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Retired but Not Tired: Entrepreneurial Motives and Performance among Retired Public Servants in Tanzania

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Abstract

Venturing into a business venture at an old age is an interesting phenomenon. Retirees seem to consider this decision as imperative as it provides them with a source of earning and keeps them active post-retirement. Despite a plethora of research on entrepreneurship, there is a paucity of research on entrepreneurial behavior and performance retired public servants. The current study examines the motive and performance of businesses owned by retired public servants in Tanzania, one of the developing economies. The study used a survey of 90 randomly selected public servants who retired between 2012 and 2016. The descriptive and probit regression analyses were used to examine the entrepreneurial performance and factors associated with it. The results of the analysis suggest that the performance of the businesses is generally not good, as the majority made losses for the past 3 years consecutively. As for the determinants of performance, the study observed that age and source of capital negatively affect performance, whereas education and planning/preparations for business establishment positively influenced entrepreneurial performance. The findings imply that employees, employers and social security industry have a role to play in creating awareness and preparing public service employees for life after retirement especially in sustaining post-retirement income. Lumpsum pension and monthly allowance may be necessary, but the knowledge to manage them through profitable business ventures may be sufficient for a better post-retirement life.

Keywords: retirement, business performance, public service retirees, post-retirement income

1. Introduction

Public servants have a variety of economic activities to venture into after retirement. Self-employment in businesses and agricultures are among the activities retired employees tend to venture into. According to [1] self-employment in business entities accounts for 26.1% of the retiree sources of income, a second highest source behind farming activities which contribute 38.5%. The number of retirees venturing into business has been growing in the recent past. For example, RBA [1] established that about 21% of retired public servants use their lumpsum payments

to start business ventures. This suggests that there is an increased desire among retirees to venture into business even using their long and hard-earned incomes.

One wonders why the retired public servants would venture into business at an old age. Of course, one can retire from formal employment, but never get tired to explore alternative means of survival at the post-retirement age. Entrepreneurship theories are replete with explanations of the motives for starting or running a business venture. Generally, the entrepreneurship literature highlights financial and non-financial motives for becoming an entrepreneur. Among the financial motives is seeking income growth through profit maximization and profit satisficing. As for non-financial motives, the literature identifies a need to remain independent as one of the key motives of entrepreneurship. The motives differ across geographical and institutional contexts. For example, Isaga et al. [2] found that pull factors are more important for starting a business in developing countries than push factors. Other studies have shown that the motives vary by gender and country [3, 4]. In most cases, this literature assumes that most successful entrepreneurs begin their entrepreneurial journey at a young age, while they are still energetic. This seems to suggest as well that motives to becoming an entrepreneur may differ by age. As such, the entrepreneurial motives might be different for the retired civil servants given that the entrepreneurial endeavor begins at an old age. In Tanzania, the normal retirement age is 60 years. But, in some sectors such as higher education (professors) and judiciary (judges), the retirement ages are 65 and 70 years, respectively.

In the context of the retired public servants, Shiamwama [5] indicates that the entrepreneurial motives for establishing a business venture include seeking the means of income, aiming to become active hence, overcoming post-retirement boredom. Similarly, Kodia [6, 7] suggest that venturing into businesses provides an opportunity to earn income and sustain life after retirement. Some retirees do business as their hobbies. That is, after retirement it is an opportunity for someone to establish a business venture of interest and passion. For whatever reasons retirees choose to start and run the business entities, ensuring that the business performs well is certainly a primary concern.

Shiamwama [5] notes that 60% of the retirees established small scale businesses of diverse products, with service and retail businesses being the dominant ones. Nearly a quarter, 21.4%, of the retirees depend on business activities as their main source of income [8]. The study also reveals that the majority of incomes for retirees come from commercial farming. Bukwimba [9] notes that in Tanzania about 51% of the retirees depend on pension as their main source of income. The remaining retirees make their living through smallscale businesses.

Some public and private institutions such as Tanzania Global Learning Agency (TaGLA), National Institute for Productivity (NIP) and Association of Tanzania Employers (ATE) have been running training programs in business skills enhancement to preparing the public servants for retirement. It is assumed that offering pre-retirement training would adequately prepare them to support themselves and their families after retirement. Amid a growing number of retirees venturing into business operations, a concern on the performance of their businesses arise. RBA [8] reveals that about 49% of the businesses owned by the retirees were not generating profit, while about 21% collapsed within the first three years of their establishment. This suggests that understanding the performance of these businesses is imperative. Refs. [5, 6] examined the performance of business run by retired civil servants. These studies have largely been descriptive hence, do not provide sufficient insights into the motive and performance of the businesses as well as their antecedents. This chapter examines the engagement of retirees in businesses and performance in Dar es Salaam, Tanzania.

