

# Retirement Planning and Post Retirement Entrepreneurship in Nigeria: Investigating the Moderating Influence of Emotional Intelligence Development

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**Abstract:** Life after retirement for majority of retirees is not a rosy one owing to ineffective preparation and initiatives by employers to encourage retiring employees to embrace entrepreneurship has only achieved little. This study 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 who willingly participated in the survey in Akwa Ibom State of Nigeria and recorded 53.5% response rate. 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. The study also established a significant indirect effect of emotional intelligence development (0.621,  $p < 0.05$ ) on retirement planning and post retirement entrepreneurship relationship in Nigeria. It was recommended that emotional intelligence development be made an essential aspect of entrepreneurship development component of retirement planning programme; it was also recommended that retirement planning in future should be comprehensive enough to gauge the capabilities and interests of retiring employees before a more expansive training in their area(s) of interest.

**Keywords:** Emotional Intelligence, Entrepreneurship Development, Nigeria, Post retirement Entrepreneurship, Retirement Planning,

## I. INTRODUCTION

Every year, many employees move into retirement worldwide. Retirement can be explained as an event in an individual's life which marks a withdrawal from active service, terminating an accustomed pattern of life and transiting to a new one. It is the stage in which employees have to leave the workforce on a permanent basis so as to prepare for their twilight years (Onoyase, 2013). Retirees have divergent experiences following cessation of their employment; many with a positive mindset about retirement, plan for the transition with great excitement; however, there are others who are very anxious with this phase of life, hence are dreadful of its eventuality. As observed by Udofot(2012),

following retirement of persons in increasing numbers coupled with its consequences, excitement has been generated in the retirement planning process.

Retirement takes different forms. In the context of Nigeria, it can be voluntary, compulsory or mandatory (Okechuku and Ugwu, 2011). Voluntary retirement explains the form whereby the employee makes a decision to discontinue with active service giving his/her own personal reasons; this does not depend on the employee's experience, age, years in service or relevant retirement policies. Compulsory retirement explains when the employee is being compelled to leave his/her employment ill-prepared and against expectation. Mandatory retirement is considered the normal form of retirement; it is the expected form of retirement as statutorily provided for in the condition of service – sixty-five (65) years or thirty – five (35) years for staff of tertiary institutions except professors who retire at seventy (70), their years of service notwithstanding; also judges at the Court of Appeal and Supreme Court retire at 70 while their counterparts at the High Court retire at the age of sixty-five(65). For other public service employees, they retire at the age of sixty (60) or upon attainment of thirty-five (35) years of service whichever comes earlier (FRN, 2014).

Retirees in Nigeria are entitled to a lump sum gratuity and monthly pension allowance which in most cases has not been regular. Whatever the form of retirement that comes the way of an individual, there are usually changes the retiree has to grapple with. It is even worse when the retiree did not make plans for this phase of his/her life. It is not uncommon for such individual's post retirement experience to be largely characterized by financial insufficiency, delayed pension and mismatch between pension and prevailing cost of living, poor feeding, depression, ill-health and the like largely due to their level of well-being post-retirement, thus calling for rethinking retirement planning.

Rethinking retirement planning involves preparing would-be retirees to be able to live comfortably in retirement. Helman, Adams, Copeland and VanDerhei (2013) refer to this as ‘retirement confidence’ which means having the resources that guarantee one to live in retirement comfortably. A major focus of traditional retirement planning had been an emphasis on payment of gratuity, periodic payment of pension allowance and financial literacy with its various investment options. Laudable as this approach has been, experience has shown that it has only minimal effect which may be limited to the early stage of one’s retirement. Sustaining the well-being of retirees should therefore go beyond a total reliance on the pre-retirement savings/ investments of the retiree or his/ her retirement benefits. This accounts for the major reason why government remodels its retirement planning process in recent times to include entrepreneurship development; a scheme designed to refocus retirees’ mindset towards taking to entrepreneurial pursuits in order to live well in retirement. While it is not likely that all retirees would go into entrepreneurship, embracing entrepreneurship and its successful management has been linked with the entrepreneur’s psychological capacity which enables him/her to understand and control himself/herself and others while manipulating relationships in his/her favour in what has been referred to as ‘emotional intelligence’.

