THE CHALLENGES FACING THE CONTRIBUTORY PENSION SCHEME IN NIGERIA

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ABSTRACT

This study has examined the challenges facing the new contributory scheme in Nigeria. The main purpose of this is to investigate the need for better retirement welfare and to proffer possible solutions for prompt payment of retirees' benefits. We administered a structured questionnaire to obtain our primary data. Data obtained was analyzed using regression analysis. Our findings showed that there is a shortfall in the retirement savings account. We therefore suggest that the new pension reform act should be fully implemented by all federal and state government.

Keywords: Pension Reform, Inflation, Contributory Pension Scheme, Retirement Benefits, Gratuity, Retirement Savings Account

INTRODUCTION

The issue of pension has received much attention in many countries over the past decades. In fact, in recent times, pension has increasingly attracted the attention of policy makers in many countries as a means of facilitating privately funded retirement income savings by an ageing workforce (World Bank Report, 2006). Many countries have opted for various forms of contributory pension scheme where employers and their employees are supposed to pay a certain percentage of the employee's monthly earnings to a retirement savings accounts from which they would be drawing their pension benefits after retirement. Besides pension funds are now among the most important institutional investment in the world capital markets (Klumpes and Mason, 2000).

Pension (for retirement or old age and survivors' benefits arising from death) is one of the solid security attributes approved by the International Labour Organization (ILO)

Convention No. 102 which has worked hard on social security matters since 1919 and more so since 1966. However, the modalities for paying pension have been fraught with damming distortions and limitations or challenges in many countries. These have persisted especially in the less developed countries with particular reference to Nigeria, until the new concerns of the government on the matter.

No doubt worried by the devastating sufferings of the vast majority of public sector pensioners who have served the nation meritoriously, the Federal government of Nigeria decided to do something positive about the matter. The dehumanizing suffering of the pensioners has been widely reported in the electronic and print media. Scholarly publications have also focused on the plight of pensioners regarding inadequacy, shoddy and irregular payment of their pension entitlements, among other problems (Ogunbameru, 1999 and Idowu, 2006). There is also the employment of the voice options, including grievance investigation through the mechanisms of Ombudsman, public opinion programmes and servicome or the conduct of service delivery surveys (Olowu, 2002). The television stations and newspapers have repeatedly shown or written on how pensioners, who are no longer in their prime on many occasions, queued for long hours, waiting to be attended to by civil servants . Some of them have collapsed in the process. Some other woeful experiences of pensioners had been reported to include offering bribe to civil servants, so that their files could be located and processed. It is against the above background that Omiunu (2001) aptly described civil servants as enemies to their retired colleagues. All of the above have been to the detriment of productivity, retired public servants, their dependants and a tell tale on the image of the government. The whole problem has been predicated on the inability of the government to continue to maintain its solely or fully funded defined benefits pensions scheme.

The positive thing that the Federal government of Nigeria has done about pension reform matter is the introduction of the contributory pension scheme through the pension reform Act 2004 which commenced in June 2004. The CPS requires a civilian employee who is not a daily paid or casual worker, and the employer in either the public or private sector organization to contribute to the scheme. The employee and the employer are to contribute a minimum of seven and a half per cent (7.5%) each of the employee's consolidated monthly emoluments (or the employer alone can contribute the minimum fifteen per cent (15%) to the employee's pension fund. For the armed forces, the government contributes twelve and a half percent (12 1/2%) and the armed forces personnel contributes two and a half percent (2 1/2%). Those exempted from the scheme are the Chief Justice of Nigeria, a Justice of the Supreme Court, President of the Court of Appeal, a Justice of the Court of Appeal, 'who retires at or after the age of sixty-five years'.

Nigeria adopted for the contributory pension scheme following her pensions reform in 2004. Pension is the amount paid by government or company to an employee after working for some specific period of time, considered too old or ill to work or have reached the statutory age of retirement. It is monthly sum paid to a retired officer until death because the officer has worked with the organization paying the sum (Adam, 2005). Pension is also the method whereby a person pays into pension scheme a proportion of his earnings during his working life. The contributions provide an income (or pension) on retirement that is treated as earned income .This is taxed at the investors’ marginal rate of income tax. On the other hand, gratuity is a lump sum of money payable to a retiring officer who has served for a minimum period of term year (now sixty- five years with effect from 1/6/92).