The rest of the chapter is structured as follows. Section 2 provides an overview of the underlying theory and literature informing the study. This is followed by a description of the methodology of the study in Section 3. Section four presents the results of the analysis and discussions of findings. In section five, the chapter concludes and highlights the main policy and practical implications.

2. Theoretical framework

This study is based on the resource-based perspective of the firm. The resource-based perspective has its root in [10] who views a firm as a bundle of resources i.e. assets that reside within its boundary. Refs. [11, 12] further developed the resource-based perspective of the firm and later [13] popularized it, advancing the idea that business performance hinges on resources owned and strategies pursued. The resources can be found in the form of physical and human assets, trade secrets, engineering experience organization routines and organization's specialized assets are the key drivers of firms' performance [13, 14]. As such, the ability of the firms to exploit and develop these resources and capabilities to determine business success.

Resource-based perspective is founded in the tenet that firms within an industry are heterogeneous in terms of resource ownership and that the resources are imperfectly mobile across firms. Firm heterogeneity determines differential levels of effectiveness and efficiency in the production of goods and services. As long as such resources are imperfectly mobile, firms which own them can earn superior rent [13, 15, 16]. According to [13], there are two broad categories of resources; those determining competitive advantage and those sustain sustaining it. Sustainable competitive advantage, also superior performance, is achieved by exploiting and leveraging on the resources that are valuable, rare, imperfectly imitable and non-substitutable.

Kodia [6] describes the nature of resources that a firm possesses such as tangible assets, intangible assets and external assets. Tangible assets comprise of physical resources whereas intangible assets are those that cannot be seen and quantified, that include but are not limited to business knowledge experience, technical skills, reputational resources like trademarks, patents, brand and goodwill as well as networks, individual and group skills, interactions and the organizational routines and processes used to organize and coordinate these resources. External resources are acquired through interrelationship with other actors within the environment such as suppliers and customers, competitors and business support institutions. Possessing or not possessing and utilizing resources can affect the performance of businesses owned by public service retirees.

The resource-based perspective offers valuable insights into the understanding of business performance among retired public servants. Retired public servants need resources to establish and/or run business to provide a sustainable income after retirement. The kinds of resources that matter for entrepreneurial performance is perhaps the most difficult question to address. Nonetheless, according to [17] a resource of any form, be it financial, human or a building is a prerequisite for the successful performance of an organization. Similarly, [6, 18] add that both external (business location, customer satisfaction, competition and government regulations) and internal (mental and physical stamina, organization structure, financial stability, experience in the market) business environment being important factors affecting the performance of business firms. Based on the foregoing, the resource-based perspective can be applied to evaluate firms' resource positions, and answer such questions as to why some businesses owned by the retired public servants make a profit while others make a loss? Why does

the level of profit of some businesses owned by the retired public servants vary despite being in the same industry?

3. Research methodology and analytical framework

The study is based on a cross-section survey of public servants who retired between 2012 and 2016 and engaged in various entrepreneurial activities in Dar es Salaam region. Information about the businesses and retirees was collected from Tanzania Global Learning Agency (TaGLA), the executive agency of the government agency responsible for capacity building of middle and senior government officials. The study used a sampling frame of 898 retired public servants, which was based on a list of participants of retirement planning workshops organized by TaGLA.

Based on the sampling frame, the study randomly selected 90 retired public servants who owned small and medium businesses. The study applied the formula proposed by [19], which is presented as:

$$n = \frac{N}{1 + N(e)^2} \quad (1)$$

where, n = Sample size

N = Total number of small and medium entrepreneurs

e = Error (level of significance) = 10%

$$n = 898 / 1 + 898(1)^2$$

$$n = 898 / 1 + 898(0.1)^2$$

$$n = 898 / 9.98$$

$$n = 90$$

A sample size of 90 public servants is about 10% of the population. Hill [20] suggests that at least 10% of the population is satisfactory for scientific research. The study administered a survey questionnaire to owners of small and medium enterprises. The questionnaire was both structured and semi-structured, and the study used a researcher-administered questionnaire approach. This approach gave an avenue for both researchers and respondents to clarify some aspects of the questions and/or answers for a better understanding of the phenomenon. Consequently, the approach produces not only quality responses but also high response rate [21].

