Global Journal of Human Resource Management
Vol.1, No. 4, pp.20-55, December 2013
Published by European Centre for Research Training and Development UK(www.ea-journals.org)

AN ANALYSIS OF THE IMPACT OF THE 2004 PENSION POLICY ON THE WELFARE OF THE NIGERIAN CIVIL SERVANTS: A CASE STUDY OF SELECTED FEDERAL MINISTRIES

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ABSTRACT*: Many countries today are facing crises in their pension systems due to both fiscal and demographic problems. Some aspects of these crises are due to the structure of the pension systems themselves, but others are due to that constellation of phenomena variously known as neoliberalism, globalization, or free market reforms. Most countries have responded to such crises either by reforming their existing public pension system, by privatizing it, or a combination of these strategies. Some countries like Nigeria have adopted a third approach to pension reform, by creating Defined Contribution scheme in 2004 by President Olusegun Obasanjo to deal with pension crisis as a result of the fact that government cannot sustain the former Defined benefit system. The main focus of the study is to examine the impact of the new pension policy and how it improves the living standard of the retired and serving civil servants in Nigeria. To successfully accomplish this task, the data for this research were collected through questionnaire using random sampling technique on one thousand five hundred respondents from five federal ministries in Abuja. The analysis was carried out using simple percentage. From the analysis, findings emerged which clearly indicates that the implementation of the new pension significantly improves the welfare of the civil servants but does not address the problem of corruption and inadequate budgetary allocation and therefore not effective in overcoming the problems of retirees in Nigeria. In view of the above findings, the study recommended among others that government and Pension Commission must strengthen monitoring and supervision unit of the commission to ensure effective monitoring, supervision, and enforcement; and effective implementation of penalties as provided by the Act on non-compliers regardless of their status in the society.*

KEYWORDS: Pension Policy, Nigerian Civil Servants, Federal Ministries

BACKGROUND AND PROBLEM STATEMENT

Governments around the world are creating management systems that release the resources and energy of their people for growth and sustainable development. Developing countries like Nigeria cannot be an exception to this global trend. The country needs to move away from administrative systems that carry heavy and avoidable overheads. A practical and common example of a dysfunctional policy that requires urgent reformation is the pension scheme in the country.

Prior to the introduction of Pension Reform Act 2004, pension schemes in Nigeria were categorized into public and private sectors. The public sector had the Pay As You Go (PAYG) defined benefits, a non-contributory pension scheme which was bedeviled by many problems. Against a backdrop of an estimated N2trillion deficit, budgeted appropriations for pension benefits had over the year fallen far short of promised benefits.

The difficulties connected with paying the pension and gratuity of deserving Nigerian workers have been with Nigeria for quite some time. It is also true to state that the problems that exist now have not been there. There was a time pensioners on retirement or disengagement were sure of instant access to their entitlements. This scenario has changed now because of government irresponsibility, non-release or late release of pension funds, misappropriation and outright diversion of pensioner’s funds by government officials.

One may wonder here, why the payments of pension have become a problem to a government that has been lucky that its revenue has been increasing every year in the past eight years. According to Analysis news magazine (2004), the revenue of the federal government was put at 172.5 billion between June-December 1999. In 2000 it rose to N469.5billion, in 2001 it was N533.6 billion and it increased to N574.7 in 2002. This shows that, with this increase government does not have any excuses or explanations for not paying pension to retired civil servants. Weekly Trust (2006) in its editorial argued that it is not therefore, a consolation though to note that world-wide, even in the most advanced economies of the world, like the United State of America (USA), United Kingdom (UK) and France pension administration and issues related to the treatment of the aged and the infirm pose very deep and disturbing problems. The differences as observed by Kolawole (2003) between advanced societies and ours however, is the sense that the power of imagination, creative thinking and planning are brought to bear on complex social problems.

It is in this respect that the study examines the new pension policy and its implications for the civil service reforms in Nigeria. The study will focus on the new pension policy introduced by the Obasanjo government in 2004 and its implication on the civil service reforms in Nigeria. The problem of pension payment has been a global phenomenon. This is because even in the most advanced countries of the world, like USA and UK, pension administration and issues related to the treatment of the aged and the infirm pose very deep and disturbing concern. As a result of this global problem of pension payment, the World Bank took a bold step in February 2003 by organizing a regional course on pensions and pension reforms in Sub-Saharan Africa in order to address this phenomenon.

The expanding retiree population contains a large number of those who are unable to support themselves. This group may become a cause of social tensions. Adequate access to pension coverage for today’s workers can serve to dissipate social tension. These trends as a result of these factors, many African countries are considering fundamental changes in the system of providing old age security. Before the advent of Pension Act 2004 in Nigeria, according to

Elekwa (2007) the administration of pension scheme in public sector organizations is the prerogative of the pension and records Department of the Office of Establishment and Management Service based on a defined benefit structure.
The public pension and social security payments in Nigeria have been raising dramatically, a number of public servants now retire at greater net income than they had when working (Adesina 2006). The new Pension Reforms Act 2004 is meant to ensure that employees whenever they retire from service have something to fall back on and ensures that every employee receives his or her retirement benefits as at when due.

The problem of this research is to identify the extent to which the new pension scheme has provided significant impact to Nigerian civil service. Based on the above premise, it becomes pertinent to ask the following questions;

(i) How does the new pension scheme improve the welfare of the retired personnel in Nigeria?
(ii) To what extent does the Pension Act address the problem of fund diversion, corruption and inadequate budgetary allocation?
(iii) How effective is the new pension scheme in maintaining a minimum living standard of the retirees?
(iv) To what extent does the new pension scheme deter serving civil servants from engaging in corrupt practices?
(v) To what extent does the new pension scheme impact on civil servant's expectations in Nigeria?
(vi) What are the problems and challenges associated with current scheme?

These questions and earlier issues discussed are the problems which these research is set to address.

Objectives of the Study

The broad objective of this study is to examine the nature and impact of the new pension scheme on top of the civil service reforms in Nigeria. The specific objectives include to:

i. determine the extent to which the new pension scheme has improved the welfare of the retired personnel in Nigeria;
ii. evaluate the extent to which the new Pension Act 2004 addressed the problem of fund diversion, corruption and inadequate budgetary allocation;
iii. examine the extent to which the new pension scheme can guarantee a minimum living standard for the retired civil servants in Nigeria;
iv. highlight the problems, challenges and implications of the new pension scheme on retiree's in Nigeria;
v. offer useful recommendations on some of the issues identified in this research.

Research Propositions

This following research propositions guided the study:

i. The implementation of the new pension scheme significantly improves the welfare of civil servants in Nigeria.
ii. The new Pension Act does not address the problem of corruption and inadequate budgetary allocation.
iii. The establishment of PENCOM will assist in the proper management of pension matters and operational efficiency.

iv. The provisions and implementation of PRA2004 did not adequately cater for the plight of retirees in Nigeria.

RESEARCH METHODOLOGY

The research design entails the usage of both primary and secondary data. In this respect the instrument employed for the study is administration of questionnaires schedule. This is in addition to the direct observation of the impact of the new pension policy on retirees. Body of the data collected will be analyzed by simple statistical process of tabular presentation and calculation of percentages analysed to answer the research questions.

This study requires a framework for unraveling the nature of the phenomenon or problems as well as their causes, or the relationship between them and other entities. Because of ethical constraints and inherent nature of human beings and social systems and process, our framework in this study survey research with a view to exploring public policies implementation.

The population consists, from our design, Ministries of Finance, Internal Affairs, Federal Capital Territory, Aviation and information as key informants since they are directly involved in the formulation, interpretation and implementation of the new pension policy in Nigeria. The population of these ministries is 14,730. The sample size was reasonable so as to represent the population; the sample size taken was one thousand five hundred (1500), which was distributed among the sample frame.

The sample size of this research is drawn from the five federal ministries with a population of about 14,730. Each of the ministries is represented by three hundred 300 respondents selected randomly using simple random techniques. The sample size represents ten (10) percent of the population. Therefore, the sample size consists of 1500 of serving and retired civil servants in Ministries of Finance, Internal Affairs, Federal Capital Territory, Aviation and information.

This method was used because all members of the population have equal chances of being selected. It also provides the opportunity of having representative sample of the entire population and its findings can be generalized to a larger group. Based on the application of this sampling technique, respondents were selected across all cadres in the Ministries to give opportunity and to enable valid judgment and generalized conclusion. The techniques are considered convenient in this study because they enable us classify the group and use readily available persons.

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

Pension reform has been a common aspect of public sector financial reform since the early 1990s. The working lives of employees move continuously towards a certain direction i.e. from employment, to growth, to retirement. Some are fortunate to save enough money to take them through the retirement period or the “rainy day”, while a majority leaves the service with little or no savings at all. Unless such a situation is arrested, majority of employees will retire with little or no savings and/or may, through other ways and means, enrich themselves at the expense of the organisation for which they work, Kolawole (2003) observed. Ideally, therefore, governments and organizations need to identify a way of accommodating and adequately rewarding employees' past efforts, through organized pension plans, so that they can achieve the goals of their existence (Rabelo, 2002). However, some of the existing pension schemes seem inadequate and/or ineffective.