A greater importance has been given to pension and gratuity by employers because of the belief that if employees' future needs are guaranteed, their fears ameliorated and properly taken care of, they will be more motivated to contribute positively to organization's output. Similarly various governments' organizations as well as labour union have emphasized the need for sound, good and workable pension scheme (Adebayo, 2006).

Comparison between the Old and New pension scheme

	Characteristics	**Old scheme**	**New scheme**
1	Type	Largely defined benefit	Defined contribution
2	Funding	Mostly unfunded and pay as you go(PAYG)	Contributory and fully funded
3	Members	Voluntary in private sector	Mandatory for all employees in public and private sectors except pensioners and those with three years to retire
4	Pension portability	Not portable	Personalized and very profitable
5	Management	Largely state and management union	Private sector and individual choice
6	Retirement	Benefit discriminatory	Uniform application
7	Supervision	Fragmented and unregulated (SEC, NAICOM and JTB)	Strictly regulated by PENCOM.
8	Pension liability	Implicit and not transparent	Explicit through retirement bond and capped
9	Tax exemption	Limited	Contribution and retirement benefits
10	Insurance policy	Voluntary and mostly in private sectors	i) Mandatory for all employers ii) Three times the employees emolument
11	Dismissal from service	No pension benefits	Full pension rights
12	Collateral for loans	Benefits could be used as collaterals	Benefits cannot be used as collaterals
13	Deductions from benefits	Benefits can be subjected to deductions especially employers in any financial obligations in the employee	Contents of RSA can be used for payment of retirement benefits only.
14	Claiming retirement benefits	Cumbersome	Straight forward
15	Minimum service years	Generally 5 years for gratuity & 10 years for pensions	Month of employment for all benefits subjects to minimum age
16	Gratuity	Provided to those qualified	Provision for lump sum withdrawal

17	Risk Management	No provision	Adequate provision

Comparing Between the Old and New Pension Scheme

A comparison of the old and new pension shows some remarkable difference between them as shown in table 1. For instance, starting from the type of scheme, funding, membership to risk management of the pension fund, the new scheme seems to be broader, inclusive and more adequately provided for. While the old pension scheme was largely defined benefits and unfunded, the new scheme is defined contribution and fully funded. The new scheme is very portable and enjoys uniform application unlike the old which was not. In fact, employees who leave one employment for another or even dismiss from service have no fear of losing entirely their pensions or other retirement benefits under the new pension scheme. The regulation and supervision of the new scheme is by PENCOM whereas the SEC, NAICOM and JTB were jointly responsible for the old scheme. Akeni (2009) made a comparison of nine items in the old and new scheme by conducting a survey of the pension fund administrators, pension fund custodians and the beneficiaries in the public and private sector. He found that the new scheme was better that the old in terms of : accountability, accessibility, ease of payment of pension and gratuity, funding, management of pension fund, transparency, stakeholders' confidence in the scheme, auditor's control and corporate governance . Although there was agreement that the new scheme was applauded as far better than the old , he discovered that the new scheme may not address the difficulties currently encountered in the pension industry in Nigeria nor impact positive or the standard of living of retirees and pensioners unless there were proper coordination and supervision by the Nigerian Pension Commission of the pension fund administrators and custodians.

Therefore PENCOM must undertake periodic review of the investment guidelines of pension fund and create conductive environment for smooth operations by the pension fund administrators and custodians. It must ensure that the administrators and custodians abide by the rules of the pension game in order to ensure their efficient and effective performance. The public must be regularly enlightened and adequately keep abreast of development in the pension industry by the Commission and the administrators. The government must also continuously monitor the operations of PENCOM and conduct external checks to get rid of excesses.

Investment of Pension Fund

The main concern of the new pension scheme is safety of the fund and the maintenance of fair returns on the amount invested (Section 72). The need for safety is emphasized in determining the quality of the instrument to invest in and a PFA is expected to adopt a risk management profile in making investment decisions with due regard to the credit rating of companies registered under the investment and Securities Acts of 1999. PFA was expected to appoint risk management and investment strategy committees. The risk management committee determines the risk profile of investment portfolio and ensures adequate internal control measures and procedures. The investment strategy committee determines the portfolio mix consistent with the risk profile, evaluate and review the performance of investment on periodic basis.

