is the methodology, section four interprets the results while the conclusion, recommendations and implications for further research were captured in section five.

LITERATURE REVIEW

Retirement transition

Transiting from employee/retiree to entrepreneur represents a somewhat complex decision process involving varieties of strategies. Within this period of transition described as partial retirement by [10], several preparatory decision options are opened to the soon-to-be retiree, either to move into part-time positions, work from home, start learning a trade or engage in new endeavors. They may facilitate their chances of entrepreneurial success by taking to coaching, mentoring networks, volunteering, and bridge employment. This “retirement in phases” of [11] refers to the process in which workers slowly digress from working full time to part-time and subsequently to final retirement. Hiscott [2] notes that such a reduced employment apart from being preparatory in purpose, can make for smoother transition for both the retiree and the employer, giving the employer time to find a suitable replacement. Consequently, retiree shifts away from traditional workplace into a personal business venture.

Post retirement success equation

Several cognitive and institutional factors may predict retiree success in entrepreneurship. The literature classify the factors into three dimensions namely: (i) opportunity structure (resources) (ii) social context, and (iii) socio-psychological makeup [11, 12-14]. For Solinge [11] opportunity structure is individual’s access to resources which influence the retirement experience. In other words, retirees with resources- say finance, pre-retirement training, and infrastructural support upon retirement may be more likely to succeed in their new-found position as entrepreneurs [15].

Resources can shape what people do (physically) and what they achieve (financially) in retirement [14]. Kim and Moen [13] for example, found that workers with high post-retirement incomes such as pension plan and gratuity were engaged in enterprise management or self-employment. Financial incentives, particularly retirement income and accumulated wealth, are known to influence retirement choices [16]. Expectation of increased income opportunities from a

business venture is also known to have profound effect on post-retirement entrepreneurial expectations [17].

The social context of post-retirement entrepreneurship emphasizes the contextual attributes of the retirement decision-making process. The literature indicates that success in entrepreneurship after retirement evolve from a variety of contextual influences both at the household, workplace, and labour market levels [10, 18]. Peer attitude and availability of relevant advice, good health, mentoring opportunities, educational attainment, family member support, and household entrepreneurship culture are considered necessary social predictors of retiree entrepreneurial success [12]. Good health status was identified as a necessity for commitment to the demands of entrepreneurship at old age [19]. Furthermore, educational attainment was noted as a necessary preparation for would-be entrepreneur’s mental capacity to handle changes and innovation in enterprise development.

Psychological resources –the individual’s attitude, personality, and dispositions are thought to influence life decisions such as retirement and entrepreneurship [2, 20]. Psychological resources also are situational characteristics that are often common to all entrepreneurs. These are known to influence the individual’s responses to the change that accompany retirement. Other psychosocial factors such as self-efficacy have been found to influence entrepreneurial behavior, success and intention [20, 21]. Self-efficacy is a person’s cognitive estimate of his/her capabilities to mobilize the motivation, cognitive resources, and courses of action needed to exercise control over events in his/her life.

Shultz, Morton & Weckerle [12] presented a model of the bridge between employment and retirement decision-making process that includes such factors as individual attributes (demographic status, job-related skills, attitudes toward work, attitudes toward retirement, current health, and financial circumstances), organizational factors (attitudes toward older workers, flexible job options, and financial rewards), and contextual factors (current economic conditions, future economic trends, government policies and program). In Shultz *et al* [12] model, contextual factors had a direct influence on individual attributes and organizational factors in addition to bridging employment decision. Wang and Shultz [22] expanded this to include family factors in a model of retirement decision- making.

