



# Perceived Consequences of Unplanned Retirement of Staff of Educational Institutions: The Case of Takoradi Technical University, Ghana



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**Abstract:** *This study was aimed at examining the perceived consequences of unplanned retirement among educational employees in Takoradi Technical University, Ghana. This research work employed a descriptive research approach with a sample size of 257 respondents. The study also adopted a simple random sampling technique to obtain the respondents from a stratified group of Male and female, senior members, and senior staff. The results disclosed that employees of Takoradi Technical University perceived some number of consequences such as poor living standard, housing risk, high cost of living, high dependency, and, ill-health as risks likely to affect their retirement if retirement is not properly planned. The study recommended that Takoradi Technical University should invest in pre-retirement activities for their staff before retirement. Government should put in place a policy that would compel all educational institutions to organize pre-retirement seminars for their employees to plan for their retirement.*

**Keywords:** Perception, Planning, Pre-Retirement, Retirement, Staff

## Introduction

Retirement is the action or fact of leaving one's job and ceasing to work. Retirement refers to the time of life when one chooses to permanently leave the workforce behind. The traditional retirement age is 60 in Ghana, which has a national pension or benefits system in place to supplement retirees. In Ghana, for example, the Social Security and National Insurance Trust (SSNIT) has been offering retirees monthly Social Security income benefits to support workers retirement. According to MacBean (2007), retirement should normally be a period of rest from the stress and exertion from work, when one spends most of his time with family, with old school mates and of course in bed. Surprisingly, many Ghanaians work beyond the traditional retirement age, purely due to economic need.

Having spent 30 to 40 years working for a salary, one would normally be expected to have laid the foundation for financial stability, with pension income acting as back-up. However, the reality today is different at Takoradi Technical University (TTU). A cursory look indicates that most people who retire from TTU seem poor, needy, and in worse cases destitute among some junior staff, and are dependent on the meager payment from the

pension scheme which they often struggle every month to withdraw. Only a few retirees obtain a home-on-the-fairway retirement or can withstand lifestyle patterns as they do previously before retirement. Indeed, at this stage of life in retirement, there arises the expense of long-term health care, for which one does need to plan effectively and save, yet this form of consumption remains quite invisible in the lifelong promotion of retirement. This condition sometimes compels some retirees to deal with the problem by resorting to practices such as drinking and staking of lottery regularly to seek for the luck of fortune to give them hope due to lack of unplanned pre-retirement planning of staff of TTU.

When you are young, it is extremely challenging to think about retirement planning. Young people are busy starting careers, families, or settling in new locations, so, understandably, they have the reluctance to discuss retirement planning this early in life. However, life goes by so fast. Every year you waste postponing retirement planning means adding a year depriving yourself of enjoying the golden years. Most educational employers now realize that people don't take full advantage of the retirement plan and they do not make good decisions about retirement planning, which affects the retirement years. Retirement readiness is affected by other behaviour as well, such as employees' ability to set specific goals, make informed investment decisions and make periodic adjustments to keep retirement savings on track. However, implementing those features alone is unlikely to be enough to ensure broad retirement readiness. Therefore, educational employers should use a fully programmed schedule to enroll employees, as a set of retirement targets that has a contribution strategy to generate a sound retirement by helping educational employees target specific savings level based on their pay, age and savings. Periodic reviews would allow employees to adjust their contributions as needed and generally monitor their progress, to avoid retirement consequences. The objective of this research is to assess the perceived consequences of unplanned retirement at Takoradi Technical University (TTU).

In Turkey, many people retire below the age of 50 or even 40. Public sector employees in many countries can retire at 55 or earlier (Ross & Wills, 2009). This is because they plan effectively towards their retirement. This above situation is quite different in Ghana where the retirement age is at 60 for both men and women, while some may even try to reduce their age to stay on longer to their jobs since retiring seems burdensome to them. Many retirees in Ghana, do not have decent retirement life (Asamoah, Sefakor & Larbi, 2009). This is because most Ghanaian educational staff and their employers including TTU do not prepare adequately for this new phase of life through planning. It takes considerable time and resources to prepare an individual to enter employment, and so similarly the employee has to be prepared to exit employment when he/she is due for retirement. This has made some staff of TTU come back to management to seek health care support from management after retirement. Nsirimobi and Nguwede (2005) averse that many who may not know what to do with their lives after retirement turn to be hopeless. This has resulted in a methodological gap that this study sought to address. It is in view of this that this study sought germane to examine the perceived consequences of unplanned pre-retirement at educational institutions and for that matter Takoradi Technical University. The objective of the study was to find out how staff of TTU perceive the consequences of unplanned retirement. This paper will place emphasis on literature review, methodology, results and discussion, findings and conclusion.