Consequently, pension has in recent times 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, 1994). In addition to directly affecting the financial retirement planning decisions of a large set of participants, pension funds are now among the most important institutional investments in the world capital markets (Klumpes and Manson, 2000). Holzmann, Orenstein and Rutkowski (2003) assert that pension reform has received receive greater attention in Western, Central and Eastern Europe than any other topic on the economic reform agenda even though the process in individual countries is uneven. A comprehensive pan-European pension reform (in the 15 European Union (EU) countries, the 10 European Union Accession countries of Central and Eastern Europe, plus Croatia) is motivated by three main factors. They are: high budgetary or expenditure pressure and the tendency of an aging population; socio-economic changes, which render current provisions inadequate; and European economic integration and common currency, which tend to prompt higher levels of internal and external migration that current retirement provisions could hardly support. (Holzmann et al, 2003: 2).

The Conference organized by the World Bank and International Institute of Applied Systems Analysis in 2001 also found that the reform changes in both the EU and EUA countries had been characterized by claims over the inability to finance prior commitments, and the need to make pension systems more sustainable in terms of a move towards a greater role for privately managed, funded systems, and the conversion of the pay-as-you-go (PAYG) systems into defined, contributory systems (Holzmann et al, 2003:8), which are perceived to be 'more self-sustaining and transparent'. As was the case in Europe, pension reform in Nigeria was also rationalized by arguments over the inability of financing prior commitments and the need to make pension systems more sustainable in terms of a move towards a greater role for privately managed funded systems and the conversion of the pay-as-you-go systems into defined contributory systems.

However, Barbone and Sanchez (1999) argued that life expectancy, the main driver of pension cost, has been increasing for many decades. Despite this, the right to pensions and subsequent improvements in the level of pension provision was won in almost all countries. It is only recently, as part of what has been termed Neoliberalism or globalisation, that the argument has changed and it is now claimed that pensions are no longer affordable and that companies will only be competitive if regulation on pension provision is made less onerous. As regard the custody of the pension fund, divergent views exist as to who should be saddled with the responsibility of safeguarding the funds. While some contend that pension funds shall best be located under the control of the sponsors or the company, others advocate that pension funds should be placed under the control of a trustee. In support of their preferences for one strategy over the other, the proponents of the opposing views proffer some arguments. For example, those advocating the sponsor as the custodian of the pension funds believe that apart from being less risky, investment in own company will be taken care of them could be under the custody of a third party. That is to say that the employees being the beneficiaries would always put in their best because any failure on their part would jeopardize not only their retirement plans but their positions as well. Those that favour the custody by a trustee, on the other hand, cite the case of Enron, WorldCom and Parmalat where the majority of the employees, apart from losing their jobs, lost most of their pensions when the companies crashed.

Pension as a scheme is designed to cater for the welfare of the personable retired workers had for long gained global recognition and acceptance. Workers generally whether those in the public and private sectors are expected to live comfortable life devoid of any form of dependency after their successful retirement from active service. The working lives of employees move continuously towards a certain direction i.e. from employment, to grow, to retirement. Some are fortunate to save enough money to take them through the retirement period or the "rainy day" while a majority leaves the service with little or no savings at all. Ideally, there, governments and organizations need to identify a way of accommodating and adequately rewarding employees' past efforts, through organized pension plans, so that it can achieve the goals of their existence (Rabelo, 2002). Essentially, this is often through different retirement policies which include the Defined Benefit (pay-as-you-go) scheme, the National provident fund scheme and in particular the new contributory pension scheme that is expected to be fully funded.

However, some of the existing pension schemes seem inadequate and/or ineffective. In Nigeria, for instance, SAS 8 was issued in 1991 to direct and guide businesses on the determination and reporting of pension and retirement benefits. Its growing tribute, however, emerges from divergent schools of thought namely, the contributory, the noncontributory and the hybrid schools of thought (Kantudu, 2005). The first school of thought, emphasizing on contribution, is advocated by most accounting standards setting bodies as well as by writers (Campbell and Feldstein, 2001). These scholars argued that should the employees contribute a certain percentage to the plan the employee will be able to receive the entire or part of the benefits at retirement, or in case of termination of appointment or dismissal. The hallmark of the contributory theory is operational efficiency in computation and funding. The second school of thought (the non – contributory) also advocated by some accounting setting bodies (McGill, 1984; and Byrne, 2003). According to this school, employers alone should fund the pension asset. The belief of this school was that the singular funding made by the sponsor encourages and attracts more qualified and dedicated employees into the organization. Under this arrangement, the benefit is defined by a formula, and pension at retirement is paid either as a lump sum amount or as a life annuity (SAS 8, 1991). Consequently, pension has in recent times 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, 1994).

Managing and administering pension funds have continued to pose a major challenge to government in Nigeria. Yet, pension which guarantees an employee certain comfort in his or her inactive year is critical to the sustenance of the life of the individual and the society (Nkanga, 2005). In our society today, most workers are not covered by any reasonable form of retirement benefit arrangement while the few schemes suffer from poor management. According to

Komolafe (2004), the Nigerian pension system in general is very much fragmented, lacks an adequate overall policy, a legal and regulatory framework and an empowered coordinating body to supervise it. As stated by Adegbayi (2005), Nigeria must avoid minor pension reforms that are repeated periodically because of political problems associated with such adjustments. Once Defined Benefits schemes are frequently redefined, they only create uncertainty of retirement benefit.

Determined to solve the numerous problems of the hitherto unfunded benefits pension system in Nigeria, the Federal Government in June 2004 through the enactment of the Pension Reform Act, 2004, introduced a contributory pension scheme. The new pension system is based on individual retirement saving accounts managed by private financial institutions. Two reform styles have emerged in both EU and EUA countries. These are the 'parametric' and 'paradigmatic' styles. Holzmann et al (2003:8 - 9) explain that, a parametric reform is an attempt to rationalize the pension system by seeking more revenues and reducing expenditure while expanding voluntary private pension provisions. A PAYG pillar is downsized by raising the retirement age, reducing pension indexation, and curtailing sector privilege; and a development of voluntary pension fund beyond the mandatory social security system is promoted through tax advantages, organizational assistance, tripartite agreements, and other means of administrative and public information facilitation. These among other things are happening in Austria, the Czech Republic, France, Germany, Greece and Slovenia (Holzmann et al 2003:8).

There is also the paradigmatic reform which is often called a 'three-pillar reform'. A paradigmatic pension reform is an attempt to move away from the monopoly of a PAYG pillar within the mandatory social security system. A paradigmatic reform is a deep change in the fundamentals of pension provision typically caused by the introduction of a mandatory funded pension pillar, along with a seriously reformed PAYG pillar and the expansion of opportunities for voluntary retirement savings. Among other measures, this is what three-pillar Bulgaria, Croatia, Denmark, Hungary, Latvia, the Netherlands, Poland, Sweden and the United Kingdom decided to do (Holzmann et al 2003:8-9). Some of the attractions of a paradigmatic reform include the possibility of increasing a nation's savings and investment, acceleration of the development of a nation's capital market institutions and therefore overall economic growth rate, which a funded pension system could afford. These advantages are perhaps the reason for the predominance of paradigmatic reform in the countries than in the EU countries. (Holzmann et al 2003:10)

Paradigmatic pattern of reform predominantly characterizes Nigeria's pension reform, even though the changes reflect an amalgam of elements of parametric and paradigmatic changes. The fundamental changes include:

i. the introduction of a mandatory defined contributory system
ii. abolition of payment of gratuity and payment of pension for life
iii. delay in accessing contributions
iv. an opportunity for early retirement, and
v. significant down-sizing of the PAYG system by limiting it to judicial officers and those who have three years or less to retirement from the introduction of the law.

The opportunity for early retirement in Nigeria as opposed to late retirement in Europe may have been informed by shorter life-span and relatively higher fertility rate in Nigeria as opposed to the tendency for low fertility rate and aging populations in Europe. Similarly, the Nigerian pension reform does not provide tax Advantages for additional voluntary pension contribution as indicated by the elements of parametric reform. Instead, the Pension Reform Act subjects voluntary contributions above the statutory rates to taxation at the point of withdrawal of such funds. Another element of parametric reform missing in the Nigerian pension reform is transparent or democratic administration of pensions through tripartite agreements. There is only marginal representation of trade union organizations in the management and 'transitional' structures. Studying four countries in Latin America and Eastern Europe, namely, Argentina, Bolivia, Hungary and Pola. Muller (2003: 47-78) identified five key variables that could trigger reform – dynamic political leadership, the role of international financial institutions, pension system crisis, intelligent reform strategy design, and the respective power or powerlessness of reform advocates and opponents. Of all the five variables, Muller (2003) finds the role of political leadership to be critical in the four case studies. In particular, she finds that paradigmatic reform is often triggered by new actors being involved in the debate process. In addition, while severe financial crisis may strengthen the position of the finance ministry, high foreign debt may enhance the arguments of international financial institutions pushing for reforms. She also reports that the movement relationship could also facilitate or hinder reforms.