DESIGN AND METHODS

The study was carried out amongst civil servants currently approaching the minimum retirement age in Akwa Ibom State Civil Service. Primary data was also obtained from retired employees of the Service

during the annual verification exercise of pension claims. A survey method was used to target aggregate of 2,058 respondents by administering the structured questionnaire. The convenience sampling method was adopted and the questionnaire administration was done with the help of some trained assistants. From the target population, eight hundred and thirty four (834) respondents were actually covered and used for the purpose of the analysis. Relying on Van-Solinge [23], structural support, psychological, and social factors, were analysed as determinants of successful transition from paid employment to self-employment. Structural support was measured by four constructs: access to infrastructure, functioning pension scheme, and pre-retirement counseling. Psychological factors included: retiree self-efficacy, self-motivation, and in-service skills and experience. We measured social factor variables with constructs of family member support, peer attitude, and perceived health status. In addition, retiree demographic factors (education, family size, and spouse economy) to capture the impact of the peculiar situation common to most less developed nations like Nigeria. Descriptive statistics (mean and standard deviation) and multiple regression analysis were used to delineate the factors and analysed their relationship with retiree entrepreneurial success.

RESULTS AND DISCUSSION

Critical Success Factors for Retiree Entrepreneurship

A gamut of factors was associated with smooth transition from paid employment to retirement entrepreneurship. In order to identify these factors, respondents were asked to state how important some structural, social, psychological and demographic factors were as they transitioned from retirement to entrepreneurship. With regard to structural support on retirement, access to infrastructure (Mean=4.13, SD=0.88), continuous pension (Mean=4.02, Standard Deviation (SD) =1.06), and gratuity payment (Mean=3.29, SD=0.94) were considered very important by retirees as indicated in Table 1. Similarly, self-efficacy (Mean=3.51,SD=0.93), and self-motivation(Mean=3.23, SD=0.87) appeared to be given greater attention as psychological factors for retiree-entrepreneurial success. The significant mean score for self-efficacy appeared close to results in other studies on post-retirement self-employment. For instance, Wang *et al.*, [12] and Krueger *et al.*, [21] found that retiree's confidence in the ability to articulate available resources and energies to exercise control over events was relevant to entrepreneurial success. In terms of social factors, family member support (Mean=4.23, SD=0.89) and perceived health status were important for retiree success in entrepreneurship. In other words, a healthy retiree with the right support from members of the family would probably be successful in post-retirement entrepreneurship ventures. Respondents were also of the opinion that family demographics (Mean=3.57, SD=0.97) could have huge impact on transition from paid employment to self-employment.

Table-1: Critical Success Factors for Retiree Entrepreneurship(N=834)

How important are the following factors on your success as retiree entrepreneur?	Mean	SD
Structural Support		
Access to infrastructure	4.13	0.88
Pension scheme	4.02	1.06
Gratuity pay	3.29	0.94
Pre-retirement counseling	2.53	1.35
Psychological factor		
Retiree self-efficacy	3.51	0.93
Self-motivation	3.23	0.87
In-service skills & experience	2.40	1.43
Social Factors		
Family member support	4.23	0.89
Peer attitude	2.14	1.83
Perceived Health status	3.78	0.92
Demographic Factors		
Education	2.94	1.86
Family size	3.57	0.97
Spouse economic status	2.11	1.08

Note: 5= very important, 1= not at all important, Mean score of > 3.00 taken as decision threshold

Multivariate Analysis- Predictors of Retiree-Entrepreneurial Success

In order to explore the predictors of retiree-entrepreneurial success, we performed multiple regression analysis. The results are summarized in

Table 2. We found a relatively moderate correlation coefficient (R) of 0.587 that signified minimal strength of relationship between the determinants and post retirement success in entrepreneurship. In addition, the adjusted $R^2 = 0.348$ implied that about 34.8% of the variation in post-retirement success in entrepreneurship could be explained by changes in the predictor variables. However, the overall fit of the model was

satisfactory given an F-statistics of 69.879 at 5% critical level. This value was close to 70,123 reported in a related study by Gobeski and Beehr [24]. The Durbin Watson statistic which measured the presence of serial correlation in the variables showed 1.630, indicating that a relatively small autocorrelation existed among the variables in the model; this was so given the acceptable DW value of 2.0.