Emotional intelligence explains the individual’s ability which empowers him/her to both manage and control his/her emotions and that of others he/she deals with. For Naseer, Chrishti, Rahman and Jumani (2011), emotional intelligence is a fusion of intrapersonal and interpersonal intelligence. Furthermore, emotional intelligence greatly entrances the ability of executives and employees to manage successfully business environmental dynamism, through appropriate empowerment (Rafiq, Naseer and Ali, 2011). In literature, it has been noted that one’s entrepreneurial behavior is influenced by his/her emotional intelligence (Goldenberg, Matheson and Mantler, 2006).

A number of authors have expressed the belief that emotional intelligence and entrepreneurship were in a relationship. In recent times, Ngah and Salleh(2015) noted that some studies suggested that emotional intelligence determined as much as 75% of business success. These authors thus, submitted that success in today’s chaotic business environment requires that an entrepreneur be emotionally intelligent. Strengthening this position, Ahmetoglu, Leutner& Chamorro-Premuzic(2011) argued that the most recurrent attributes of successful entrepreneurs included innovation, change, ability to recognize and exploit opportunities as well as value creation.

While the position of these writers is indicative of a link between emotional intelligence and entrepreneurial pursuits, this is yet to be tested empirically particularly to establish how it would impact on the relationship between retirement planning and post retirement entrepreneurship.

### 1.2 Statement of the Problem

Despite the fact that emotional intelligence influences one’s entrepreneurial behaviour, it is disappointing that this has not been emphasized and considered an integral part of entrepreneurship development programmes. Furthermore, no research interest has been shown to investigate how emotional intelligence would moderate the retirement planning –post retirement entrepreneurship relationship. We were encouraged by this lacuna to carry out this investigation hypothesizing that incorporating emotional intelligence development into pre-retirement entrepreneurship development programmes would significantly boost post-retirement entrepreneurship.

### 1.3 Objectives of the Study

The study was guided by two objectives:

- i. To investigate the extent to which entrepreneurship development component of retirement planning would influence post retirement entrepreneurship in Nigeria.
- ii. To examine the level to which incorporation of emotional intelligence development into entrepreneurship development programme component of retirement planning would boost post retirement entrepreneurship in Nigeria.

### 1.4 Research Questions

The following research questions were posed in this study:

- i. To what extent does entrepreneurship development component of retirement planning influence post retirement entrepreneurship in Nigeria?
- ii. What is the level to which incorporation of emotional intelligence development into entrepreneurship development programme component of retirement planning would boost post retirement entrepreneurship in Nigeria?

### 1.5 Research Hypothesis

The hypotheses formulated in the study are:

H<sub>01</sub>: Entrepreneurial development component of retirement planning programme would significantly influence post retirement entrepreneurship in Nigeria.

H<sub>02</sub>: Incorporation of Emotional Intelligence development into entrepreneurship development programme component of retirement planning would significantly boost post retirement entrepreneurship in Nigeria.

## II. LITERATURE REVIEW

### 2.1 Retirement Planning in Nigeria

Nigeria as at today operates a Contributory Pension Scheme (CPS), seen as a response to the shortcomings of earlier retirement planning scheme (FRN, 2014). Under this arrangement, 15% of employees’ annual salary split at 7.5% contributions from the employee and employer respectively.

These contributions are subsequently used for gratuity and pension allowance once the employee retires. Retiring employees in Nigeria's public service undergo pre-retirement enlightenment, counseling and orientation; and entrepreneurship training programmes targeted at preparing them for post retirement entrepreneurship.

### *2.1.1 Entrepreneurship and Entrepreneurship Development*

As a concept, entrepreneurship lacks a definite definition. It is however, said to have originated from the French word 'entreprenre' which simply put means an undertaking. Entrepreneurship complements labour, capital and land to form the major factors of capitalism (Lipsey, 1985). The key benefits of entrepreneurship can be seen in the areas of job creation, wealth, poverty reduction, new product/service, economic growth, development of new technology among others.

In recent years, the importance of entrepreneurship has been on the increase and this has been well acknowledged by individuals, groups and government. This rising importance in entrepreneurship can be seen in the interest demonstrated by colleges and schools that offer the course. In the case of Nigeria, Entrepreneurial Development has been made a compulsory course for undergraduate students of business. In Nigeria, entrepreneurship is characterized by establishment of various businesses that are involved in product delivery or service offering using the platforms of micro, small, medium and large scale enterprises respectively.