Against the guaranteed structure, the PFA is to invest in the any of the following as specified by Section 73(1):

(a) Bonds, bills and the securities issued by Federal Government or the Central Bank of Nigeria
(b) Bonds, debenture, redeemable preference shares and other debt instruments issued by listed corporate entities in Nigeria.
(c) Ordinary shares of public limited companies listed on the Nigerian Stock Exchange.
(d) Bank deposits and securities
(e) Investment certificates of closed-end investment fund or hybrid investment fund
(f) Quoted unitized investment (i) Bond and other debt securities issued by listed companies (ii) Real estate investment (iii) Other investments prescribed by the pension commission. However, the PFA shall not:
(a) sell pension fund asset to: (i) itself (ii) any shareholders director or affiliates of the PFA (iii) any employee of the PFA (iv) Either of 1-3 or those related to them (v) affiliates of any shareholders of the PFA (vi) the PFC.
(b) Purchase any pension fund assets and;
(c) Apply pension fund assets under its management by ways of loans or credits as collaterals for any loan taken by any PFA.

However, due to the impact of the global financial crisis on the Nigerian capital market in 2008 , there were fears on how to invest over N700 billion pension funds on equity shares in the Nigerian Capital market because of the effects of institutional shareholdings and the global meltdown eroding such investments overnight (Daleng,2006, Ahmad, 2008).

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Literature Review

The first economic theory on social security is probably traceable to work of Samuelson (2001) that the equilibrium rate of return to pay-as-you-go pension plans equals the rate of population growth, under constant real wages. Supporting this argument, Aaron (2005) opines that in a mature pay-as-you-go plan, the real return equals population growth plus the rate of growth of productivity. The pension crisis phenomenon is mainly described as a financial burden to the PAYG system due to the ageing of population, inadequate and irregular funding among others. Considering practical development, many authors have pointed out that across the world the ageing of the population has since the 1990s decreased the financial sustainability of the pension scheme implemented. During the 1990s, the old-age dependency ratio (proportion of the inhabitants of retirement age to those of working age) has increased rapidly in many countries, Abromavici (2003).

This situation is true for both developed and developing countries. For example, countries such as Italy, Germany and France have had serious financial problems in the late 1990s. According to Prewo (2002), those European countries with strong reliance on PAYG system e.g., Germany (85% pensions are provided by the PAYG system) as well as France, Italy and Belgium will be worst hit by the demographic crisis as countries relying on occupational schemes e.g., Great Britain and the Netherlands (about 25 and 40 percent of pensions respectively are funded by occupational schemes).

According to Feldstein (2001), the increase in the number of retirees relative to the number of labour force due to the ageing of the population is generating not a temporary or transition problem, but a permanent concern about the financial sustainability of the pension scheme. Changes in demography have definitely a direct influence on sustainability of a pension system. Samuelson in (2001) was the first to describe how that the inter-generational transfer provides each generation with an implicit rate of return equal to the rate of population growth (a rate referred to as the biological rate of interest by him), Samuelson, (2001) in Feldstein and Liebman (2007). Thus, demographic trends should be considered in both determining the amount of pension benefits to the individuals contributed to the system and defining the financial sources of the pension scheme.

It also follows that labour market dynamics (especially number of persons in the labour force), taxation policy (as well as tax collecting capability) and the level of the benefits should be considered as well in adjusting the pension system to the changing circumstances. Some of these aspects have been highlighted by the World Bank as well, determining the reasons for the pension reform in transition economics. As national income dropped in Eastern European countries during the 1980s, they had the per capita income and tax-collecting capabilities of middle income countries but the old age demography and spending of high income countries.

The impact of other factors should not be underestimated. For example, as stressed by Augusztinovic (2002), migration across the countries as an eternal condition for pension reform design should be considered. Madrid (2000) stresses in this case of the problems related to administrative efficiency.

According to Reynaud (2008), globalization of economy can be considered one of the reasons for inducing pension reforms as well. This statement is strongly related to the dynamics of innovation and technological changes. As stipulated by Schmahl (2009) in addition to universal incentives, there also exist local factors playing an important role in pension reforms which may vary significantly among different countries. In Nigeria for example, a key factor is the linkage between the pension reform and the overall reform going on in the public sector. The changes in the demographic situation as well as the dynamics of the labour market should be considered as the two key factors.

The larger the dependency ratio on a situation of ageing population the greater the need for re-organization of the pension system, all things being equal. Since the social security system, based on the solidarity principles, is reflecting the responsibility of the whole society in guaranteeing people outside the labour force the high living standard, other tax revenues (besides taxation of labour force) should be considered as well in financing the schemes. Nowadays production is more oriented towards capital intensity, the revenues gained from the taxation of capital should also be used. However, it should be stressed that undervaluation of human capital will generate incentives for inefficient production strategies.