Before the survey, the study subjected the questionnaire to some rounds of reviews by experts and peers. Thereafter, the study pre-tested the questionnaire by purposively selected respondents, who were not part of the study. These processes ensured the quality and enhanced the face and content validities [22, 23].

In total 90 questionnaires were collected. Of these, 86 questionnaires were deemed usable for the intended goal of the study, giving an effective response rate of 96%. Therefore, the findings of the study are based on the analysis of responses from 86 respondents.

3.1 Variables and measurements

Table 1 shows a list of variables of the study and their respective measurements. The dependent variable of the study is business performance. Entrepreneurial performance can be construed as the ability of a business to reach certain goals throughout the entire entrepreneurial process [24]. Literature provides numerous

| Variable name | Definition | Operationalization |
|-----------------------|--|---|
| Dependent Variable | | |
| Business performance | Whether or not the business made a profit in the past 3 years | 1 = if made a profit; 0 = if made a loss |
| Explanatory Variables | | |
| Sex | Sex of owner of the business | 1 = male; 0 = female |
| Education | Level of education of owner of the business | 1 = at least a first-degree level; 0 = otherwise |
| Age | Age of owners at the time of starting the operation of the business | Ratio scaled |
| Family size | Number of people living in the retiree household | A count of people living in the retiree household |
| Motive | Motivation to start a business | 1 = Availability of capital; 0 = otherwise |
| Industry | Sector of operation | 1 = agriculture and related products; 0 = other sectors |
| Capital | The variable concerns the source of capital for business start-up i.e. where the capital to start the business was obtained. | 1 = Pension (lumpsum payment); 0 = other sources |
| Planning | If there was any preparation e.g. planning to start a business before retirement | 1 = Planned before retirement; 0 = otherwise |

Table 1.
Variables and measurements.

approaches for measuring business performance, some use objective measures such as sales revenue or profit, others use subjective measures such as satisfaction with the achieved targets. The current study measured business performance using a profitability indicator. Given the nature of the business surveyed were small and medium-sized, it was difficult to measure profitability objectively due to unavailability of official or audited profitability records. A lack of official financial performance data is common among small and medium-sized firms especially in a developing context such as Tanzania. As such, the study relied on a self-reporting qualitative measure of profitability. In this, the study solicited information on whether or not the business recorded any profit or loss consecutively for the past three years. The study constructed a dummy variable, coded 1 for businesses that reported some profit and 0 for those reported some losses.

Sex: This is one of the explanatory variables, which is conceptualized to influence business performance. Aprile and Fiorillo [25] suggests that women culturally spend more time on domestic-related activities compared to men, which disadvantages them in business. The study expected that businesses owned by male retirees would perform better than those owned by female retirees. The variable sex is categorical hence, coded 1 for businesses owned by male retired public servants and 0 otherwise.

Education: education is associated with knowledge and the ability to interpret business-related information. Retired public servants with a higher level of education are likely to perform better as they can possess information on market and manage resources efficiently [26]. As such, the study conceives education to be positively associated with business performance. The variable education is categorical, coded 1 for owner holding at least a first degree, and 0 otherwise.

Age is a simple count of the number of years at business start-up. The variable age is a proxy for experiential knowledge accumulated over time for business problem-solving. Theoretically, older people are expected to perform better than young ones since they have more knowledge. Similarly, older individuals may have established reputation and trust among its stakeholders hence, can face limited uncertainties in its business environment. However, [5, 6] seem to suggest that younger individuals may be more flexible and creative and hence, can outperform the older ones. As such, the direction of the relationship is inconclusive, i.e. can be either way.

Family size: family size is measured as a number of all members living in the family. Family size may have dual effects. First, a large family could be a source of the cheap labour force as more family labour can be employed in the business, leading to higher performance. Second, large family size increases the costs (dependency ratio) especially when the consumer-worker ratio is high. In line with [5, 6], businesses run by large families are less likely to record higher performance.