Some of the factors identified by Muller (2003), are relevant in analyzing the pension reform process in Nigeria. For example, many of the economic reforms, including pension reform, could not be carried out under military dictatorship. They could only be realized under a civilian political regime. In other words, it appears that an active combination of both actors and type of political system tend to influence the feasibility of changes in social policy. As was the case in the countries studied by Muller (2003), the pension and general debt crises played important roles in the pension reform process in Nigeria. The unpaid pension liability in the public sector alone has been estimated at Nigerian Naira 2 trillion (US $15.4 billion) while Government's foreign debt (before the $18bn debt relief by the Paris Club) strengthened the arguments of government and the pressures of the international financial institutions, for the reform process.

In contrast, the relative powerlessness of the trade union movement was also clearly demonstrated in the process of developing legislative changes. Although all of the three central labour organizations, [the Nigeria Labour Congress (NLC), the Trade Union Congress (TUC) and the Conference of Free Trade Unions (CFTU)] were opposed to the fundamentals of the pension reform, radical changes were made in the new legislation on pension without reflecting their views. Similarly, the organized private sector resisted the lumping together of pension schemes in both the public and private sectors. But the new law disregarded private sector's inputs in this regard, in spite of existing constitutional provisions, which support their position. However, in spite of the inability of the unions to prevent the enactment of the Pension Reform Act, 2004, they seem to have prevented its full implementation. The private sector employers organized under the Nigeria Employers Consultative Association (NECA) have been forced to retreat by continuing the payment of gratuity. The Association had planned to begin the implementation of the Pension Reform Act by issuing its 'Guidelines for Migration into a new

Dispensation of one Terminal Benefit Scheme'. The Association considered having to pay both pensions and a terminal gratuity as burdensome; it preferred to change to a 'monolithic' scheme.

The work of Chlon-Dominczak and Mora (2003: 131 -156) suggests that the identity of the foreign pension reform agenda setter – whether the World Bank, the United States Agency for International Development (USAID), or the International Labour Organization (ILO) - does not matter. Instead, domestic actors take a lead in the reform process - depending on the depth of pre-existing pension system crisis. Chlon-Dominczak and Mora (2003) also find that there is no strong relationship between institutional arrangements and implementation of pension reforms, noting that reforms have occurred equally in authoritarian and democratic countries. Rather, they argue that the influence of ideas, particularly the influence of neoliberal ideas, is more decisive as a causative factor to trigger pension reform. The findings of Chlon-Dominczak and Mora (2003) regarding the influence of neoliberal ideas are relevant in explaining the evolution and development of pension system in Nigeria. The Pension Reform Act, 2004 appears to be a neoliberal piece of legislation. The Group Managing Director and Chief Executive Officer of the United Bank for Africa (an amalgam of the UBA and STB), for example, described the reforms, including the pension reforms, as a 'silent', 'quiet', 'steady', 'irreversible' or 'permanent revolution' aimed at 'creating a conducive investment climate' (Elumelu, 2005). However, what is considered a 'revolution' from the standpoint of beneficiaries of the policy has been described by a section of the Nigerian labour movement as 'counterrevolutionary' (Fashina, 2003).

Boeri (2003:157-170) and Orenstein (2003:171-194) examine the relationship between international demonstration effects and domestic policy choices. The insights they provide help in an understanding of the impacts of global politics on reforms in developing countries, not only on pension reforms but also on the broader social policy models they adopt. Boeri (2003) argues that the choice of social policy model in transition countries is influenced by geographical proximity to the EU countries. His work shows that countries with a greater chance of EU accession adopted social policy models that were more in tune with those of EU member states. Orenstein (2003) also analyses the global spread of paradigmatic pension reform. Drawing on the literature concerning diffusion of innovation, he posits that pension reform should not be seen simply as a result of domestic political processes but also as a product of global patterns of ideational innovation and diffusion. Countries tend to follow the model of innovative leaders in their regions. Hence, the larger, richer and more industrial countries tend to innovate first and smaller and poorer countries tend to lag behind.

Orenstein (2003) also shows that international organizations have played a major role, particularly in cross regional diffusion of ideas and models. He explains for example that the International Labour Organization gave a major boost to pension system creation in the years after the Second World War while the World Bank has played a leading role in diffusing paradigmatic reform in recent years. He also points out certain key differences between the creation of pensions and the diffusion of their reform. While Germany was the leader in the first phase of pension creation, the leader in the spread of paradigmatic reform was Chile. The reforms in Chile were part of a neoliberal experiment introduced after the overthrow of the democratically elected leftist president of Allende in 1973. Widespread privatisation, including pension provision, was introduced by the military junta led by General Pinochet (Harvey 2005).

The insights offered in the works of Boeri (2003) and Orenstein (2003) are confirmed by the Nigerian experience. The trade unions have had to constantly rely on the provisions of the Conventions and Recommendations adopted by the International Labour Organization in their strivings to maintain its universal minimum standards. Also, the tendency of the Nigerian judiciary is to hold that where there is variation between international law and domestic law, the international law or treaty prevails.

Types of Retirement Benefits

Retirement is a fluid concept because it connotes different things and is fraught with different experiences for different people. While some individuals view it positively and anticipate it with nostalgia others dread its eventuality with great anxiety. Thus, it could be said that it is not a homogenous experience for everyone. Retirement is a time of significant transition as far as the use of time is concerned. However, the importance of retirement is made more glaring by the fact that the retired person is made to face some challenges because of his/her new status (as a retired person). It has been noted that retirement is a stressful experience to many because of its associated life decision change in the matter of life arrangement generally. It has been postulated by Elezua (1998) that the moment retirement comes knocking on the door (of an employee) it enters with challenges and expectations. Retirement is typically associated with attendant stress for the average employee especially in a country like Nigeria with austere economic policies.

Pensions provide income to individuals in their retirement, and just over half of full-time workers participate in some types of pension plan at work. However, the actual rate of participation depends on several things. For example, older workers tend to have a higher participation rate, and employees of larger firms have participation rates as much as three times as high as those in small firms (Dessler, 2003).

Dessler (2003), classified retirement benefits into three basic ways; contributory versus non-contributory plans; qualified versus non-qualified plans; and defined contribution versus defined benefit plans. The employee contributes to the contributory pension plan, while the employees make all contributions to the non-contributory pension plan. Employers derive certain tax benefits from contributing to qualified pension plans such as tax deductions for contributions; non-qualified pension plans get less favourable tax treatment for employees and employers.
With defined benefit plans the employee knows ahead of time the pension benefits he or she will receive. The defined pension benefit itself is usually set by a formula that ties the pension's retirement pension to an amount equal to a percentage of the person's pre-retirement pay, multiplied by the numbers of years he or she worked for the organisation.

Defined contribution plans specify what contribution the employees and employer will make to the employee's retirement or savings fund. Here in other words, the contribution is defined not the pension. With a defined benefit plan, the employee knows what his/her retirement benefits will be upon retirement. With a defined contribution plan, the person's pension will depend on the amounts contributed to the fund and on the retirement fund's investment earnings. Armstrong (2005) identified occupational pension scheme as an important type of retirement benefits. An occupational pension scheme is an arrangement under which an employer provides pensions for

employees when they retire, income for the families of members who die, and deferred benefits to members who leave. A group scheme is the typical scheme which provides for a number of employees.
Occupational pension schemes Armstrong (2005), observes are administered by trusts which are supposed to be outside the employer's control. The trustees are responsible for the pension fund from which pension benefits are paid. The pension fund is fed by contributions from employers and usually (but not always) employees. The size of the fund and its capacity to meet future commitments depend both on the size of contributions and on the income the trustees can generate. They do this by investing fund money with the help of advisers in stocks, shares and other securities, or through an insurance company.

According to Gustman et al (1994), many workers want pension because;

a) They afford a tax-preferred and convenient means to save for retirements. In addition, the fact that pension plans offer scale economies in investment and record-keeping means that people can save for retirement more cheaply in a pension than on their own.
b) Pension plans offer workers another important feature as well, it provide a form of retirement insurance not readily available to purchase of individual private annuities. In particular, they may provide insurance against disability, and frequently some degree of inflation protection.
c) Some pension plans offer a measure of cross-generational risk sharing, spreading the chances of low returns to pension investments across different employee cohorts.