### **Literature Review**

There are many reasons why people do not prepare adequately for retirement. Some people are incapable of solving complex problems associated with the rationale of retirement and saving behavior. Topa, Moriano, Depolo and Alcover (2009) identified three perceived

categories of antecedents of retirement planning and retirement decision to include poor health, psychological factors (positive attitudes towards retirement, job satisfaction and work involvement) and organizational factors. This was done through a study to examine the relationships between retirement planning, retirement decision and their antecedents and consequences (negative work conditions). The consequences were mental/physical illness, volunteer work, bridge employment, life satisfaction and retirement satisfaction.

On the other hand, people who are more satisfied with and more involved in their job hardly plan towards retirement (Topa, Moriano, Depolo & Alcover 2009). People who plan towards retirement are more satisfied with retirement and life in general compared to the non-planners. People who plan are also likely to engage in bridge employment probably because they have made a careful evaluation of the retirement situation and decided on what to do to occupy them after retirement.

In a study conducted by Elder and Rudolph (1999), on the effect of retirement planning on the level of retirement satisfaction. The survey includes questions on retirement planning, net worth, income and employment history as well as health status and familial relationships. The authors reported that planning for retirement, (as measured by how much the respondent thought about retirement and whether the person attended retirement planning meetings) was positively related to the level of retirement satisfaction. Individuals in households with higher incomes and larger net worth and respondents who have partners (married or otherwise) were significantly more likely to be satisfied with retirement. Generally, the results of the study indicated that retirement planning has a positive influence on retirement satisfaction, thus it is likely that retirement planning will equally have a positive influence on attitudes toward retirement.

This research is pivoted on Bandura's theory (1977) which posits that people's behaviour does not just occur in a vacuum, but rather these behaviours are shaped by the society in which one finds him or herself through socialization. This means that social learning shapes individuals in a group, and they behave in a certain similar manner and therefore Bandura's theory would play a vital role so far as this study is concerned. Since the staff of TTU is a form of a group. At the same time, it will inform other policymakers about the importance of taking into consideration attitude or behaviour towards retirement planning as a product and not as an individual matter. This implies that human actions are learned from others in a social context. By linking this theory to this study, when people in a group and for that matter the TTU sees that their colleagues plan effectively towards their retirement, then they would be socialized to form identity to also plan and save effectively towards theirs.

### **Methodology**

According to Tillman, Clemence and Stevens (2011), quantitative research design allows asking a series of questions from the respective respondents and can make a summary of their responses using percentages, frequency counts, or more advanced statistical indexes. The study adopted a descriptive research approach because it was an appropriate tool for arriving at statistical descriptions suitable for this research. The study focused on the senior members and senior staff of Takoradi Technical University, who are full-time employees and whose population number seven hundred and twenty (720). A sample size was calculated using the Slovin's formula. The Slovin's formula gives the sample size calculation as follows.  $n = N / (1 + Ne^2)$ , where (n) is the sample size, (N) the given population size and, (e) a margin of error. With a population size of 720, and a margin of error 0.05, a sample size of (257) two hundred and fifty-seven was obtained for the study. A simple random sampling technique

was employed to ensure that the staff at all levels were comprehensively represented. A self-designed questionnaire was developed through the adaptation and modification of instruments from previous studies and deliberately placed within each staff portal on the electronic information management system of TTU for easy access by the staff on the hand phones. The questionnaire was pretested with twenty respondents to check for validity and reliability items. Descriptive statistics with SPSS software version 21 was used for the analysis of the collected data which included parameters such as percentages and graphs. The purpose of descriptive survey was to observe, describe and document aspects of a situation as it naturally occurs (Amedahe, 2002). This study measured the differences in perception among males and females of TTU staff. The results were transformed by comparing the difference in percentages.