It is important to point out the imbalance related to the responsiveness of different social classes to implementation of the solidarity principle. In general since reduction of poverty in the society should be the main purpose of pensions reform, and not only of labour force, at least some pension components (so-called “bare share”) should be financed from the other tax and State revenues. The worsening of the living standard of one generation (e.g. elderly people) to the benefit of the other generations (like future pensioners) is not reflecting the assurance of the harmony between generations, and should therefore not be considered a sustainable development or a form of social justice.

Finally, most experts on pension schemes have argued that the public finances could be balanced through so-called *major reforms* as well involving the implementation of the funded component. But in this case, the pension crisis analysis should not be purely focused on the PAYG system. As stipulated by McMorrow and Roger in kulu (2002) "ageing of the population will affect both pensions systems - PAYG as well as funded systems in a number of different ways:

i. It creates the need to offset the effects of shrinking labour force and growing dependency ratios on social security contributions and on pension fund contribution rates through a combination of mutually reinforced labour market and pension system reforms.
ii. The effects of *graying* population on economic growth and, consequently, on the rates of the return of both systems should be considered very carefully.
iii. Policy makers will also have to address the budgetary implications of ageing and the need for a system of inter-generation burden sharing.
iv. This will require re-assessment of the fundamental life choices at the individual level regaining the time to be spent on working and the living standard one aspires to when retired.

Foremost in the campaign for the contributory scheme is Buchanan (2008) who advocated switching to a funded system and maintaining social security commitments by issuing government bonds, even prior to the Chilean model. The author argues that the pay-as-you-go system is costly and porous to government interference. But that the fully funded scheme increases the amount of investment capital and therefore has positive 30 results on the economy and hence increased responsibility (Holzmann 2000).

Both state and private individuals can provide the fully funded scheme. A publicly managed system may be subject to incessant changes in entitlement rules, according to Davis (2008), that can be advantageous to the public while privately managed systems tend to bring along higher administrative cost as well as fewer 'economies of scale'. And that private person fund do not ensure against capital work risks. According to Bolle in Salisu (2007), experiences suggest that effective social production presupposes compulsory participation, since people with lowest income may not be inclined to join a pension scheme voluntarily and those with the highest income may not see the need, thereby, depriving the scheme of its contributions.

Participation in a pension scheme can be obligatory by law or based on the decision of the individual. Voluntary systems enable the citizen to make his own decision about his individual welfare, but contain a certain risk of free riding. Pinera championed the Chilean retirement system, which is based on ownership, choice and personnel responsibility. According to Pinera (2004) in the system, workers may choose any one of several competing private pension fund companies to manage their accounts. Those companies engage in no other activity and are subject to strict supervision by a government agency. Older workers have to own mutual funds concentrated on short term fixed income securities, while young workers can have most of their funds in stocks. The law encourages diversified portfolio, with no obligation to invest in government bonds or any other security.

According to the ILO's World Report on Labour (2000), 'even in the industrialized countries, despite the extraordinary successes achieved by social security pension systems, old age still spells insecurity for certain groups in the population. They need to adapt to increasing life expectancy and to changes in labour markets and in gender roles. By far the most pressing needs is to provide greater income security for the elderly in most developing countries. The report explores two options: Non-contributory pensions, which are government funded, universal schemes paying benefits to all residents of a certain age, and contributory pensions, which are based on earnings from participation in the labour force.

According to a World Bank Report titled Old Age Pension Support in the 21st Century (2005), most of the pension systems in the world do not deliver on their social objectives, they contribute significant distortions in the operation of market economies, and they are not financially sustainable when faced with ageing population. In Latin America, for example, reforms to expensive Pay-as-you-go scheme have improved government's long fiscal positions and the new funded individual accounts have been costly to run but have generally delivered impressive returns.