Motive: the study intended to understand what impelled the retired public servants to start a business. Entrepreneurship literature is replete with explanations regarding the motives for starting a business venture. For example, some start a business due to the pull factors such as becoming independent, wealth, and self-fulfillment, whereas others are motivated by the external or push factors such as insufficient salaries, unemployment and job dissatisfaction [27]. The pull factor also includes the availability of resources such as capital. For retired public servants, capital availability has been an important motivation for starting a business venture [5]. Nonetheless, the fact that retired public servants lack alternative employment, entrepreneurship could be a necessity [28]. The study used a categorical variable coded 1 if capital availability was a motive to start a business, and 0 otherwise.

Sector: the performance of business vary by sector. Each sector has specific characteristics such as capital requirement, norms and governance mechanisms along the value chains. Businesses with small start-up capital, easy to manage and with a reliable market, such as livestock husbandry, are less vulnerable as compared to other businesses [6]. In this study, the variable sector was coded 1 for the agricultural sector, and 0 for other sectors.

Capital: the variable capital concerns the sources of money used to establish the business. There are a multitude of sources of capital including own saving, and loan/credit from financial or non-financial institutions. For retired individuals, a lumpsum pension is an important source of capital to start or expand the business. This study examines the influence of the source of capital on business performance. As such, a dummy variable is introduced, which is coded 1 if the pension lump sum was used for starting the business, and 0 if the owner used other sources of capital.

Planning: the study sought to understand the role of pre-retirement planning on the performance of the business owned by retired public servants. For a business to survive and grow in a competitive environment, it certainly requires adequate preparations and planning before taking-off. In this vein, the study solicited information on whether or not the retired public servants started the preparations before the retirement or post-retirement such as attending entrepreneurship training and participating in retirement preparation seminars. Kodja [6] suggests that public servants who start preparations before retirement do better in business than their counterparts. This is because they get an opportunity to learn about the nature of the business, markets, competitors and the supporting environment. The variable planning was categorical, coded 1 if planning started ahead of retirement and, 0 if started after retirement.

3.2 Analytical framework

In section 3.1, the study describes the measurement of the variables under the analysis. The dependent variable, business performance, was conceptualized as a dummy variable, which takes the value of 0 for businesses that made a loss and 1 for those made profit in the specified period. To analyze a regression model with a binary response-dependent variable, the linear probability model (LPM), logit model and probit model are often used [29]. The LPM is not suitable because it can predict the probability value of an outcome variable below zero (0) or above one (1). This does not make sense since probability values are bounded between 0 and 1. The logit and probit models often produce the same result, but differ in the assumption underlying the error term. The error term in the logit model follows the cumulative standard logistic distribution (i.e. exponential distribution), whereas for the probit the error term is assumed to follow the cumulative standard normal distribution.

In this study, the probit model is applied. The model is suitable for a relatively small sample size i.e. from 40 up to 150 observations [30]. The general probit model can be formulated as:

$$Y_i^* = X_i' \beta + \mu_i \quad (2)$$

where Y^* is the business performance variable, X is a vector of explanatory variables, β is a vector of coefficients measuring the magnitude and direction of the relationships, and μ is a normally distributed error term. Y^* is a latent (unobserved) variable, it can only be observed when the business makes a profit, not otherwise. The observed variable is Y . Hence, the relationship between the observed and latent variable can be expressed as:

$$y = \begin{cases} 1 & \text{if } y^* > 0 \\ 0 & \text{if } y^* < 0 \end{cases} \quad (3)$$

Based on Eq. (2), [31] suggest that there is an underlying propensity to make a profit that generates the observed state Y . The propensity to make the profit is unobservable, but a change in Y^* results in an observed Y . For a given value of X , it is true that:

$$\Pr(y = 1 / X) = \Pr(y^* > 0 / X) \quad (4)$$

Substituting and rearranging in (3) above, we obtain:

$$\Pr(y = 1 / X) = \Pr[\varepsilon > -(X\beta)] \quad (5)$$

Given that the distribution of ε is normal, the binary probit regression can be written as:

$$\Pr(y = 1 / X) = \int_{-\infty}^{X\beta} \frac{1}{\sqrt{2\pi}} \exp\left(-\frac{t^2}{2}\right) dt \quad (6)$$

Eq. (5) suggests that the probability of making a profit is defined by the cumulative normal density function (CDF) of ε at a given level of X , which can simply be presented as:

$$\Pr(y = 1 / X) = \Lambda(X\beta). \tag{7}$$

For easy and meaningful interpretation of the probit model coefficients, the study transformed the normal coefficients into the marginal effect coefficients. With the marginal effect coefficients, the interpretation is done in terms of a change in the probability for a given marginal change in the explanatory variables.