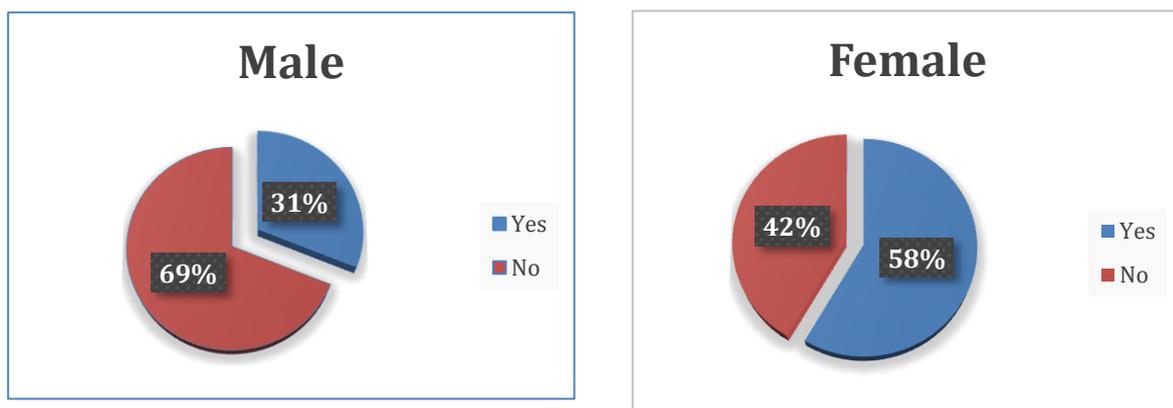
### Results and Discussion

This analysis focused on both Males and females however, the females formed 30% of the total population (Human Resource Division, TTU, 2021) and therefore same 30% of the sample size of 257 were females of 77 respondents. TTU has a skewed male - female population because TTU run programmes that were previously viewed as male-dominated areas and as such more males had higher qualifications in those sectors such as carpentry, welding, masonry, surveying, electricals among others. Hence the justification for more males than females' employees.

### The Perceived Consequences of Unplanned Retirement on Ill Health

This research objective sought to assess the perceived consequences of unplanned retirement on health. The respondents were presented with statements related to perceived consequences of unplanned retirement on ill-health and the views are presented in the pie chart below. A percent of 69 males' sample population of 180 stated that unplanned retirement cannot lead to ill health while 58 percent females said yes unplanned retirement can lead to ill health from the pie chart.

**Figure 1**  
**Sex of Respondent against Ill Health**



Source: (Electronic Information Management System, TTU, 2021)

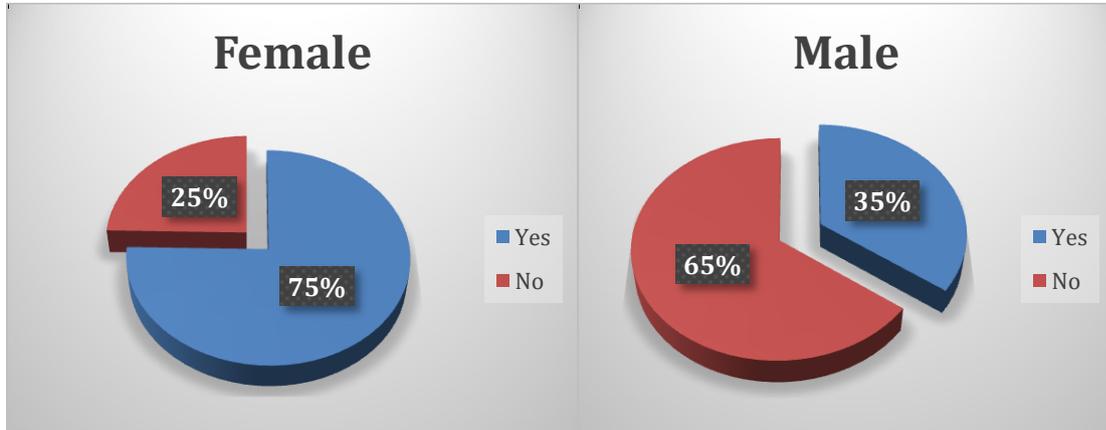
### *Do you perceive unplanned retirement will lead to high dependency?*