Problem Statement and Hypothesis development

The problems that have bedeviled the Defined Benefit Scheme that existed in Nigeria have made it increasingly unsustainable, as it is with the rest of the world. It is for these reasons of increasing public expenditure/huge deficit, arbitrary increases in salaries and pensions as well as poor administrative structures, that the need for pension reform became inevitable. The problems were further aggravated with the constant political manipulation, besides non-payment of pensions for several years, which greatly lowered the welfare of retirees. Even the promised benefits were often inadequate due to rampant inflation against which pensioners had no protection, coupled with inaccurate record keeping that gave opportunities for corruption. One key problem was the lack of adequate funding. The study generally sought to find out whether the contributory pension scheme has had any significant effect on the welfare of retirees from the selected Federal establishments in Nigeria. Specifically, the study is designed to:

1. Identify the challenges facing Contributory Pension Scheme.
2. Examine the effect of Contributory Pension Scheme on the welfare of Nigeria retirees.
3. Examine the effect of inflation or devaluation on the value of retiree's benefits.

In view of the research problem identified above, the following questions were addressed in the course of the research.

1. What are the challenges facing the Contributory Pension Scheme?
2. What are the effects of contributory pension scheme on the welfare of Nigerian retirees?
3. Does the Contributory Pension Scheme been able to ensure that value of retirees' benefits is not eroded by inflation or devaluation?

In pursuance to the research, the following hypotheses were tested:

Hypothesis I

H_0: There are no challenges facing the Contributory Pension Scheme.

H_1: There are challenges facing the Contributory Pension Scheme.

Hypothesis II

H_0: Contributory Pension Scheme has not improve the welfare of Nigeria retirees

H_1: Contributory Pension Scheme has significantly improved the welfare of Nigeria retirees.

Hypothesis III

H_0: Inflation or devaluation does not have any effect on the value of retiree's benefits.
H_1: Inflation or devaluation has significant effect on the value of retiree's benefits.

DATA COLLECTION METHODS, SAMPLE AND MODEL SPECIFICATION

Introduction to Research Methodology

This study examines the impact of pension reform act (2014) on Nigeria public servants. This chapter describes the characteristics of the population of study, the respondents' characteristics and classification, the sample and sampling techniques, the instruments of data collection and how the instruments are administered. It discusses as well the validity and reliability of the data collection instrument and the technique for data analysis. It also includes the limitations of the methodology adopted.

The research work is primarily focused on the Impact of 2004 Pension Reform Act on Nigerian Public Servants, a survey of selected Federal Ministries like Ministry of Agriculture and Natural Resources, Ministry of Trade, Industry and Investment, Ministry of Education, Ministry of Youth Development and Ministry of Works and Infrastructure in Nigeria.

Research Design

A research design is specification of the procedure for collecting and analyzing the relevant data in solving a problem. For the purpose of this study, the survey design is adopted for describing the relationship between variables, because it postulated the rate at which a variables influence another.

Population, Sample Size and Sampling Technique

Population here refers to the aggregation of survey elements which is specific and delineative from which survey sample is actually selected, (Mojekwu, 1996). Population is sometimes referred to as the universe, and it is defined as the entire group whose characteristics are to be estimated. This is the total number of retirees from the establishments chosen for the study. The figure was arrived at from the available records of the establishments, i.e. Ministry of Agriculture and Natural Resources with 500, Ministry of Trade, Industry and Investment, 528, Ministry of Education, 400, Ministry of Youth Development, 1066 while the Ministry of Works and Infrastructure has a total of 971 retirees obtained from their pension units.

This study does not intend to use the entire population but, a sample will be utilized for the purpose of generalization. A sample therefore is a smaller group of elements drawn through a definite procedure from a specified population, and the elements making this sample are those that are actually studied.

The method of structured questionnaires was used to obtain relevant information. The data to be used in testing the hypothesis in this work were obtained from questionnaires. A questionnaire of 100 copies containing 17 questions each was constructed and administered to a randomly chosen 100 respondents. The respondents were expected to strongly agree, agree, indifferent, disagree or strongly disagree to the questions raised. More also, these questionnaires will consist of two sections. The first section will be used to gather personal data such as age, sex and educational qualification. The second section will consist of questions that will be used to test hypothesis and analyze research questions.

The sources of data here are the primary source and the secondary source. The primary data are those gathered from sample respondents through the use of questionnaire while the secondary data include those from textbooks, journals, magazines, newspapers and records maintained by some of selected Small Scale Enterprises. The interview and questionnaire instruments were used in obtaining data. However, the questionnaire served as the major instrument of data collection.