4. Results of analysis and discussions of findings

This section presents the results of the analysis. The section is divided into two main sub-sections. The first subsection presents the results of the descriptive statistical analysis which mostly highlights the profile of businesses and respondents surveyed. The second subsection is for the results of the multivariate analysis of the model proposed in the previous section (**Table 2**).

4.1 Size and sector of businesses

The study examined the size of the businesses surveyed. The measure of the size of the businesses was in terms of the number of full-time employees and sales turnover, which aligns with Tanzania’s SMEs development policy [32]. **Table 3** shows the results of the analysis. Forty-seven, 47 (55%) of the surveyed businesses had employed less than 5 people at the time of establishment. In this vein, the majority of businesses are Micro and Small Enterprises (MSE) in nature.

During the survey in 2017, about 80% of firms had employed the same number of people. The results suggest that the majority of businesses did not grow as evidenced by the dwindling number of employees in the upper categories. For example, businesses which employed between 5 to 10 people at the establishment, experienced a drop in the number of employees from 29% to about 19% in 2017.

| Employees | At the start of business | | By 2017 | |
|------------|--------------------------|-------|-----------|-------|
| | Frequency | % | Frequency | % |
| 4 or less | 47 | 54.7 | 69 | 80.2 |
| 5–10 | 25 | 29.1 | 16 | 18.6 |
| 10 or more | 14 | 16.3 | 1 | 1.2 |
| Total | 86 | 100.0 | 86 | 100.0 |

Table 2.
Number of employees.

| Year | Profit | Loss | Total |
|------|----------|----------|-------|
| 2015 | 28 (33%) | 58 (67%) | 86 |
| 2016 | 36 (42%) | 50 (58%) | 86 |
| 2017 | 44 (51%) | 42 (49%) | 86 |

Table 3.
Business profitability.

Firms with 10 or more employees also dropped from 16% at the start to only 1% in 2017. This also indicates that businesses owned by retirees initially engaged a large number of employees. As time went by, the number of employees decreased. This could be a result of a poor performance that led to the inability to compensate the employees.

4.2 Business sales turnover and profitability

The purpose of establishing any business is to achieve some goals such as raising income through profit. A good performing business generates more revenue and records profit. The study examined these two aspects to determine how the businesses owned by retired public servants are faring in the market. The results of the analysis suggest that about 40% of firms generated revenues averaging between Tanzanians shillings 20 and 21 million from 2015 to 2017. There was an increase in the number of businesses in this category between 2015 and 2017, suggesting that on average the annual sales turnover decreased from the higher categories. For example, businesses with sales turn-over of Tshs. 22,000,000 or above declined from 44.2% in 2015 and 2016 to only 23.3% in 2017. Apparently, most of the businesses owned by the retirees in Dar es Salaam are micro and small enterprises (MSEs) [32]. This result collaborates the analysis of firm size based on the number of full-time employees in an earlier section.

As regard business profit, the study determined whether or not the business consecutively recorded any profit between 2015 and 2017. **Table 3** shows that in 2015 and 2016, the majority of businesses did not make any profit. In 2017, about 51% made a profit. This is in line with previous studies conducted in Kenya which showed that nearly half of businesses owned by retirees were not creating a profit. Other businesses collapsed within the first three years of their establishment [8]. Similarly, [5, 6] revealed that businesses owned by retirees in their samples did not perform well.

4.3 Sources of capital

Businesses can be established using different sources of capital. The study inquired about the sources of capital for businesses owned by the retired public servants in Dar es Salaam, Tanzania. The study observed that about 54% of the businesses were established using a pension lump sum. This suggests that the majority of businesses were financed through lumpsum pension received after retirement. Savings was the second option accounting for 22%, followed by loans from financial and non-financial institutions (19%). Few (6%) relied on family contribution to start-up capital. On the whole, the findings suggest that most retired public servant entrepreneurs did not establish businesses before their retirement due to lack of capital.

4.4 Entrepreneurial motivation

An important aspect of entrepreneurship studies is an understanding of entrepreneurship motivation. This answers the question of the underlying reason for becoming an entrepreneur. Several motives have been described in the entrepreneurship. This study enquired from the retired public servants the motives for their engagement in the entrepreneurial activities. **Table 4** shows the results of the analysis of the motives for entrepreneurial involvement. The majority of entrepreneurs (31%) indicated that they established business due to capital availability. This is consistent with the results of the analysis of the sources of capital in an earlier

section, which show that most businesses were established using a lumpsum pension (See **Table 5**). Other frequently mentioned motives included possession of business knowledge and experience (17%), and market availability (12%). All these motives can be grouped under the pull factors. As such, it seems logical to think that the majority of the retired public servant became entrepreneurs due to the pull factors, which is consistent with [5].