### *2.1.2 Emotional Intelligence Constructs and Entrepreneurial Pursuits*

Ngah and Salleh (2015) hint a voyage into entrepreneurship was associated with the entrepreneur's creative ability, passion, energy and ability to generate business opportunity. Entrepreneurial behaviour is said to be largely determined by the entrepreneur's emotional intelligence (Zampetakis, Kafetsios, Bouranta, Dewett and Moustakis, 2009). These authors further posit that when the entrepreneur possesses a high level of self awareness, a high level of tolerance against business-related stress was likely. Business is risky and involves a decision between two alternatives - the likelihood of being successful, hence enjoying rewards and being unsuccessful hence recording losses. This emphasizes the need to develop in the individual the skills to both interpret potentially risky situations and avoid taking to excessive risks.

Emotional intelligence has been modeled along five constructs by Golden (1995). These constructs are self awareness, self regulation, motivation, empathy and social skills. The self awareness construct deals with recognizing and understanding one's emotions. It is considered an essential aspect of EI and includes awareness of the kind of impact one's action has on others. Developing this ability in business situations requires people to monitor their own emotions, be able to acknowledge that emotional reactions can be divergent while at the same time properly identifying every motion which enables than to deal with it appropriately. Self regulation construct of EI goes beyond having awareness of an individual's emotions and influence it exerts on others. It emphasizes the need for people to be patient with time, where they are and then seek for the most auspicious atmosphere to have their emotions expressed. In business, developing this skill requires coaching people to be discipline, conscious of where they are and the happenings around before expressing their emotions through reactions. The motivation construct of EI stresses that individuals should be motivated within which then leads into fulfilling their inner needs as well as goals. Individuals that are motivated within are given to setting goals to attain, are being driven by these goals and are always working at improvement of performance recorded by them. Business ownership and management requires motivation within particularly when things appear not to be moving well. To run a business well, the individual should be trained to set realistic goals, how to go after such goals, how to work on performance improvement and how to be resilient in difficult business scenarios while hoping for better days.

Empathy construct of EI deals with being able to understand the feeling of other individuals; it is another key aspect of EI. Being empathetic guides the individual into responding to others and their own issues. A development of this skill would empower business owners to understand how their clients are likely to feel given certain situations and how to manage them to advantage.

The social skills construct of EI is concerned with one's prowess in interacting with other individuals. It is yet another essential dimension of EI which facilitates building relationships and creating good rapport. The successful management of business requires developing the skill to work well with supervisors, subordinates, clients, associates and the like.

