

# **TOWARDS SUCCESSFUL RETIREMENT ADJUSTMENT: NEXUS BETWEEN CONFIDENCE LEVEL, INTERNAL, AND EXTERNAL CONTINGENCY OF THE GHANAIAN WORKER (THE CASE OF SENIOR STAFF OF THE UNIVERSITY OF EDUCATION, WINNEBA, GHANA)**

**Rev Kwesi Nkum Wilson**

*Department of Psychology and Education,  
University of Education, Winneba, Ghana  
P. O. Box 25 Winneba  
Ghana, West Africa*

## **ABSTRACT**

*Retirement as a stage in life has been seen differently by different people based on their perception, preparation and personal experience. Whiles some people face retirement with bated breath and joy others face it with fear, trepidation and uncertainty. This study investigated relationship between confidence level, internal, and external contingency of the Ghanaian worker in relation to planning towards their retirement. Using the quantitative paradigm of research with the descriptive survey as the research design, the study employed the random sampling approach in selecting the respondents. The study made use of a self-report questionnaire (Retirement Adjustment Questionnaire [RAQ]), with reliability co-efficient of 0.872. Inferential statistical tools were used to analyse test the hypothesis for the study. Findings from the study revealed that one main consideration or adjustment process for retirement was the financial implications on the retiree. The study thus recommends among other things pre-retirement workshops/seminars on socio-economic, political and institutional factors that could influence retirement adjustment processes, and on potential investment opportunities as contingency plans to ease the transition from active working life to retirement.*

*Key Words: Retirement Adjustment, Confidence Level, Internal and External Contingency*

## **INTRODUCTION**

The process of retirement according to Atchley (1977), involves the transition people experience when they move from a job role- a role performed for pay – to the role of retired person. An operational definition seeks to define an abstract concept such as retirement in terms of simple, observable procedures. At various times, “retired person” has been operationally defined as: Any person who performs no gainful employment during a given year. Any person who is receiving a retirement pension benefit and finally, any person not employed full-time, year-round.

Ghana as a nation has also laws on retirement, the 1992 constitution of the Republic of Ghana states in article 199(1) that “A public officer shall except as otherwise provided in this constitution, retire from the public service on attaining the age of sixty (60) years.” (2) A public

officer may, except as otherwise provided in this constitution retire from the public service at any time after attaining the age of forty-five years” (Pg.131).

Retirement from full-time paid employment is a defining moment that marks the beginning of a life transition. This requires adjustments in identity, thinking, feeling, and action. While the act of retiring is an event, adjustment to retirement is a process that many retirees are unable to adjust to the situation. Adjustment poses a significant problem in that it requires change, and change either for better or for worse can be stressful. The problem is that many potential retirees in Africa are unprepared before going on retirement hence they find the adjustment process very difficult (Ross & Wills, 2009).

Egyir-Crofet (2003), in a study recommended that retirement education must be enforced at the work place. It should be made integral part of welfare issues discussed at departmental meetings. Public awareness of retirement education must be increased, especially through the mass media. Mensah (1998), also noted that the fear of retirement is said to be most characteristic of teachers.

The purpose of the study was to investigate confidence level and contingency plans, in assuring successful retirement adjustment for the Ghanaian worker. Internal contingency plan is where potential retiree accepts personal responsibility in preparing towards the transition into retirement. Conversely external contingency plan is a situation where the retiree wants external assistance to live a meaningful life in retirement. This is based on Bandura's (1997) Self-reinforcement and self-efficacy theory. Bandura (1997) postulates that the self is not a mere psychic agent that determines or causes behaviour. Instead, the self is a cognitive process and structures concerned with thought and perception. These two constructs are very crucial to a person's success or otherwise in life.

## METHODOLOGY

This particular study used a descriptive survey research design aimed at investigating which contingency plan is most potent, in assuring successful retirement adjustment for the Ghanaian worker. According to Gay (1992), a descriptive survey is an attempt to collect data from members of a population in order to determine the current status of that population with respect to one or more variables.