In general, all hypotheses regarding employer motivation for supplying a pension rely on the notion that companies or country can use pensions as a human resource tool. Pensions have been seen as a device for attracting workers with certain traits, for eliciting greater work effort, for achieving desired turnover patterns and sometimes for prompting retirement at particular age and regulate worker's quality (Kolawole 2003).

The Contributory Pension

A pension system is essentially an income security program which provides benefits to beneficiaries who may be retirees, pensioners or the destitute. The benefits of a pension may be flat or defined. A defined benefit is a benefit whose value payments vary according to established rules for participation whereas a flat benefit is one that pays a unitary value to beneficiaries. Furthermore, within pension programmes, a distinction exists between a defined benefit plan and a defined contribution plan.

In a defined benefit plan, only the employer is responsible for fueling of the plan where as in defined contribution plan both the employers and the employee make defined contributions to fund, the plan. As such, pension systems can be broadly categorized as contributory and non contributory. Contributory pensions are income security programmes linked contribution histories in that they mostly provide minimum pensions tied to contribution history. Ako (2006) observes that this implies the criteria for pension eligibility include a history of earmarked contribution having been made by the prospective retirees or their employers. The objective is usually that of replacing a greater proportion of income for low income workers in what could be refereed as a form of minimum pension guarantees. Contributory pension system are therefore usually in the form of savings or insurance schemes.

On the other hand, non contributory pensions are pure cash transfers to beneficiaries rather than savings or insurance schemes (Ako 2006). This implies the prospective beneficiary is not eligible on the basis of a contribution history but the eligibility criterion is usually a socio-economic or even political factor such as poverty old age or political participation. Hence noncontributory pension are sometimes called social pensions.

Defined contribution plans according to Mainoma (2005) are those in which the benefit is defined as the future value of pension fund contribution made on an employee's behalf. The exact value is unknown prior to retirement because it depends on future earnings of pension fund investments. Benefits are solely a function of accumulated contribution, and for this reason the plans are called defined contribution. The value of benefits is variable; it is dependent on contribution levels and earnings made on invested contribution (Mainoima 2005).

Defined contribution plans may be either contributory or non contributory. It is contributory where fueling is shared by the employer and employee as provided by the new pension act 2004 in Nigeria. It is non contributory if all contributions are made by the employer as the case of Nigeria before the commencement of pension Act 25. The benefit is defined either on a specific amount or by a general formula based on salary. However, non contributory pensions are very costly affairs and the countries that operate them have had to battle with unsustainable fiscal deficits on account of several factors, including rapid demographic changes as well as changes in the age and sex – specific labour force participates (Ako 2006, Mainnoma 2005).

In a defined contribution plan, investment risk and investment rewards are assumed by each individual/employee/retiree and not by the sponsor/employer. In addition, participants do not typically purchase annuities with their savings upon retirement, and bear the risk of outliving their assets. The "cost" of a defined contribution plan is readily calculated, but the benefit from a defined contribution plan depends upon the account balance at the time an employees is looking to use the assets. So, for this arrangement, the contribution is known but the benefit is unknown (until calculated). Despite the fact that the participant in a defined contribution plan typically has control over investment decisions, the plan sponsor retains a significant degree of fiduciary responsibility over investment of plan assets, including the selection of investment options and administrative providers.

According to Ako (2006) the first known cases of pension systems in history were non contributory (cash transfer) programmes targeting the elderly and can be traced to the late 19th century and early 20th century in countries such as Brazil (1888) Denmark (1891), New Zealand (1898) Australia (1908) and Sweden (1913). Hence contributory pension is now the dominant form of old age income security. With respect of the contributory pension systems, the first known case was introduced in Germany by the beginning of the 20th century and was labeled Bismarckian after Otto Von Bismarck who proposed the system (Ako 2006). Since then the contributory pension model is now pervasive world-wide, although the reliance on this approach Ako (2006) argued in developing countries is now being seriously questioned.

During the Post-World War II era, the most common old-age security model around the world has been the public, unfunded (or partially funded), Pay-As-You-Go Defined Benefit (PAYGO DB) model (Social Security Administration 1999), but privatized, Funded Defined Contribution (FDC) individual account schemes have become increasingly common with the rise of neoliberalism. A PAYGO DB system (such as we have in the United States today) essentially works through paying for the pensions of today's recipients with contributions of today's workers, who will be recipients tomorrow. PAYGO DB schemes are funded through a payroll tax on workers' earnings and their employers. Workers' future pensions will be calculated based on their contributions during their working life, sometimes the whole span, sometimes their final years or the years when they earned the most. Their eventual pensions are not directly proportional to their contributions, and there is typically some redistributive mechanism through which some of the contributions of higher-paid workers are redistributed in ways that favor lower-paid workers. Nor are the contributions saved for the workers; instead they are used to fund the pensions of those who have already retired. The pensions of current workers will, in turn, be funded by the contributions of those still working when the current workers themselves retire (World Bank 1994).

The problems these schemes face are in part due to the retirement of the "baby boom" (Disney 1999) generation which creates a situation in which the number of people receiving pensions is disproportionately high in comparison to those currently working and funding the pension system. In the past, FDC retirement savings schemes fell into one of two categories:

(1) Provident funds and
(2) Voluntary, private, and occupational pensions plan (Disney 1999).

Provident funds are publicly managed FDC schemes with individual accounts, adopted by a number of former British colonies in Asia and Africa soon after independence (James and Palacious 1995). The shift toward the neoliberal model of privatized FDC schemes began in 1981, when Chile became the first country to fully shift from PAYGO DB scheme to a mandatory FDC scheme as part of the Pinochet regimes' widespread implementation of neoliberal policies. During the 1990s, a number of other countries, primarily in Europe and Latin America, shifted from a PAYGO DB system to either a totally FDC system or, more often, to a mixed model that includes both an FDC element and a PAYGO DB element (Social Security Administration 1999; Whitehouse 2000). The mechanics of privatized FDC schemes are fairly straightforward. A number of private pension funded are permitted and regulated by the government. Workers may choose between them, but by law they must invest a certain proportion of their earnings in one of them. The company managing the pension fund then invests the money in a variety of financial instruments, usually including private sector stocks and bonds. The company typically makes its profit by charging administrative fees. When workers retire, they use the assets accumulated in these accounts to purchase an annuity that pays a lifetime monthly pension based on how much is in the pension account at the time of retirement (Disney and Whitehouse 1999; World Bank 1994).

Whitehouse (2001) argued that almost all countries that have mature PAYGO DB systems in place are or will be facing problems financing these schemes due to one or more of the following issues: program maturation, population aging, and reductions in the rate of productivity growth, competitive pressure linked to globalization, or the transition from a command to a market economy. However, policy-making elites have a choice about how to address these problems. As neoliberalism has increasingly become the dominant ideology among the economic elite in many countries, these elite have more and more often called for greater emphasis on neoliberal economic policies (Whitehouse 20001, Hamann 1997). Many neoliberal public pension experts have been calling for a shift from an existing PAYGO DB scheme to either a FDC scheme or a mixed PAYGO DB and FDC system as the best solution to the expected financing problems many pension systems face.

During the mid-1990s, Feldstein and Liebman (2001) observes that pension policy experts in Sweden designed yet another model based on the concept of notional or virtual accounts-the defined contribution (DC) model. Although the NDC scheme was first designed in Sweden, because of the lengthy political process needed to reach agreement on it, some other countries actually implemented it before Sweden (Brugiavini and Fomero 1998). The defined contribution DC schemes have been or are in the process of being introduced in Sweden, Italy, Poland, Latvia, Russia, Mongolia, and the Kyrgyz Republic.

The DC model remains public and pay-as-you-go but, like an FDC scheme, it calls for individual accounts and is, in many ways, consistent with neoliberalism. The DC model contains a number of provisions designed to create a much closer link between contributions and benefits (Brugiavini and Fomero 1998). As with PAYGO DB schemes, funds from payroll taxes are used to finance pension benefits for those currently retired. Where the DC model differs from a PAYGO DB scheme is that in the DC model an individual notional (virtual or unfunded) account is set up for each worker. This DC account is then credited (without any funds actually being deposited) for that portion of payroll taxes (including the contributions of both employees and employer) used to pay pension benefits to current retirees during the person's working years. The worker's own DC retirement benefits will be directly linked to these payroll contributions. Unlike the PAYGO DB system, there is no explicit mechanism for redistribution in the payout formula.

In addition to the DC system itself, there are other elements in most DC schemes, such as a minimum pension, that must be taken into consideration in any analysis of the scheme's overall policy impact and its role as part of a lager reform strategy. Although the DC model does not by itself involve much, if any, redistribution, the need for at least some redistribution can be met by the inclusion of minimum or flat pension, often financed in part or entirely from general government revenues rather than payroll taxes. The minimum pension acts as income insurance for workers who would not otherwise receive adequate DC pension benefits due to low wages and/or irregular work histories. The minimum pension is typically means-tested for other sources of pension income and only available to workers when they reach a specific eligibility age. In many countries, this eligibility age is lower for women than for men. Many countries also require payroll tax contributions for a specified period of time, ranging from five to twenty years, in order for workers to be eligible for the minimum pension. In Sweden, the minimum pension is quite generous, but in the other countries with DC systems it tends to be very modest (Whitehouse 2001).