Model Specification

The regression equation model is expected to follow the form:

$Y = Ax_1 + Bx_2 + Cx_3 + Dx_4 + E$

Where Y = the dependent variable (contributory pension scheme)

$x_1 \ldots x_4$ are the independent variables (longevity, improved welfare, improved public-private partnership and savings)

A, B, C, and D are coefficients and E is the Constant term within the model.

DATA PRESENTATION, ANALYSIS AND FINDINGS

Data Presentation and Analysis

This section deals with the presentation and analysis of data obtained from respondents to test the research hypothesis and answer of research questions respectively; also an interpretation was however made of the relationship found among groups of data.

The data collected from the questionnaires will be grouped into basic characteristics of sex, age, qualification, work experience and marital status. After this, the questions relevant to the research will be presented and analyzed for the purpose of drawing conclusion on the research study. Analytical techniques used involved frequency distribution tables, measure of central location (Mean) and measure of dispersion (Standard Deviation), regression analysis and test of correlation.

4.1 Table 1 Classification of Respondent by Education Background

EDUCATION BACKGROUND	NO. OF RESPONDENTS	PERCENTAGE (%)
WAEC/NECO/GCE	13	16.2
HND	18	22.5
BSc.	25	31.2
MSc. / MBA	19	23.8
PHD	3	3.8
Others specified	2	2.5
TOTAL	**80**	**100%**

***Source**: Research Survey 2014.*

Interpretation: It can be seen from the above table that 31.2% have BSc. which constitute the largest group, while 16.2% have WAEC/NECO/GCE, 22.5% have HND, 23.8% have MSc./MBA and 2.5% possess qualifications not stated in the questionnaire.

Analyses of Data Relevant to Research Questions

This section presents respondents perception on items measuring transformational leadership styles, transactional leadership styles, motivational policies, organizational culture and employee performance. The section is analysed with the use of frequency and mean distribution of respondents ranking to the items using the 5-point Likert Scale (1-5).
Scale: Strongly Disagree 0 ---1.49, Disagree 1.50---2.49, Undecided 2.50----3.49, Agree 3.50---4.49 Strongly Agree 4.49 ----5.0

Analyses of Data

Table 2 below shows that the new contributory pension scheme encourage employees to think outside the box (outside traditional way of doing things)that respondents agree to the fact that pension reform encourages employees to focus on what the problem is rather than whom to blame.

It was observed that the new pension scheme assists improvident individuals to save towards old age (saving grows economy & deepens financial markets), new pension scheme as appeal to employees sense of pride, self-esteem and other intense motivation with agreeing means of 4.17, 4.03, 4.01, 3.97, 3.89, 3.78 and 3.64 and standard deviations of 0.84, 0.86, 0.97, 1.03, 0.99, 0.92 and 1.07 respectively.

Table 2

	Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree	Total Scale Mean 3.93		
	Freq (%)	Freq (%)	Freq(%)	Freq(%)	Freq (%)	Total	Mean	Standard Deviation
The new contributory pension scheme encourage employees to think outside the box (outside traditional way of doing things)	2(1.7%)	7(6.1%)	7(6.1%)	68(59.1%)	31(27.0 %)	115	4.03	0.86
The level financial security put in place by employer of labour encourage employees to give their best while in service.	0(0.0%)	6(5.1%)	15(12.7%)	50(42.4%)	47(39.8 %)	118	4.17	0.84
New pension reform encourages employeesto focus on what the problem is rather than whom to blame.	5(4.2%)	2(1.7%)	19(16.1%)	53(44.9%)	39(33.1 %)	118	4.01	0.97
The new pension scheme assists improvident individuals to save towards old age (saving grows economy & deepens financial markets).	1(0.8%)	15(12.7%)	14(11.9%)	54(45.8%)	34(28.8 %)	118	3.89	0.99
New pension reform minimize employer use of power for personal gain	3(2.5%)	18 (15.3%)	23(19.5%)	48(40.7%)	26(22.0 %)	118	3.64	1.07

Employer provide special attention to each employees needs for achievement	6(5.1%)	4 (3.4%)	16 (13.7%)	53(45.3%)	38(32.5 %)	117	3.97	1.03
New pension scheme as appeal to employees sense of pride, self-esteem and other intense motivation	5(4.3%)	2 (1.7%)	29(24.8%)	59 (50.4%)	22(18.8 %)	117	3.78	0.92