On the issue of unplanned retirement leading to dependency, 65 percent of the males sampled population said no to the statement that unplanned retirement can lead to high dependency

during retirement. While the females agreed with 75 percent yes to the statement from figure 2

**Figure 2**

**Sex of Respondent against High Dependency**



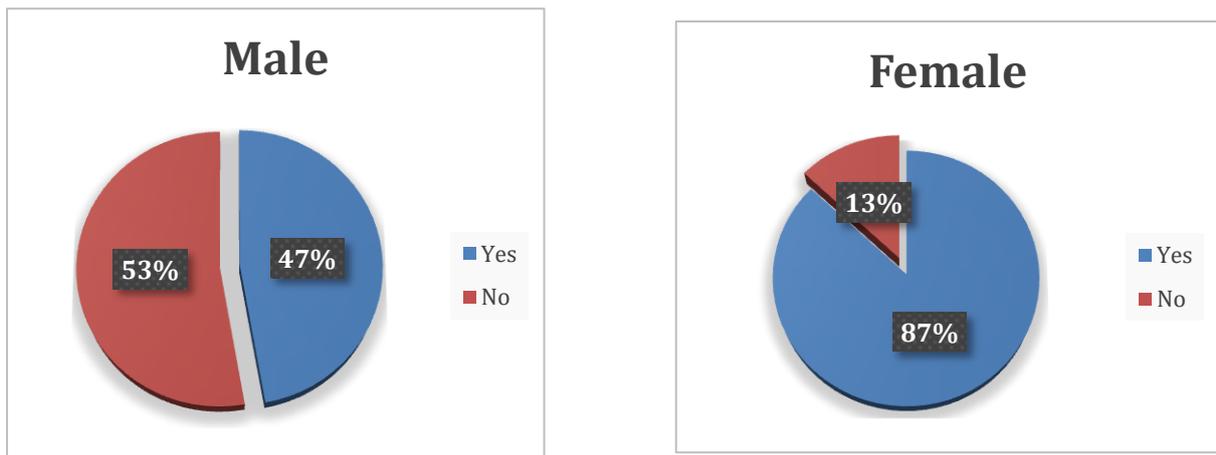
Source: (Electronic Information Management System, TTU, 2021)

***Do you perceive unplanned retirement will lead to psychological trauma?***

A percent of 53 males population stated no, that unplanned retirement cannot lead to psychological trauma, while females agreed with a percentage of 87 yes to the statement that unplanned retirement will lead to psychological trauma from figure 3.

**Figure 3**

**Sex of Respondent Against Psychological Trauma**



Source: (Electronic Information Management System, TTU, 2021)

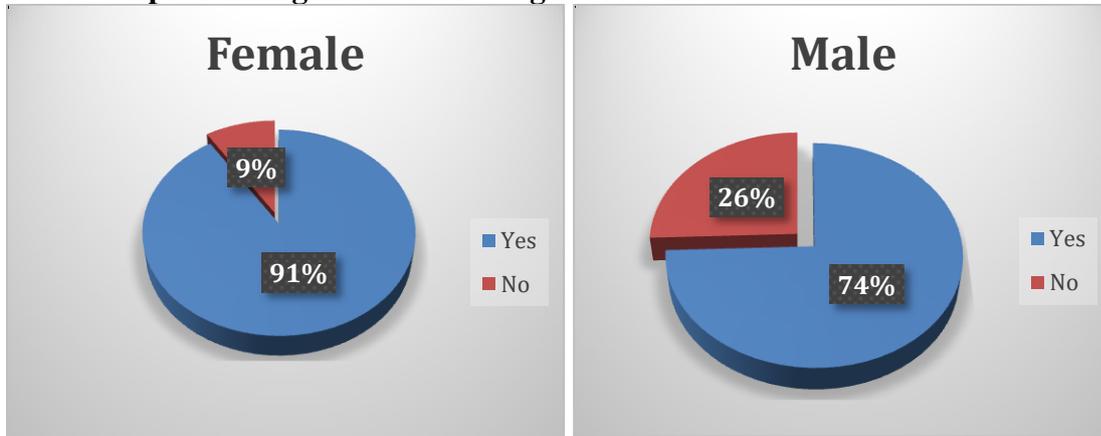
***Do you perceive unplanned retirement will lead to poor living standards?***

The pie chart shows that 74 percent of the males agreed to yes, that unplanned retirement can lead to poor living standards after active service, while females gave a percentage of 91 yes

to the statement that unplanned retirement can lead to poor living standards during retirement period.