Global Journal of Human Resource Management
Vol.1, No. 4, pp.20-55, December 2013
Published by European Centre for Research Training and Development UK(www.ea-journals.org)

Another way in which most NDC schemes accommodate redistribution is through provisions that grant notional credit to certain categories of workers for time spent out of the paid labour force. For example, some nations grant credit to those individuals who are receiving unemployment insurance benefits or who are college students. During these periods, the government contributes to the pension system out of general revenue on behalf of the worker, whose DC account is in turn credited for those contributions. While not all governments cover every employment contingency, nearly all governments with DC schemes grant some notional credit to parents, usually mothers, for time spent out of the labour force providing child care. The size of the credit each year and the number of years a worker can receive credit varies from country to country (Disney 1999; Dorsey 1995, Disney and Whitehouse 2001). Thus, despite their individualized character, DC schemes are not devoid of all elements that socialize the costs of supporting elderly retirees.

Most countries, Casey and Xavier (2002) argued that have implemented DC schemes and have done so as a response to a combination of factors, including fiscal and demographic crises (or projected crises), the rise of neoliberal ideology, structural constraints arising from globalization, and the resistance of labour unions and pensioners' organizations to implementing an FDC system. Casey and Xavier (2002) engage in a political analysis which is particularly influenced by the school of political economy known as world-systems theory. Very briefly, in world-systems theory, the entire global economy (also known as the capitalist world-system) is taken as the basic unit of analysis. Nation-states are not seen as autonomous entities but as tied together in a single, unequal division of labour. States are divided into three categories-core states-the developed, industrialized, or "first-world" nations-that are able to exercise power within this system because their capitalist class is relatively unified and they have historically developed a strong state apparatus (administrative bureaucracy, military, etc). Peripheral states-the developing or "third-world" states-are characterized by a capitalist class suffering from severe internal divisions and a weak state apparatus. This leaves the peripheral states open to exploitation by the core states, which use their greater wealth and military power to exploit the labour and natural resources of the peripheral states for the advantage of the core-state capitalists (and often middle classes), albeit, frequently in alliance with sectors of the peripheral elite, ether capitalists or government officials. Semi-peripheral states fall somewhere in between, both exploited by core states and exploiting peripheral states in their turn (Casey and Xavier 2002).

Among those who are the chief advocates if neoliberal reforms are the top officials of transnational corporations (TNCs), usually citizens of core states; of intergovernmental organizations (IGOs) like the World Bank, where core state policymakers have disproportionate influence as a result of the voting structure, and the European Union (EU), until recently a federation solely of core states; and of national governments. In the last case, support for neoliberalism tends to be stronger among the officials of core states, while there more divisions in peripheral states. People's beliefs are usually shaped by their location in the social structure in such a way that their material and ideal (or ideological) interests (Weber 1946) tend to coincide, although this is not a rigidly deterministic process. As Mills (1956) have implicitly argued, people's interest, both material and ideal, are shaped by the social networks within which people are embedded and through which they are socialized. Knowledge, whether in the form of a political ideology or a social scientific theory, is therefore never socially neutral but is shaped by the knower's location and experiences within such networks (Disney and Whitehouse 2001). Thus, neoliberal ideology tends to reflect the material interests of those who embrace it, for the simple reason that they are basing their political beliefs on their own experiences as members of the elite-or, at the very least, the very affluent and the experiences of those they know, who also tend to be members of the elite. Like most people, advocates of neoliberalism assume their interests are universal; something those unfortunately are often not case, as well as see with pension reform.

The World Bank, for instance tends to take its lead in policy prescriptions from the International Monetary Fund, which as established close ties to the transnational finance corporations through the rotation of high-ranking personnel among them; thus, their policy prescriptions reflect the material and ideal interest of transitional investors (Lindeman 2003). World Bank pension reform experts are among those most supportive of FDC and DC schemes as an alternative to PAYGO DB systems. Both FDC and DC schemes reflect the ideal interests of transnational investors because the schemes are consistent with the neoliberal ethic of individualizing costs and limiting the redistribution of resources. FDC schemes fit in with transitional investors' material interest quite straightforwardly: under such schemes, workers' pension funds come under the control of financial corporations and are invested in the stock market, bonds, and so forth. This also contributes to the sort of "business-friendly" environment preferred by transitional investors and corporations. DC schemes are a somewhat more complicated matter and are favored where conditions make it difficult to immediately implement a full-blown FDC scheme.

Casey and Xavier (2002) observes that in their efforts to implement neoliberal policy reforms, including FDC or DC pensions systems, different social actors, both individual and collective, face two major types of structural constraints. The first relate to the institutions existing in the specific country where they are trying to enact reforms (although other neoliberal reforms may be implemented through international trade agreements, pension remains a country-specific task). The second type of structural constraints is the result of social actors' location within both the world-system and the various organizations, such as TNCs, IGOs, and nation-states that make up the world-system. One of the principal constraints that existing institutions in a country create is the degree to which it is realistically possible to implement the FDC schemes usually favored by neoliberal pension policy experts. Many peripheral nations (including both those of the traditional "third world" and those of the former Soviet bloc) do not currently have the financial infrastructure to support a substantial FDC scheme. In this context, neoliberal reformers often see a mixed-model system, with a substantial DC component and a modest FDC component, as a first step in the evolution of a pension system that could contain a substantial FDC element (James 1999). A defined contribution system, combined with a smaller FDC system, could help ease the transition to a scheme that will eventually put the emphasis on the FDC system. The initially modest FDC system would foster the development of the financial institutions and markets needed to support a major FDC system a few decades hence. This is, for instance, actually the stated goal behind the recent pension reforms in Mongolia and other Asian countries (Leechor 1996).

To turn to the structural constraints created by social actors' location within the world-system, TNCs and IGOs have the most room to maneuver (Lindeman 2003). TNCs, though usually based in a core state, can invest in those countries where they find conditions most favorable. In an effort to attract investment by these corporations, national governments are under enormous pressure to tailor their social policy to meet the needs and desire of these corporations, such as minimal taxes and nonrestrictive labor laws. In many cases, this means cutting social spending, including pensions (James 1995). For example, as Swedish corporations have become increasingly oriented toward the global market, they have felt less need to compromise with the domestic labor movement and have grown less supportive of welfare state programs. By ending centralized bargaining with the Trade Union Confederation-the blue-collar union-corporate employers were able to undermine its political clout, setting the stage for the retrenchment of Sweden's welfare system (Whitehouse 2001), and one aspect of which was pension reform.

Intergovernmental Organizations also have increasing power to define the structures of the world-system and to place constraints on national governments. In western Europe, the EU has increasingly limited what is possible in the arena of domestic policy, Italy, for instance, adopted its DC scheme as a result of the constraints created by the Maastricht Treaty, which required Italy to halt the growth of public debt as rapidly as possible-which essentially meant large cuts to the welfare system (Brugiavini and Fomero 1998). Multilateral lending IGOs have played a large role in the neoliberal restructuring of the welfare states of those peripheral nations that had been part of the Soviet bloc (Lindeman 2003). The World Bank in particular has played an important role in promoting both DC and FDC schemes. Many of the countries in question are in debt to the World Bank, which puts it in a position to strongly influence social policy. Even in the case of countries that do not owe debt, the Bank's approval or disapproval of policy can still be very important. It is very difficult for countries to get loans from private transnational banks if the World Bank does not consider their policies to be economically sound. The World Bank is also one of the few organizations willing to make advice on pension reform readily available to financially struggling peripheral governments. In the case of Poland, the World Bank actually funded their pension reform agency, which was headed by a World Bank official on temporary leave (Whitehouse 2001).

Neoliberal elites within national governments have less room to maneuver than do those in transitional corporations and IGOs Disney (1999) argued. It is here that we can see most clearly the interaction between the constraints created by the world-system and local institutions and politics. Usually some faction of the national elite, such as the social democrats in the core states of Italy and Sweden or the ex-communist parties in former Soviet bloc countries, has an electoral base in groups such as labor unions or pensioners' organizations that oppose anything other than reforms to the existing PAYGO DB scheme, while another faction is more aligned with those transitional actors supporting neoliberalism. In many such cases, for any reform at all to take place, some sort of compromise has to be devised in which labour unions and other grassroots interest groups feel that they have had input (Brugiavini and Fomero 1998). These negotiations took slightly different forms in Italy and Sweden than in the former Soviet bloc nations that have implemented DC schemes. In Italy, the first Berlusconi government (in 1995) tried simply pushing pension reform through without negotiating with the labor unions. A massive strike resulted and the government was forced to back off. In contrast, its successor-the Dini government –negotiated directly with the labor unions and was able to enact legislation putting the DC system into place (Ferrera and Gualmini 2000; Myles and Pierson 2000). In Sweden, the pension reform process was initiated by a four-party center-right governing coalition. Although they did not deal directly with the labor unions, the Social Democratic Party, which has its electoral base in the Trades Union Confederation, was included in the committee that designed the new pension system (Whitehouse 2001, Disney 1999).