The target population of this research was all senior staff of Public Universities in Ghana. The accessible population, however, was all senior staff of Public universities in Ghana who have (less than) 60 months for them to attain compulsory retirement age of 60. The researcher used random sampling method in selecting participants for the study. Fifty-Three Senior staff of the University of Education, Winneba, Ghana

This study made use a self-report questionnaire (Retirement Adjustment Questionnaire [RAQ]). The questionnaire (RAQ) consisted of 39 close-ended items. The RAQ is a factor analytically derived instrument that can be used to predict retirement adjustment. The RAQ is a questionnaire which has factors that influence retirement constructed by the researcher, with a reliability co-efficient of 0.872.

Inferential statistical tool was used in analysing data collected. Multiple Regression was used to test hypothesis the that was formulated for the study.

## RESULTS

**Hypothesis:** *Internal contingency plans will contribute significantly more to the variance explained in retirement adjustment than confidence and external contingency*

In testing this hypothesis, the study made use of multiple regression by regressing internal contingency, confidence and external contingency on retirement adjustment. From the p-value of the F statistics in Table 1, it was realised that the overall model was significant at 5% significance level since the p-value was less than 0.05. Similarly, the confidence of potential retirees was found to be significant at 5% and internal contingency plans towards retirement was also found to be significant at 10%. However, external contingency plan toward retirement was not significant in the model ( $p > 0.01$ ).

**Table 1: Results of multiple regression for hypothesis**

Adjustment strategy	Estimate	Std. Error	T	P-value	[95% Conf. Interval]
Internal contingency	-0.367	0.194	-1.89	0.061	-0.751 0.018
Confidence	0.772	0.219	3.52	0.001	0.338 1.207
External contingency	0.232	0.291	0.80	0.425	-0.343 0.808
Constant	34.039	4.114	8.27	0	25.885 42.193

Source: Field Data,

R-Squared = 0.113

Adjusted R-Squared = 0.088

P-value = 0.0049

F(3,107) = 4.54

**Number of observations = 53**

From Table 1, there wasn't any significant relationship among internal contingency plans towards retirement, confidence of potential retirees and retirement adjustment plan. Each of these two independent variables has different contributions to the dependent variable, that is, retirement adjustment plan. The contribution of confidence of potential retirees to staff retirement adjustment plan in absolute terms was more than the contribution of internal contingency plans. However, internal contingency plans contribute negatively to retirement adjustment plan of public university staff.

From the regression results presented in Table 1, if confidence of potential retirees, internal contingency plan and external contingency plans were set to zero, one would score 34 points. If confidence was changed by one unit, retirement adjustment strategy would change in the same direction by 0.772. On the other hand, if internal contingency plan was increased by 1 unit, retirement adjustment strategy would reduce by 0.367. Thus, internal contingency plans were negatively related to retirement adjustment strategy. The null hypothesis that internal

contingency, confidence and external contingency individually do not affect retirement adjustment strategy is rejected at 5% level of significance. Thus, there are significant variations in the contributions of these independent variables to the retirement adjustment strategy of public university staff. Hence, it can be concluded that one's confidence has significant contributions on one's adjustment strategy.

## DISCUSSION

Most of the respondents were found to be confident going on retirement. This highlights their preparedness towards retirement. Respondents are confident that they are going to enjoy their retirement. The confidence of retirees also highlighted the fact that respondents had prepared for essentials. This is the basis of a planned retirement strategy and includes making provision for necessities such as food, housing, medical expenses etc. Because economic conditions may always be a little uncertain, potential retiree's goal must be to fund essential expenses with sources of guaranteed or stable income.

Again, the study found that the potential retirees were happy that soon they would be retiring. The potential retirees were not worried about going on retirement. They did not fear about the future as a result of the cessation of active working life. The findings was contrary to the assertion of Adeoye & Legbara (1997) who indicated that change is inevitable but most potential retirees tend to resist change.

An important prerequisite of the retirement decision therefore is the accurate prediction of the person's future emotions. Recognizing the role effective forecasting can play in the retirement decision is very important for understanding why people want to retire. Potential retirees mentally simulate what retirement would be like before deciding to retire or not and their state of evaluation affects their happiness (Gilbert & Wilson, 2007).