Source: Field Survey, 2014

Table 3

	Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree	Total Scale Mean = 4.12		
	Freq (%)	Freq (%)	Freq (%)	Freq (%)	Freq (%)	Total	Mean	Standard Deviation
New pension scheme is an extra motivating factor for Nigeria employees	2(1.7%)	8(6.8%)	28(23.7%)	40(33.9%)	40(33.9%)	118	3.92	1.00
The contributory pension scheme as induce employee to work more	2(1.7%)	16(13.6%)	7(5.9%)	64(54.2%)	29(24.6%)	118	3.86	0.99
Employment benefit and appreciation from the employer can be said to be a stimulant for higher performance	0(0.0%)	0(0.0%)	8(6.9%)	48(41.4%)	60(51.7%)	116	4.45	0.62
Employee productivity is to an extent affected by the present of retirement benefits.	0(0.0%)	1(0.9%)	7(6.0%)	59(50.4%)	50(42.7%)	117	4.35	0.63

Source: Field Survey, 2014

Table 3 above shows the influence and existence of motivation policies within the organization. It was observed that the pension scheme is an extra motivating factor for Nigeria employees since respondents agree with mean of 3.92 and standard deviation of 1.00. Also, contributory pension scheme as induce employee to work more, Employment benefit and appreciation from the employer can be said to be a stimulant for higher performance, Employee productivity is to an extent affected by the present of retirement benefits with agreeing means of 4.45, 4.35, 3.92 and 3.86 and standard deviations of 0.62, 0.63 and 0.99 respectively.

Regression Analysis

This section presents the regression analysis of the dependent variable (contributory pension scheme) to the independent variables or predictor variables which are improved the longevity, improved welfare, improved public-private partnership and savings.

Regression analysis tends to show the size of contributions of these predictors to changes in the independent variable. A multivariate regression analysis is used since predictor variables are more than one. It therefore presents empirical relationships between these independent variables or predictors and the dependent variable in the form of a model. Analysis is carried out with the use of Statistical package for Social Scientist (SPSS, version 17) computed from the information on tables 1, 2 and 3.

Presentation of Results

The regression results present a model summary and estimate of the co-efficient of the predictors and their corresponding levels of significance.

Regression

Table 4 **Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.660[a]	.435	.416	.6638	.435	21.794	4	113	.000

Source: Field Survey, 2018

a. Predictors: (Constant), longevity, improved welfare, improved public-private partnership and savings.

Going by the table above, it is seen that R- Coefficient of regression is 0.660, (R –ranges between -1 to +1). This is positive and high and shows that these predictors (longevity, improved welfare, improved public-private partnership and savings) are high correlated to contributory pension scheme. Moreso, this was found to be significant at 0.05 levels of significance with returned p-value of 0.000 <0.05. This also implies that increases in value in these factors will lead to corresponding increases in retirement benefits.

The R-Squared of 0.435 in model shows that the model of these factors explains 43.5% of changes in retirement benefits. This is fairly predictive and means that a 56.5% of variations in retirement benefit is outside the scope of the model.

Table 5. Presentation of Model Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.042	.399	-	.106	.916
	Longevity	.266	.099	.254	2.690	.008
	Improved welfare	.287	.142	.224	2.022	.046
	Improved public-private partnership	-.206	.121	-.177	-1.699	.092
	Savings	.574	.145	.433	3.960	.000

Source: Field Survey, 2014

a. Dependent Variable: Measure of Retirement Benefits

Table 4.13 above presents the returned-Coefficients of the independent variables (longevity, improved welfare, improved public-private partnership and savings) with their significant levels.

The derived model is thus:
Y (Employee Performance) = $0.266X_1 + 0.287X_2 - 0.206X_3 + 0.574X_4 + 0.042$

Table 6. Analyses of Data on Contributory Pension Scheme

	Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree	Total Scale Mean 3.93		
	Freq (%)	Freq (%)	Freq(%)	Freq(%)	Freq (%)	Total	Mean	Standard Deviation
The new contributory pension scheme encourage employees to think outside the box (outside traditional way of doing things)	2(1.7%)	7(6.1%)	7(6.1%)	68(59.1%)	31(27.0 %)	115	4.03	0.86
The level financial security put in place by employer of labour encourage employees to give their best while in service.	0(0.0%)	6(5.1%)	15(12.7%)	50(42.4%)	47(39.8 %)	118	4.17	0.84
New pension reform encourages employeesto focus on what the problem is rather than whom to blame.	5(4.2%)	2(1.7%)	19(16.1%)	53(44.9%)	39(33.1 %)	118	4.01	0.97
The new pension scheme assists improvident individuals to save towards old age (saving grows economy & deepens financial markets).	1(0.8%)	15(12.7%)	14(11.9%)	54(45.8%)	34(28.8 %)	118	3.89	0.99
New pension reform minimize employer use of power for personal gain	3(2.5%)	18 (15.3%)	23(19.5%)	48(40.7%)	26(22.0 %)	118	3.64	1.07