4.5 Challenges facing retired public servant entrepreneurs

Table 6 shows the challenges that the retired public servant entrepreneurs encounter. It is understood that in a competitive business, especially in developing countries, businesses often encounter a multitude of challenges. As the results suggest, the retirees’ business start-ups face challenges such as lack of business knowledge and skills (36%), lack income diversity, i.e. overreliance on business (17%), and inadequate business experience (16%). Other challenges are due to management problems, such as managing records (17%) and supervision (13%). Most of these challenges are rooted within the businesses and owners. [27, 33] seems to attest management and business knowledge or skills form the most important challenges to an entrepreneurial endeavor. In this vein, the challenges emanating from the external environment such as regulatory framework are not deemed salient among the retired public servant entrepreneurs. On the whole, businesses owned by the retired public servants are more vulnerable to these challenges affecting their growth.

| Motivation | Frequency | % |
|---------------------------------------|-----------|------|
| Learnt from colleagues | 5 | 5.8 |
| Capital availability | 27 | 31.4 |
| Market availability | 10 | 11.6 |
| Business Knowledge & experience | 15 | 17.4 |
| Business Location | 3 | 3.5 |
| Business passion | 6 | 7.0 |
| Profitability (seeking income growth) | 6 | 7.0 |
| Others | 14 | 16.3 |
| Total | 86 | 100 |

Table 4.
Entrepreneurial motivation.

| Source | Number | Percentage |
|---------------------|--------|------------|
| Bank loan | 8 | 9.3 |
| Saccos loan | 8 | 9.3 |
| Savings | 19 | 22.1 |
| Lumpsum pension | 46 | 53.5 |
| Family contribution | 5 | 5.8 |
| Total | 86 | 100 |

Table 5.
Sources of capital.

| Nature of challenges | Frequency | % |
|---|-----------|------|
| Lack of business experience | 14 | 16.3 |
| Lack of business knowledge and skill | 31 | 36.0 |
| Difficulties in managing business records | 5 | 5.8 |
| Overdependence on income from business | 15 | 17.4 |
| Lack of business supervision skills | 11 | 12.8 |
| Others | 10 | 11.6 |
| Total | 86 | 100 |

Table 6.
Main challenges in managing business.

4.6 Results of regression model

Table 7 shows the results of the analysis of the factors influencing the performance of businesses owned by the retired public servants in Dar es Salaam, Tanzania. The probit regression model was employed to determine factors influencing the likelihood of a business making or maintaining a profit. The analysis suggests that four factors have a significant association with business performance as measure by business profitability. These include the age of starting a business, owner education level, source of capital and business preparation/planning. The study did not find significant relationships between business performance and variables such as sex, sector/industry, and entrepreneurial motive.

The findings suggest that the age of the retired public servants at the start of the business is negatively and significantly related to business performance. Its marginal effect coefficient is -0.054 ($p = 0.026$). This means that an additional year decreases the probability of recording profit by 5.4%, all else being equal. In other words, a retired public servant who starts a business at an older age is less likely to record profit. Aged retirees are prone to mental and physical stamina (health) challenges which might affect their business performance. The finding of the negative relationship between age and performance is consistent with [1]. The study found that unlike young retirees, older ones do not perform well in business. Similarly, according to [34], age is associated with creativity and innovation, and it diminishes with age. The results, thus, support prior expectations.

The variable *education level* is positively related to business performance. Its marginal effect coefficient is 0.183 ($p = 0.019$). This suggests that higher education is associated with 18% increase in the probability of getting profit in the businesses owned by the retired public servant. Education level is linked to knowledge and ability to interpret market information as well as the ability to explore business opportunities. Shiamwama [5] noted that the level of education and the attendance of management training courses are important aspects in terms of small and micro business firm survival. Besides, [35] contend that education spurs intrinsic motivation and energizes entrepreneurial attitudes and behaviors. Education enhances the capacity to innovate, collaborate with other businesses and individuals to promote higher firm growth. As such, the business operated by a highly educated entrepreneur is more likely to succeed. The findings in the present study confirm the assumptions of the resource-based perspective of organizational performance, as education and knowledge are deemed critical internal resources for sustaining the competitiveness of the firm [13].