Table-2: Multiple Regression

Determinants	Beta Estimate	Std. Error	T	Sig
Constant (α)	30.384	1.455	20.881	.000
Structural Support				
Access to infrastructure	.048	.265	.731	.466
Pension scheme	.151*	.234	2.456	.015
Gratuity pay	.295**	.233	4.440	.000
Pre-retirement counseling	.033	.266	.500	.617
Psychological Resources				
Retiree self-efficacy	.144*	.226	2.305	.002
Self-motivation	.036	.248	.570	.569
In-service skill & experience	-.094	.255	-1.343	.180
Social Factors				
Family member support	.363**	.254	2.323	.001
Peer attitude	.414**	.298	2.205	.001
Perceived Health status	.235*	.293	2.364	.010
Demographic Factors				
Education	-.102	.221	-1.446	.149
Family size	-.242*	.293	-2.388	.018
Spouse economic status	.016	.148	1.570	.538
R	.587			
R^2	.345			
Adjusted. R^2	.348			
Standard Error	3.73251			
D-Watson	1.630			
F Value	69.8798			

Note: Dependent Variable (Retiree-Entrepreneurial Success). Regression coefficient is significant at * $p < 0.05$, ** $p < 0.01$.

We equally found evidence in the results that post-retirement entrepreneurship success was significantly influenced by seven factors. In terms of structural support, Gratuity payment ($B = 0.295$, $p < .01$) and continuous pension plan ($B = 0.151$, $p < .01$) were significant predictors of post-retirement entrepreneurship success. This means that as amount of gratuity and pension increased, there was the likelihood of success in enterprise venturing. With regards to the social context of retirement, we assumed that a retiree with positive support from family members, encouraging peer attitude, and better health status would be more likely to succeed as entrepreneur. The results of the analysis confirmed our expectation. It revealed a strong association between family member support ($B = 0.363$, $p < .05$), peer attitude ($B = 0.414$, $p < .01$), perceived good health ($B = 0.235$, $p < .01$), and post-retirement entrepreneurial success. We also believe that psychological resources would greatly influence

post-retiree entrepreneurial success. As results revealed, amongst the three psychological resources, only self-efficacy ($B = 0.144$, $p < .01$) was found to relate significantly with retiree entrepreneurial success. Contrary to our expectation, self-motivation and in-service training and skills were not considered significant critical success factors for post-retirement entrepreneurship. This could be explained that only retirees that ventured into related business endeavor probably found prior skills, training and experience relevant to the new enterprise environment.

Further, we expected that demographic factors-educational attainment, family size, and spouse economy would significantly influence post retirement entrepreneurship. As indicated, results revealed that family size, was the only significant predictor of success in post-retirement entrepreneurship. This may suggest that those who retire with small (i.e < 4 family

members), or medium (> 4 but <6 family members) family size are more likely to be successful in post-retirement entrepreneurship endeavor. This is because large family size could be huge economic burden and some sort of distraction to retirees trying to make judicious use of available resources such as gratuity and pension amount paid during retirement. We are confident that the relative significance of these findings, if given closer attention by relevant authorities, would lead to healthy retirement and successful post-retirement entrepreneurship in Nigeria.

CONCLUSION

Understanding the factors that aid retiree success in entrepreneurship can help policy makers and employers evaluate and reform the retirement process in the Nigeria Civil Service. This will help in addressing the challenges of retirement in Nigerian public sector. The purpose of the study was to determine what factors contribute to the post-retirement entrepreneurship success among retirees in the Akwa Ibom State, Nigeria. The findings suggest that post-retirement entrepreneurship can succeed given series of structural support, social factors, psychological resources, and size of the family at retirement. Therefore, training programs providing prospective and newly retired civil servants with the skills and knowledge need to validate their ideas and make opportunities happen for older adults to become successful entrepreneurs after retirement. In addition, self-employed retirees should be supported with essential economic and social infrastructural infrastructure. For instance, training, mentoring and other advisory services could be rendered to assist their business overcome the complexity and uncertainty associated with enterprise start-up.

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