**Figure 4**

**Sex of Respondent Against Poor Living Standard**



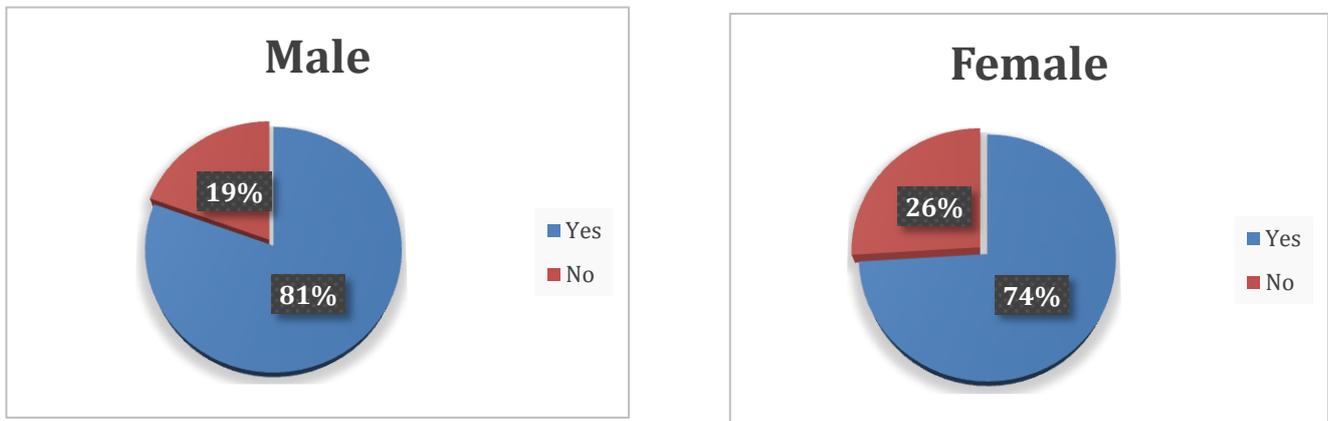
Source: (Electronic Information Management System, TTU, 2021)

***Do you perceive unplanned retirement will lead to housing risk?***

The males agreed to the statement with a percentage of 81 yes, while the females stated yes with 74 percent from figure 5.

**Figure 5**

**Sex of Respondent Against Housing Risk**



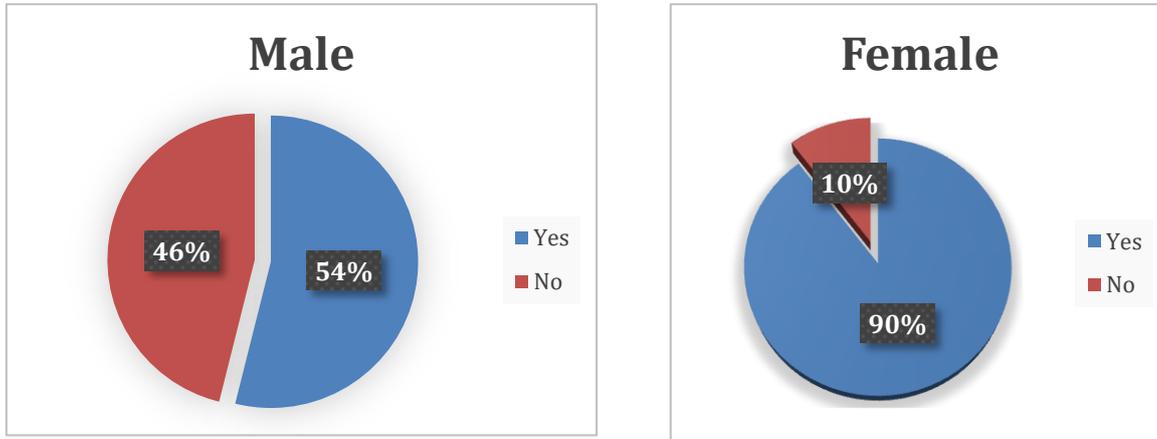
Source: (Electronic Information Management System, TTU, 2021)

***Do you perceive unplanned retirement will lead to a high cost of living?***

This condition received a 54 percent yes response from males, while females responded yes with 90 percent. Results from both sexes implies unplanned retirement is a determinant of high cost of living from figure 6.