The variable source of capital is negatively associated with business performance, suggesting that retired public servants who financed their startups through

| Variables | Coeff. | Std. errors | Marginal effect | P-value |
|-----------------------|-----------|-------------|-----------------|---------|
| Age | −0.523** | 0.234 | −0.054** | 0.026 |
| Family size | −0.240 | 0.256 | −0.025 | 0.346 |
| Education | 1.752** | 0.747 | 0.183** | 0.019 |
| Sex | −0.778 | 0.587 | −0.081 | 0.185 |
| Industry/sector | −0.391 | 0.656 | −0.252*** | 0.551 |
| Source of capital | −2.448*** | 0.846 | −0.252*** | 0.004 |
| Motive | −0.725 | 0.649 | −0.075 | 0.264 |
| Planning | 2.756*** | 0.765 | 0.287*** | 0.000 |
| Observations | 86 | | | |
| LR chi2 (8) | 76.86 | | | |
| Prob > chi2 | 0.000 | | | |
| Pseudo R ² | 0.71 | | | |

* significant at 10% level (*p*-value<0.1).
** significant at 5% level (*p*-value<0.05).
*** Significant at 1% level (*p*-value<0.01).

Table 7.
Factors influencing business performance.

pension lump sum were less likely to perform well. The marginal effect coefficient of this is −0.252 (*p* = 0.004), suggesting that unlike those who financed the business through other sources, retired public servants who finance through pension lump sum have a 25% less chance of running a profitable business. According to [1], one-tenth of the businesses which use pension lump sum as sources of capital collapse within the three years of inception. This simply suggests that businesses established after retired and using lump sum pension tend to record losses and eventually collapse. [36] observes that the growth of the majority of SMEs are capital constrained, as heavily rely on the internal sources of business financing strategies. However, for retirees, the problem may not be a lack of access to finance, but rather the inability to manage huge pension lump sum based capital.

The result of the analysis of the variable planning business start-up shows that retired public servants who start their business planning before retirement are more likely to perform better than their counterpart. The marginal effect coefficient of this variable is positive (0.284) and statistically significant at the 1% level (*p* = 0.000). Hence, the probability of getting profit for business which began planning earlier is higher by 28% than for those who started planning after retirement. Planning for retirement involves some activities, including attending pre-retirement seminars/training, and participating in entrepreneurship workshops. Earlier preparations to start business firms give retirees time to learn, understand and re-adjust to business practices and environment. Venturing into business activities can be a new practice to retirees. Adequate time is required to scan the business environment and plan accordingly. According to [5, 6], short duration used by retirees for adjusting to the business community is among the factors for low business venture performance.

5. Conclusions and implications

The goal of the study was to provide an understanding of entrepreneurial performance among retired public servants in a developing country context.

The study is unique in one main front. Unlike most earlier studies, the present study examined the entrepreneurial behaviors of the retired public servants. For most of these people, establishing new business ventures becomes a necessity for coping with post-retirement life. More specifically, the study examined the motivation and performance and factors associated with it.

The study explored the main motivation to establish business ventures. Prominent among the motivations was the availability of financial capital. Certainly, most retired public servants become entrepreneurs after being triggered by the lump sum pension. They might not have planned for the entrepreneurial endeavor. Other main motives were the availability of markets for the products intended for sale and business knowledge or experience. On the whole, the study indicates that retired public servants were motivated by internal factors or simply the pull factors.

The study further established that the majority of businesses owned by retired public servants are not performing well. The majority of entrepreneurs recorded a loss for three consecutive years. Consistent with previous studies, our study showed that retired public servant engaging in business tend to perform poorly. To understand why some business made a profit while others made the loss, the study analyzed factors influencing business performance. It was established that age of a retiree at the business start-up, and lump-sum pension as a source of start-up capital are associated with a low probability of entrepreneurial success. Education level and adequate planning before retirement increase the probability of achieving high performance.

The findings imply that employers and pension funds need to establish retirement planning programs to enhance post-retirement career, aiming to assist employees in post-retirement life. Also, the government should introduce a compulsory pre-retirement training program for public servants to equip employees with requisite skills and knowledge to venture into unfamiliar career zones. Moreover, public servants should embrace a saving culture while still in employment.

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