Employer provide special attention to each employees needs for achievement	6(5.1%)	4 (3.4%)	16 (13.7%)	53(45.3%)	38(32.5 %)	117	3.97	1.03
New pension scheme as appeal to employees sense of pride, self-esteem and other intense motivation	5(4.3%)	2 (1.7%)	29(24.8%)	59 (50.4%)	22(18.8 %)	117	3.78	0.92

Source: Field Survey, 2014

CONCLUSION AND RECOMMENDATIONS

This section presents a synopsis of the findings made in the course of the study. The objective of this study has been on the establishing the extent to which the objectives of the contributory pension scheme have been achieved vis – a – vis its anticipated impact on retirees' welfare. Timeliness in payment may not be unconnected with determining welfare of retirees as pensioners would prefer their pay cheques handed to them at the point of exit from service.

Although the rate of poverty is high amongst the elderly, the Contributory Pension Scheme has been one reform that has earned global recognition in its efforts to reduce the recurrent old-age poverty pervading all economies. The three major players in the scheme are Pencom, PFAs and PFCs. The PFAs operate under the supervision of the National Pension Commission (Pencom) whose sole responsibility it is to wade into grievances between the retiree and his former employer, or between the retiree and his Pension Fund Administrator (PFA). In the event of such cogent complains, PENCOM mandates the PFA to pay to the latter the entitlements of the retiree. The Pension Fund Custodian, on the other hand, manages the employer/employee contributions by investing these funds in specific blue chip stocks.

The rate at which public servants make voluntary contributions/savings with the scheme has not shown an appreciable increase. If such extra savings attract more returns, it will naturally propel the public servant to make more contributions which in the long run helps the scheme to achieve its objectives. Uniformity in the management and administration of the scheme can be enforced through a periodic review and constant monitoring. A monitored scheme/project/programme is most likely to survive the test of time. Local pension offices in the various establishments should be empowered with an oversight function on the PFA so that workers/retirees benefits should have a corresponding record with theirs. For pensioners who do not know what the correct record should be, the expertise of these local pension offices would benefit them immensely. As states fully embrace the scheme, similar measures should be taken to ensure consistency and uniformity in the scheme's management.

One aspect of the management of the Contributory Pension Scheme that has stemmed the expected growth in returns has been the fact that investments of the pension contributions are not open to all stocks. A huge part of the fund is invested in insurance stocks which are about the slowest in the Nigerian stock market. The argument has been that since insurance stocks are not highly competitive, they are less prone to market risks. It is therefore important to note avoiding risks is as good as avoiding profits. Pension business should not be run like government business. Stocks at the floor of the stock exchange should be allowed to compete for pension funds but with some form of 'Circuit Breaker' that stops the bidding process when the market begins to go chaotic. These circuit breakers are soft-wares that are built to automatically halt transactions in a bidding process at specified prices. They are commonly used in Foreign Exchange (forex) markets.

The new pension reform act should be fully implemented. For example, section 4(1)(c) of the Act provides that after the withdrawal of a lump sum of money to be paid to a pensioner as gratuity, the amount standing to his RSA credit should be sufficient to pay him an annuity of 50% of the last salary he received before retirement. In the case of a shortfall, section 12 (1) (b) provides that the 'shortfall shall immediately become a debt of the relevant employer' who shall 'issue a written acknowledgment of the debt to the relevant employee (retiree) and take steps to meet the shortfall' (Nigeria 2014). This provision should be fully implemented, so that all retirees under the CPS can, at least, receive 50% of the last salary they received before retirement.

This study or research work may be limited by the following factors:

1. Time constraints: The time available for carrying out this research is highly limited and due to the time shared among other things; this did not allow enough time for the research.

2. Financial constraints: The researcher faced series of financial constraints, because the work requires movement from one place to another for sourcing of materials.

3. Materials: The unavailability of materials due to the uncooperative attitude of the the workers or staff in the ministries and respondents also hindered the speedy completion of this research work.

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