The political situation in much of the former Soviet bloc is less clear-cut. Although in most of these countries there was initially strong support for a transition to a market economy, support for the preservation of existing welfare state programs was also strong. Disagreement with the more extreme forms of inequality engendered by neoliberal reforms is now widespread (Standing 1996). Political parties often represent conflicting social interest; both left-wing and right-wing parties may include populist factions opposing the privatization of the pension system and elite neoliberal factions supporting it (Disney 1999).

THEORETICAL FRAMEWORK

This study will use the social responsibility theory to examine the new pension policy and its impact on the civil servants within the context of democratic governance in Nigeria. Social protection of a population has always been one of the most important functions of the state. Since ancient times, the powers-that-be have been helping destitute and disabled in the event of emergency. In the middle Ages, churches and monasteries hosting free hospitals and asylums supported this activity. Craft and merchant guilds, as well as municipalities of big cities, also supported and aided members of their communities. Social protection of populations was not always systematic and permanent. Assistance was rendered through various channels and included such forms as free medical treatment and material support of widows and orphans, and allocation of money, clothes and food to people who were homeless. The goal of this assistance was determined not only by the Christian goodwill traditions, but also by the pure economic necessity. The situation when European countries were depleted by epidemics and wars made each governor take care of his population, as its preservation and accrual was the source of tax and revenues.

The complex of various forms of maintenance in old age or in the event of disability is called social security. The social responsibility theory is originally a theory of press freedom. It was first introduced in the United States of America in 1947 when the commission on freedom of the press headed by Robert Hutchins recommended that:

a. The press has a responsibility to society; and
b. because the libertarian press of the U.S. is not meeting this responsibility, there is a need for a press theory (Lloyd; 1991:199).

The result was a proposal favouring a socially responsible press. It is an outgrowth of the libertarian theory whose basic tenets centred on man’s rationality and lethargy.

The demand for social responsibility underscores the fact that there is inequality in society and the need to set up the institutional means to fulfilling the acclaimed responsibilities.

This theory presupposes that different entities have different responsibilities. While the social responsibility of the states is to ensure the civil rights of their citizens, corporations to respect and encourage the human rights of their employees, that of the citizens is to abide by the written laws. This brings to the fore the element of reciprocity in social responsibility. Today, the dynamic role of the state and its institutions has broadened the concept of social responsibility. Flowing from this thought, Non Governmental Organisations (NGOs), have identified their role and responsibility to help improve society. This is under the guise of corporate social responsibility, where corporate institutions have implicit responsibility to give back to society what they get from society. This implies that it is voluntary and beyond what is called for by law. The derivative is that social responsibility has a legal responsibility.

Social responsibility assumes that it is better to be proactive towards a problem than reactive to a problem. It therefore calls for the elimination of corrupt, irresponsible, or unethical behaviour that might bring about harm to the work place, its workers or retirees or the environment. It underscores the point that ethical behaviour is at the root of social responsibility. The problem affecting the management of the defined benefit schemes is as a result of the unethical behaviour (corruption and mismanagement of pension funds) engaged in by the traditional pension fund manager. Most often, pensions funds are not released on time and when released it is often diverted for selfish ends. The arrears of unpaid pension funds are a fall out of the unethical behaviour indulged in by pension fund administrators under the traditional scheme. To this end, for pension funds to be successfully managed either under the defined benefit scheme or the contributory scheme, ethical principles must be maintained y the stakeholders.

While social responsibility has a moral value, it has economic value as well. The economic value is the total amount of money individual employee is mandated to contribute or invest in socially responsible goods or services. In relation to the contributory pension scheme, it has to do with the amount of money individual employee is willing to contribute to his retirement savings account. In this case, the responsibility of individual employee is to pay 7.5% of his salary and allowances to his retirement saving account. The proactive stance of both employee and employers to fulfilling this social responsibility will determine the success of the contributor pension scheme. One could therefore contest that, the major weaknesses of the defined benefit scheme was government inability to finance the scheme. Negative social responsibility became the vogue hence the need to reform the system in line with global demands.

In another admission, social responsibility means being responsible to people, for the actions of people and for actions that affect people. This is the challenge for federal ministries and PENCOM as it was responsible for managing the pension fund and the record of her pensioners. In this instance, social responsibility deals with holding federal ministries, a group, organisation or company accountable for its actions and is effect on the people around it – the pensioners. The import of the social responsibility theory lies in the fact that pension administration is a social responsibility of government to provide for her employees. In this regime of pension privatisation the responsibility has devolved on employees and employers to make contributions to the retirement savings account of individual employee to insure them against old age poverty. Proactively the various stakeholders are to make their statutory contributions to the effective management of the pension scheme. While the social responsibility of ministries is to process the

retirement files of employees promptly and forward the record to PENCOM, the various MDAs should promptly furnish ministries with names of staff that are due for retirement. In another instance, the social responsibility of the pension fund administrator and custodians is to manage and invest the pension fund in a way that will yield much profit into the individual workers retirement savings account. PENCOM in this stead is to enhance its supervisory roles. These are the social responsibility of these institutions involved in pension fund management. The contention is that their approach should be proactive and not resistant in nature if much success is to be recorded. A responsible government is measured against the degree of social services provided for her citizens. While this is a mark of social responsibility demonstrated by government it shores up the legitimacy profile of the said government.
Given the relevance of the social responsibility theory to the subject matter of this research, it is therefore adopted as the theoretical framework for this study.

DATA PRESENTATION AND ANALYSIS

This section is concerned with the presentation and analysis of respondents' feedback on the questionnaires. As earlier indicated, four categories of respondents form the entire population of the research, and they were drawn from Federal Ministries of Aviation, Finance, Information and culture, Internal Affairs and the Ministry of Federal Capital Territory. For the purpose of this analysis, out of the one thousand five hundred (1,500) questionnaires, distributed, using random sampling, only 1,237 questionnaires returned were analysed cutting across all facets of the entire research population including retirees. The analysis is divided into two sections, section A covers general questions regarding pensions management in Nigeria and the PRA2004, while section B samples retirees opinions on pension issues as it affects their plights. The simple descriptive analysis and percentages were used. Moreover, an adapted version of the summated rating techniques was applied.

SECTION A

Presentation and Analysis of Respondents Responses

Table 1:Number of questionnaires distributed and returned according to ministries.

Ministry	Distributed	Returned	%	Not Returned	%	Total %
Aviation	290	206	68.7	94	31.3	100
MFCT	290	254	84.7	46	15.3	100
Finance	290	249	83.0	51	17.0	100
Information	290	261	87.0	39	13.0	100
Internal Affair	290	267	89.0	33	11.0	100
Pensioners/Retirees	50	40	80	10	20	100
Total	1500	1237		273		

Source: Field Survey, 2013

The table shows the number of questionnaires distributed and returned by the various categories of respondents. From the table, it can be seen that each of the ministries was given 290 questionnaires each and 50 for retirees which totals 1500 for the five ministries. However, the ministry of Aviation completed and returned 193 questionnaires representing 66.6% which was used for analysis. The MFCT completed and returned 244 which represented 84.1% of the total questionnaires sent to them. The Ministry of Finance completed and returned 240 questionnaires which represented 82.8% of the 290 copies distributed to them. The information and Communications Ministry returned 252 copies of the questionnaires representing 86.9% of the total questionnaires distributed to her, and the Interior Ministry returned 258 copies of questionnaires representing 89.0% of the 290 questionnaires. In summary, a total of 15004 questionnaires were distributed and 1237 representing 82.5% of the total questionnaires returned.

Table 2: Number of Years in Service

Number of Years	Frequency	Percentage
1-5 years	122	10.3
5-10 years	179	15.1
10-15 years	212	17.9
15-20 years	324	27.3
20 years and above	360	30.1
Total	**1,197**	**100**

Source: *Field Survey, 2013*

The table above deals with the number of years in service of respondents. From the table, 10.3% of the respondents have spent between 1-5 years in the service of their various establishments, 15.1% have been working in their establishments between 5-10 years. Also among the respondents there are those that have put in between 10 and 15 years working in the different Ministries. This group of workers represents 17.9%. The table also shows that 27.3% of the respondents have worked for between15-20 years in their respective ministries. Finally analysis shows that 30.1% were those that have spent over 20 years in public service. The implication of this classification is that it will enable the research get array of views regarding the acceptability or otherwise of the new pension management scheme in Nigerian public service.