Confidence of potential retirees was significant in easing the transition of potential retirees from their working life to retirement. Potential retirees who estimate what they need for retirement save more and are very much confident about their ability to afford a comfortable retirement. Their confidence booster is that the potential retirees had planned for retirement and that had a positive impact on their confidence.

Post retirement job was the most important external contingency plan that most of the potential retirees had. They were looking at the option of seeking for a related job as that of their working life upon retirement. Others also wouldn't mind should they get a different job to do elsewhere. This affirms Ode (2004) point that many potential retirees in developing countries still would want to be active in the labour market upon retirement. The author added that this is the case because economic downturns make it practically impossible for retirees to depend solely on their pension.

Internal contingency plan towards retirement was found to be significant. If the potential retiree has an internal contingency plan, then the less it becomes easy for the person to adjust to

retirement life. Financial readiness was found to play a big role in terms of internal contingency. This is because in all this the potential retirees did not down play the importance of investment. They were confident that their investments are going to make them enjoy a comfortable life upon retirement. Once internal contingency considerations have been addressed, lifestyle planning from retirement becomes easy.

## CONCLUSION

A number of conclusions can be adduced from the findings of the study. Firstly the study established that senior staffs of the university were prepared for retirement. They were eagerly waiting to go on retirement especially those that had few years left to go on retirement. Their main preparation had to with financial preparation. The senior staffs had inculcated the habit of investing in income generating ventures that they can live a decent retirement life. In this way, the future of the senior staff looks brighter as they are aware of the need to invest so as to enhance the quality of their retirement life. This is the case because investment is generally recognized as the approach to enjoy better life.

## RECOMMENDATIONS

Although most of the potential retirees were prepared for retirement, sensitization started late in their working life. Therefore, it is recommended that sensitization on adjustment towards retirement must be done very early in the employees working life in order to allow them enough time to prepare to adjust adequately towards retirement. One way out is to attach the employee's date of retirement to his/her appointment letter so that it will serve as a constant reminder to the person during his working life.

Since internal contingency plans towards retirement were found to be significant, it is imperative that potential retirees have an internal contingency plan before going on retirement. The study recommends that potential retirees should consider investments as an internal contingency plan capable of easing their transition from work to retirement.

## REFERENCES

- Adeoye, A. & Legbara, B. (1997). Retirement Realities: *Journal of Service Professionals* 42-55.
- Atchley, R. (1977). *Social forces in later life* (2<sup>nd</sup> ed.) Belmont, CA: Wadsworth.
- Bandura, A. (1997). *Self-efficacy: The exercise of control*. New York, Freeman
- Egyir-Croffet, G. (2003), Learning needs of pre-and post retirement workers in the Central Region of Ghana. *An unpublished M.Phil degree submitted to the Institute of Adult Education, University of Ghana, Legon.*
- Gay, L. R. (1992). *Educational research competences for analysis and application*. (4<sup>th</sup> ed) Canada; Maxwell Macmillan.

Gilbert, A. & Wilson, T. (2007). Retirement security: *Journal of Monetary Economics* 50: 200- 230.

McMillan, A (1996). *Social Science Research*, 4<sup>th</sup> Edition, South London, UK.

Mensah, G. E. (1998), Teachers are fleeing the classroom, *Daily Graphic*; Graphic Communications, December 2

Ode, J. A (2004). *Counselling for retirement adjustment*. A paper presented at the 28<sup>th</sup> Annual National Conference of counselling Association of Nigeria (CASSON) Maiduguri.

Ross, D. G. & Wills, L. (2009). Measuring financial preparation for retirement: a new scale using Australian evidence. *Financial Services Review* 18 381-399.

Rotter, J. B. (1990). Internal versus external control of reinforcement: A case history of a variable. *American Psychologist*, 45, 489-493

The Constitution of the Republic of Ghana (1992). Accra; Ghana Publishing Corporation,

IJASSH