**Figure 6**

**Sex of Respondent Against High Cost of Living**



**Source:** (Electronic Information Management System, TTU, 2021)

**Findings**

The questionnaire assessed the perception of respondents on unplanned retirement by considering the issues raised in the research. This was done to find out what respondents perceived as consequences of unplanned retirement after active work. Poor living standards was ranked first among the conditions stated because it had a high percentage of 74 males yes, while females said yes with 91percent. Which implies that the staff of TTU are fully aware of the poor living standards associated with unplanned retirement.

Housing risk was adjudged second condition with a high percentage 81 percent for males whiles the females had 74 percent yes to the conditions indicated in the groups. This implies that TTU staff whether males or females agree that unplanned retirement would lead to housing risks during retirement.

High cost of living came third as a condition with 54 percent males yes, while the females had 90 percent yes. This implies that the staff of TTU are cognizant of the conditions associated with unplanned retirement.

The males' respondents had 65 percent who disagreed to the condition that unplanned retirement would lead to high dependency, yet the females responded with a high percentage of 75. This implies that the female staff of TTU think that if they do not plan well it will lead to high dependency, but the males think otherwise.

The males further went on to disagree to the condition that unplanned retirement would lead to ill health representing 69 percent, whiles the females had 58 percent yes to the same condition of ill health. This implies that the females' staff of TTU are concern about ill health associated with unplanned retirement, while the males said no.

The males' respondents said no to this condition with 53 percent, with a high percentage of 87 yes from the females to affirm that unplanned retirement would lead to psychological trauma. Which implies that more females agreed to the conditions of psychological trauma

associated with unplanned retirement while the males' respondents rejected the same condition with 53 percent.

### **Conclusion**

Finally, the staff believed that when they do not plan for retirement some consequences may happen. These consequences may affect them and their families. The findings indicated that poor living standard was ranked first among the conditions, followed by housing risk, and high cost of living came third as a condition. The staff considered living standards as a strong issue that appears in retirement management. This is so because the individual on retirement no longer earns a salary. Therefore, the retiree starts to consume inferior goods, which is so because the retiree is out of money to take care of him or herself and the family and therefore resort to inferior goods as is associated with poor living standards since the person cannot consume normal and expensive goods that he or she used to consume.

The results showed that staff of TTU are aware of the housing risks associated with retirement, in the form of ejection or homeless. This may occur in the case where the retiree is living in a leased or rented house; the retiree may be evicted since he or she may lack the funding to continue living in the house. Dependency was seen as a major issue to the females' respondents, as the staff are conscious of the retirement risk of dependency, this may occur as a result of lack of money to the retiree to take care of him or herself and may result to depend on spouse or children for daily substance. Ill-health may occur when the retiree did not plan to consider his or her health care bills into the investment that he or she makes for retirement. Old age is associated with frequent sickness so if the retiree is not in a position to afford health care, the retiree's health conditions may deteriorate faster than expected and will have a bad effect on the retiree's health. As this may then tend to cause other consequences, such as psychological trauma.

### **Recommendations**

From the study the researchers conducted, preparation to leave employment needs a considerable amount of time and resources for one to retire successfully. The following recommendations are made based on the findings and conclusions of the study. First and foremost, it is highly recommended that Takoradi Technical University will embark on greater sensitization on pre-retirement planning and perceived consequences should be done very early in a worker's working life to allow adequate time to prepare to adjust to better life towards retirement. It is further recommended that an employee's date of retirement be attached to his/her appointment letter to keep the retirement date in mind right from the very beginning of one's working life.

Government should put in place a policy that would compel all organizations and institutions to organize retirement seminars for their employees who have between 15 and 10 years to retire. This would give them a much better space to prepare for their retirement. Government should improve upon the working conditions of technical universities' workers, once their working conditions are improving, they can earn enough and plan better for their retirement. It is also recommended that new workers that join TTU are made to start planning early so that they can settle down to prepare to adjust well towards retirement.

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