Table 3: Educational Qualification of Respondents

Qualification	Frequency	Percentage
School Certificate	187	15.6
OND/NCE	274	23.1
Degree/HND	412	34.4
Postgraduate	324	27.9
Total	**1,197**	**100**

Source: Field Survey, 2013

The table above is on educational qualification of respondents. From the table 15.6% of the respondents are school certificate holders (SSCE certificate), 23.1% are OND/NCE holders, while 34.4% of the respondents are degree or HND holders and 27.9% respondents comprises of those with postgraduate qualifications. The essence of this spread is to allow objective and incisive responses on the issue of pension management in Nigeria.

Table 4: Respondents Position in the Ministries

Position in Ministry	Frequency	Percentage
Top level management	344	29.0
Middle level management	412	34.7
Lower level management	382	32.2
Others	59	4.9
Total	**1,197**	**100**

Source: Field Survey, 2013.

From the table above, 29.0% of the respondents are top level management staff of their various ministries and agencies. Another category 34.7% comprise of middle level management of the sampled population. The table also indicted that 32.2% of the respondents are of the low level management staff of the sampled ministries. While 4.9% of the respondents did not indicate their position in their organizations. This shows that the research is all encompassing and organizational wide.

Table 5: Are you aware and support the introduction of pension reform policy in your organization

Response option	Frequency	Percentage
Yes	817	68.3
No	380	31.7
Total	**1,197**	**100**

Source: Field Survey, 2013

The above data indicates that 68.3% of the respondents agreed that they are aware of the pension reform policy in their respective organization, while only 31.7% were of the negative view. This indicate that there is a wide spread information on the pension reform policy in Nigeria.

Table 6: Has the introduction of pension reform policy positively affectecd the economy of Nigeria?

Response option	Frequency	Percentage.
Yes	838	70.0
No	359	30.0
Total	**1,197**	**100**

Source: Field Survey, 2013

From the table above, 70.0% of the respondents agreed that pension reform policy in Nigeria has positively affect the economy of Nigerians while 30.0% of the respondents is of the different opinion that it has not affect it positively. This might be the as a result of haphazard implementation of the policy in various public sector organizations in Nigeria.

Table 7: Do you agree that the new Pension Reform Act can safeguard the security of public servants after retirement?

Response items	Frequency	Percentage
Agree	364	30.1
Disagree	92	7.7
Uncertain	41	3.4
Strongly disagree	50	4.2
Strongly agree	650	54.3
Total	**1,197**	**100**

Source: Field Survey, 2013.

The table above sampled respondents' opinion on the social security of public servants after retirement. From the table, 30.1% of the respondents agreed that the new Pension Reform Act will safe guard and guarantee the security of public servants after retirement. Conversely, 7.7% disagreed with the fact that the Pension Act will safeguard public servants after retirement, 3.4% are uncertain on their responses.

Also 4.2% of the total respondents strongly disagreed arguing that due to certain deficiencies in the implementation of the Pension Reform policy, it is not capable of guaranteeing adequate security of public servants after retirement while 53.9% strongly agreed that the new Pension Reform Act will guarantee reasonable and adequate security of retired public civil servants in Nigeria. This position is in line with section 2 of part 1 of the Pensions Act which states that one of the objectives of the scheme is to "assist improvident individuals by ensuring that they save in order to cater for their livelihood during old age"

.

Table 8: Does the Pension Reform Act improve the social and living standard of retired civil servants in Nigeria?

Response items	Frequency	Percentage
Agree	343	28.7
Disagree	124	10.4
Uncertain	72	6.1
Strongly disagree	88	7.4
Strongly agree	570	48.0
Total	**1,197**	**100**

Source: Field Survey, 2013.

The table above deals with the issue of improving the living standard and social status of retired civil servants and pensioners in Nigeria. From the table, 28.7% agreed that the full implementation of the Pension Act 2004 will improve the social and living standard of retired civil servants in Nigeria. This position is attributed to certain provisions of the Act. Equally 10.4% of the respondents disagreed that the Reform Act will not improve the living standard of retirees. Also, 6.1% of the respondents are uncertain in their response while 7.0% strongly disagreed that the implementation of the provision of the Pensions Act will not improve the living standard of retired public servants in Nigeria and, 48.0% respondents are of the opinion that the Pension Act will improve the living standard of retirees in Nigeria.

Table 9: Do you agree that the new pension reform can improve productivity in the Nigerian civil service?

Response items	Frequency	Percentage
Agree	299	25.0
Disagree	212	17.7
Uncertain	89	4.4
Strongly disagree	256	21.4
Strongly agree	341	28.5
Total	**1,197**	**100**

Source: Field Survey, 2013.

The essence of the Pension Reform Act is to improve the productivity level of public servants in Nigeria. From the table above 25.0% of the respondents agreed that the Pension Reform will improve the productivity of average Nigerian worker. 17.7% disagreed that the provisions of the Pension Act does not encourage productivity among workers because it denied them certain benefits. Another category 4.4% were however uncertain as to their impression about the effect of the pension policy on public servants productivity. Also 21.4% respondents are of the opinion that the Pension Act cannot adequately ensure productivity of public sector employees. Finally, 28.5% strongly agree that full implementation of the Pension Act will bring about optimum productivity on the part of civil servants in Nigeria.

Table 10: Do you agree that the new pension scheme will eradicate the problems of pension administration in Nigeria and take care of social needs of pensioners?

Response items	Frequency	Percentage
Agree	211	17.6
Disagree	302	25.2
Uncertain	97	8.1
Strongly disagree	391	32.7
Strongly agree	196	17.2
Total	**1,197**	**100**

Source: Field Survey, 2013.

The table above focuses on the efficacy of the new pension scheme in managing the problems associated with previous pension schemes and care of social needs of pensioners. From the table, it can be observed that 17.6% of the respondents agreed that the new Pension Act will solve the problems encountered by previous pension management schemes. Another category of respondents consisting of 25.2% disagreed that the new pension scheme is not capable of eradicating the problems associated with previous pension schemes in Nigeria. Again, 8.1% of the respondents were uncertain in their responses on the question. 32.7% of the respondents strongly disagreed with the fact that the 2004 Pension Act would not take care of the needs of pensioners because of implementation problems and legal provisions of certain sections of the Pension Reform Act. Finally, 17.2% of the respondents strongly agreed that the new Pension Reform Act will eradicate the problems of earlier pension policies because of the components and the corrective measures included in them.

Table 11: Do you agree that delay in the payment of pension is as a result of mismanagement or organisational problems?

Response items	**Frequency**	**Percentage**
Agree	227	19.0
Disagree	92	7.7
Uncertain	37	3.1
Strongly disagree	97	8.1
Strongly agree	747	62.4
Total	**1,197**	**100**

Source: Field Survey, 2013.

Table above deals with the problems of delay associated with payment of pension benefit to retirees as a result of mismanagement. From the table 19.0% respondents agreed that delay in the payment of retirement benefits is as result of mismanagement and other organisational problems. On the contrary 7.7% of the respondents disagree with the fact that pension payment delays are not caused only by management problems but other external factors that affect the public sector operations. The table also indicates that 3.1% of the respondents are uncertain in their response to the question. Also out of 1,197 total respondents, 97 representing 8.1% strongly disagreed that delay in payment of pension is associated with poor management; while 61.0 of the total population strongly agreed that mismanagement and a combination of other endogenous and exogenous factors contribute to the delay and at times non-payment of retired civil servants benefits especially at the federal level.

Table 12: Do you agree that the new Pension Reform Act was properly implemented in Nigeria to bring succour to civil servants?

Response items	**Frequency**	**Percentage**
Agree	193	16.1
Disagree	233	19.5
Uncertain	88	7.4
Strongly disagree	414	34.6
Strongly agree	269	22.4
Total	**1197**	**100**

Source: Field Survey, 2013.

The table above samples respondents' opinion on whether the new pension scheme is properly implemented to bring succour to civil servants. From the table 16.1% agree that the new Pension Act will bring relieve to civil servants in terms of securing retirement future. 18.8% of the respondents disagreed claiming that the Pension Reform Act was not properly implemented by the federal government. Also 7.4% of the respondents are uncertain in their answers to the question. Again 34.6% strongly disagreed that the pension act was not properly implemented to guarantee adequate relieve to the civil servants and retirees.

However, 22.4% strongly agreed that the pension reform policy was properly implemented to secure the future for the civil servants and retirees.

Table 13: Pension administration through the PFA's will bring about efficiency and improve the organisation and management of pensions in Nigeria.

Response items	Frequency	Percentage
Agree	306	25.6
Disagree	274	22.9
Uncertain	63	5.3
Strongly disagree	109	9.1
Strongly agree	445	37.2
Total	**1197**	**100**

Source: Field Survey, 2013.