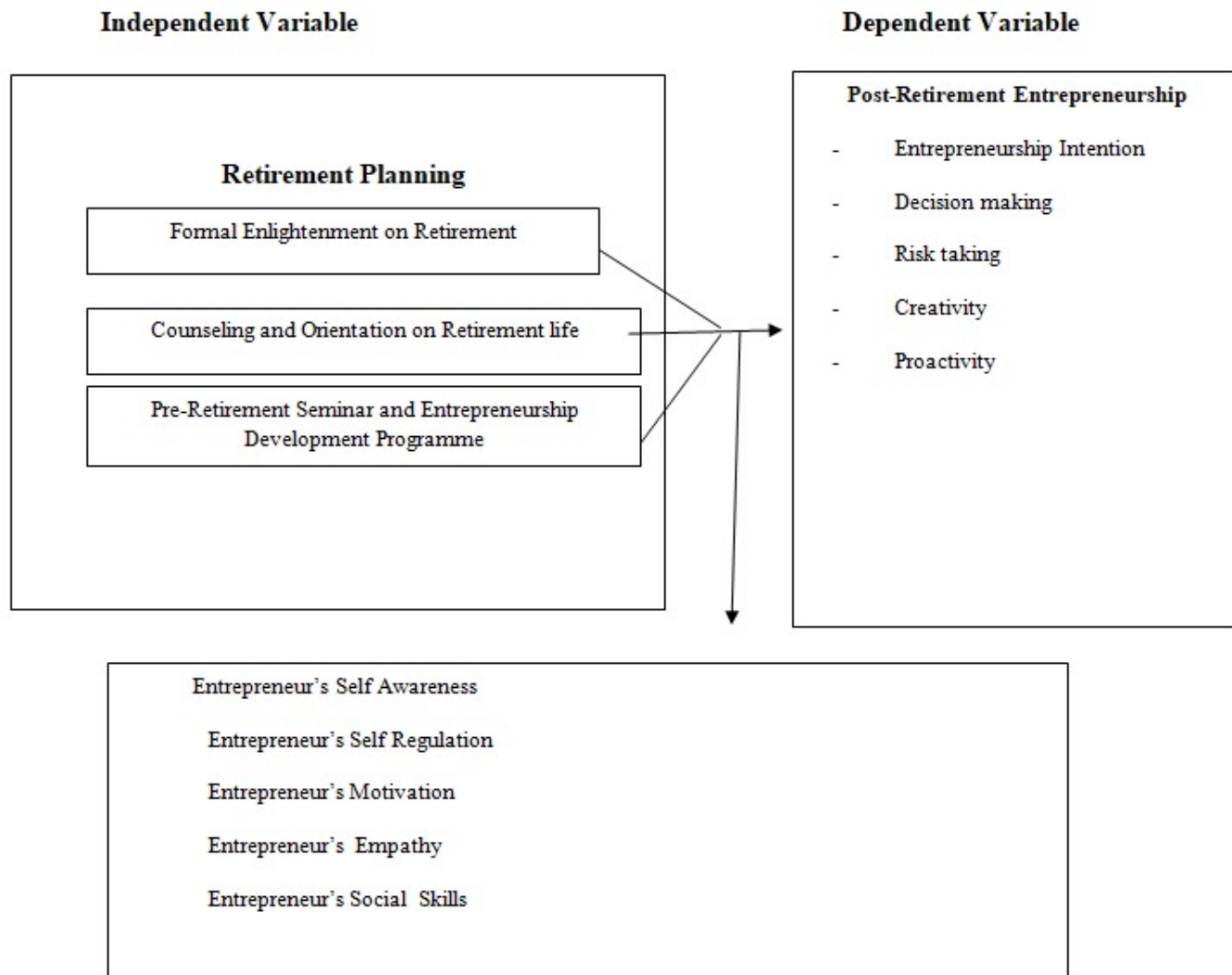


Figure 1: Conceptual Framework

Source: Authors, 2020

## 2.2 Theoretical Framework

This study is anchored on two theories; Structured Dependence Theory and Human Capital Entrepreneurship Theory. Structured Dependence Theory was developed by Peter Townsend in the 1980s. Its focus is on how financial resources condition older persons' experiences.

According to Townsend (1981), the experience older individuals in the society have may be helpful in giving insight into how their dependency is artificially structured. The theory holds that the society seems to have caused the rather negative experiences many elderly individuals have since it is the society that compels such individuals to always depend on benefits and pensions paid by the state. It argues that by providing pensions, residential care and other benefits, the society and state by their actions discourage older

individuals from employing their entrepreneurial skills as well as survival skills on income generating ventures.

Human Capital Entrepreneurship Theory was developed by Becker (1975). The theory is premised on education and experience. According to this theory, knowledge gotten through one's education and the experience earned over the years constitute a resource in individuals. In the opinion of Anderson and Miller (2003), human factors positively impact on the emergence of nascent entrepreneurs. The implication of this is that this theory acknowledges the need for training in entrepreneurship development. Therefore as reasoned by Anderson and Miller (2003), the design of entrepreneurship programme contributes greatly in developing in entrepreneurs the skills that account for the success of entrepreneurial pursuits.

2.3 Review of Empirical Studies

While there are no readily available studies involving retirement planning and post retirement entrepreneurship, moderated by emotional intelligence, there are however, a few studies on emotional intelligence and entrepreneurial issues. Neghabi and Bahaduri (2012) in their study of emotional intelligence and entrepreneurship revealed the two variables were positively related. Kundu (2015) who examined emotional intelligence and its impact on risk taking and wealth creation behaviour concerning women found that these variables were correlated. Also Kamalian and Fazel (2011) whose study was on emotional intelligence and entrepreneurship produced a significant relationship between the variables. Again, in the study of Kaur (2017), emotional intelligence of secondary school students and their risk taking behaviour were correlated.

III. METHODOLOGY

The survey research design was considered appropriate for use in this study. The technique of selecting respondents to partake in the survey was convenience sampling with questionnaire as the primary instrument. Two data collection outlets were used. These were Office of the Accountant General of Akwa Ibom State and Uyo Office of National Union of Pensioners where retirees go for routine follow up on their retirement entitlements and pensioners' matters respectively. The study which lasted for 13 weeks, sampled 118 retirees who were willing to be part of the survey. Only 74 of the administered instrument were returned while 63(53.4%) were valid for use in analysis. The analysis of data was done with multiple regression analysis at 5% level of significance.

IV. DATA ANALYSIS AND DISCUSSION OF FINDINGS

Table 2: Multiple Regression Results between Retirement Planning and Post Retirement Entrepreneurship

Model	Unstandardized coefficients Beta	Std Error	Standardized Coefficient Beta	T	Sig.
Constant	.636	.425		2.166	.139
Formal Enlightenment	.047	.021	.053	2.238	.000
Counseling and Orientation	.226	.096	.316	2.354	.000
Pre-Retirement Seminar	.283	.077	.403	3.675	.002

- a. Predictors (constant) Formal Enlightenment, Counseling and orientation, Pre-Retirement Seminar
- b. Dependent variable Post Retirement Entrepreneurship

Table 2 presents multiple regression result between retirement planning and post retirement entrepreneurship. In the analysis, all elements of retirement planning were significantly related

with post retirement entrepreneurship. Respectively, the analysis indicated formal enlightenment (Beta = .053, t = 2.238, p<0.05); counseling and orientation (Beta=.316, t = 2.354, p<0.05) and pre-retirement seminar (Beta = .403, t= 3.675<0.05).

Table 3: Multiple Regression Results between Emotional Intelligence and Post Retirement Entrepreneurship

Model	Coefficient Unstandardized Coefficient Beta	Std Error	Standardized Coefficient Beta	t	Sig.
Constant	4.063	.611		7.204	.000
Entrepreneur's self awareness	3.013	1.192	2.627	2.527	.000
Entrepreneur's self regulation	1.721	0.697	2.045	2.469	.000
Entrepreneur's motivation	3.002	1.133	4.261	2.650	.001
Entrepreneur's empathy	1.046	0.477	1.124	2.193	.000
Entrepreneur's social skills	2.738	0.973	3.063	2.814	.000

- a. Predictors (constant) Entrepreneur's self awareness, entrepreneur's self regulation, Entrepreneur's motivation. Entrepreneur's empathy, Entrepreneur's social skills

Table 3 is the multiple regression result between emotional intelligence and post retirement entrepreneurship. The table shows entrepreneur's self awareness (Beta =.627, t =2.527 p<0.05); entrepreneur's self regulation (Beta = .045, t=2.469, p<0.05); entrepreneur's motivation (Beta = .261, t=2.650 p<0.05); entrepreneur's empathy (Beta = .124, t=2.193, p<0.05) and entrepreneur's social skills (Beta = .063, t=2.814, p<0.05). These results indicated that a significant relationship existed between emotional intelligence and post-retirement entrepreneurship hence supports hypothesis 2 of the study. Following bootstrapping technique as suggested by Preacher and Hayer (2004), a significant indirect effect of the mediator, emotional intelligence (0.621, p<0.05) on the retirement planning - post retirement entrepreneurship relationship was established.

The analysis carried out in this study suggests that emotional intelligence can significantly influence the relationship between retirement planning and post - retirement entrepreneurship in Nigeria. While the researchers have not come in contact with similar studies elsewhere, related studies and opinions of experts in entrepreneurship are in support of the study's findings. Studies by Neghabi and Bahaduri (2012); and Kamalian and Fazel (2011) established relationships between emotional intelligence and entrepreneurship. Similarly, Kundu (2015) found that emotional intelligence and risk taking and wealth creation behaviour among women were in a relationship. Furthermore, an earlier study conducted by Kaur (2017) on students' risk taking behaviour reported existence of relationship. Also, Ngah and Salleh (2015) noted that going into entrepreneurship was linked with the entrepreneur's attributes traceable to emotional intelligence.

In the same vein, Zampetakiset *al* (2009) held that entrepreneurial behaviour was largely being influenced by the entrepreneur's emotional intelligence.

#### V. CONCLUSION AND RECOMMENDATIONS

Only few retirees can be said to be doing well post retirement. This is because majority of those in paid employment fail to prepare adequately for their retirement through savings, appropriate investment and entrepreneurship. Initiatives by employers especially government to assist retiring employees through enlightenment, counseling and orientation and seminar toward embracing entrepreneurship upon their eventual retirement only yield minimal impact as majority of retirees have not leveraged on their employer's retirement preparations and financial enablement particularly gratuity at the early stage of their retirement to begin a business.

An important discovery of this study is that developing emotional intelligence of retiring employees through incorporating emotional intelligence development as integral part of retirement planning initiatives would boost post retirement entrepreneurship in Nigeria. We acknowledge the most important limitation of this study to be its focus on one state of Nigeria. Further studies should widen the scope to include other states to improve generalization.

In view of the findings of this study, we are encouraged to make the following recommendations:

- i. Emotional intelligence development should be made an essential aspect of entrepreneurship development component of retirement planning programme
- ii. Retirement planning in future should be comprehensive enough to gauge the capabilities and interests of retiring employees before a more expansive training in their area(s) of interest.

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