Prior to the implementation of the new Pension Reform Act, pension matters are managed by ministries and government parastatals. However, with the New Pension Reform, the management of pension funds through Pension Fund Administrators (PFAs) was emphasised aimed at improving the efficiency in the management of funds. Based on this, opinions of respondents were sought. From the table above 25.6% of the respondents agreed that the channeling of pension funds through PFAs will bring about efficiency and improve the organisation and management of pension in Nigeria. Another category of respondents comprising of 22.9% disagreed that PFAs will not lead to improvement in the management of pension since they operate within the broad policy framework of government and pension issues are still partly managed by ministries which are characterised by bureaucracy and inefficiency. Among the respondents 5.3% are uncertain in their responses and 9.1% of the respondents strongly disagree with PFAs administration of pensions issues will not bring about efficiency. Again, 37.2% strongly agreed that the Pension Fund Administrators will enhance efficiency in the management of pensions in Nigeria. They argue that since remittance is made directly to the PFAs and held in custody by PFC the problem of corruption, mismanagement and other sharp practices are curtailed.

Table 14: Do you agree that the new pension scheme will eradicate corruption, mismanagement and delay in disbursement of pension benefit in Nigeria?

Response items	Frequency	Percentage
Agree	163	16.3
Disagree	397	33.2
Uncertain	48	4.0
Strongly disagree	466	38.9
Strongly agree	123	10.3
Total	**1197**	**100**

Source: Field Survey, 2013.

From the table above, 16.3% of the respondents agreed that the New Pension Reform Act will eradicate the problem of previous pension schemes like mismanagement, corruption and delay in the disbursement of pensions to retirees. Another category of respondents consisting of 33.2% disagreed that the New Pension Act will not correct the deficiencies of the previous schemes and will not eradicate the bureaucratic problems inherent or linked to it. Among the respondents 4.0% of the respondents are uncertain in their responses. Also among the respondent 38.9% disagreed that the new Pension Reform Act will not eradicate the problems of delay in the disbursement, mismanagement of pension fund in Nigeria while 10.3% of the respondents strongly agreed that the new pension scheme will address the numerous deficiencies of the previous pension management schemes.

Table 15: Do you agree that PFAs and PFCs can guarantee adequate security and protection of retirees' funds?

Response items	Frequency	Percentage
Agree	306	25.6
Disagree	214	17.9
Uncertain	87	7.3
Strongly disagree	193	16.1
Strongly agree	397	33.2
Total	**1197**	**100**

Source: Field Survey, 2013.

The table above focuses on the security and protection of retirees' fund with PFAs and PFCs in the management of pension and related matters. From the table 25.6%of the respondents are of the view that the PFAs and PFCs are capable of securing and guaranteeing the protection of retirees fund since they operate under the guidance and monitoring of the National Pension Commission (PENCOM) which is the regulatory authority. From the table also, 17.9% respondents disagreed that the PFAs and PFAs cannot guarantee and secure pensioners' funds arguing that most of the PFAs are not financially sound to carry out the business of managing large amount of money and also based on the fact that the PFCs are banks which are having liquidity problems. Consequently, 7.3% of the respondents are uncertain in their responses as regards the ability of the PFAs and PFCs to secure pensioners' fund. The table also consists of responses of those respondents that strongly disagreed with the ability of PFAs and PFCs to safeguard pension funds. These categories of respondents represent 16.1%. 33.2% of the respondents strongly agreed that the PFAs and PFCs are strong and possess the financial capability and legal provision and control to secure and guarantee pensioners funds.

PART B: RETIREES RESPONDENTS

Table 16: How many years did you put into service before retirement?

Variables	Frequency	Percentage
10-15 years	07	17.5
15-20 years	10	25.0
20-25 years	08	20
25-35 years	15	37.5
Total	**40**	**100**

Source: Field Survey, 2013.

This table samples respondents responses on number of years put into service before retirement. From the table 17.5% spent between 10-15 years in public service before retirement, 25.0% spent between 15-20 years in service, 20.0% spent 20-25 years working while 37.5% put in between 25-35 years in service before retirement.

Also when interviewed most of them especially those that put in 25 years and above before retirement the implementation of PRA 2004 and those that the provisions of the PRAs 2004 did not cover. It can be summed up that 77.9% are retirees whom the PRA 2004 did not cover.

Table 17: On what condition did you retire from service?

Variables	**Frequency**	**Percentage**
Old age	06	15.0
Ill health	09	22.5
Attainment of retirement age	20	50.0
Voluntary retirement	05	12.5
Total	**40**	**100**

Source: Field Survey, 2013.

From the above, 15.0% of the respondents claimed that they retire from service on the ground of old age i.e. having attain mandatory 60 years retirement age in the public service. The table also shows that 22.5% retired from service on the basis of ill health. Also 50.0% retired on the attainment of mandatory working or service duration of 35 years in service. While 12.5% retired from service voluntarily.

Table 18: At what grade level did you retire from the service?

Variables	**Frequency**	**Percentage**
GL 1-5	17	42.5
GL 6-10	11	27.5
GL 12-14	08	20.0
GL 15 and above	04	10.0
Total	**40**	**100**

Source: Field Survey, 2013.

From the table above, 42.5% respondents retired from service between grade level 1-5 in public service, 27.5% are those that retired between grade level 6-10 in the service and those that are between grade level 12-14 in the public service are 20.0%, while 10.0% of the respondents retired when they were between grade levels 15 and above. This stratum shows the impact of the PRA 2004 on post retirement welfare of retirees in Nigeria since most of them did not attain high grade levels in the service before retirement.

Table 19: Under what pension scheme did you operate as a civil servant?

Variables	**Frequency**	**Percentage**
Contributory scheme	05	12.5
Non-contributory scheme	35	87.5
Total	**40**	**100**

Source: Field Survey, 2013.

From the table above most of the respondents 87.5% claimed that they operated under the non-contributory pension scheme during their life time in the public service before retirement. While 12.5% of the respondents represent those that operated under the contributory pension scheme which means they retire after the PRA 2004 implementation.

Table 21: Is the monthly retirement pensions regular?

Variables	**Frequency**	**Percentage**
Yes	12	30
No	28	70
Total	**40**	**100**

Source: Field Survey, 2013.

The table above examines retirees experience on the regularity or irregularity of pension payments. From the table above, 70.0% respondents claimed that the pension payments are irregular with sometime multiple arrears while only 30.0% respondents claimed that pension payments are regularly paid by the respective agencies.

Table 22: How long did it take your pension fund administrator to remit your contribution after retirement?

Variables	**Frequency**	**Percentage**
1 month	7	17.5
3 month	12	30.0
6 month	10	25.0
9 month	6	15.0
1 year	5	12.5
Total	**40**	**100**

Source: Field Survey, 2013.

Most of the respondents 25.0% claimed that it took them an average of 6 months to get remittance of their retirement benefits from their PFAs, 15.0% claimed it took 9 months to get their benefits from their PFAs. Also 12.5% respondents are of the opinion that the PFA delayed in remitting their contributions up to 12 months while 30.0% respondents spent 3 months before remittance and 17.5% respondents claimed it took them only one month to collect their contributions after retirement from service. The implication of these responses is that the PFAs are contributing to heighten the plight of retirees since it takes longer time to process contribution and payment of retirees.

Table 23: Is the payment adequate to take care of your basic needs as a retiree?

Variables	**Frequency**	**Percentage**
No	30	75.0
Yes	10	25.0
Total	**40**	**100**

Source: Field Survey, 2013.

The table above is whether pension and gratuity paid are adequate t take care of their basic needs as retirees. From the responses, 75.0% respondents claimed that the gratuities and monthly pensions are not enough to take care of their basic needs as retirees especially coupled with the economic situations and the percentage or amount of money being paid by government. However, 25.0% claimed that the gratuities and pensions are adequate to take care of their basic needs. This may however depend on the organisations where they retired from.

Table 24: As a retired civil servant how do you assess the processes and procedures for payment of pension benefits in the PRA 2004?

Variables	Frequency	Percentage
Stressful	09	24.6
Not stressful	03	17.1
Fair	05	9.1
Very stressful	23	49.3
Total	**40**	**100**

Source: Field Survey, 2013.

Respondents were to assess the process and procedures involved in the processing of retirement benefits payment in the PRA 2004. From the table above 22.5% of the respondents claimed that the procedures and paper works involved in processing payment of retirement benefits are cumbersome and stressful to them. 7.5% of the respondents claimed that procedures are not stressful and easy. Another 12.5% claimed that the entire procedure is fair while 57.5% of the respondents claimed that processing for payment after retirement especially with the manner in which PFAs treat them is very stressful and boring because it consume time and resources and involve bureaucratic processes.

Table 25: As a retiree, how do you assess the new pension scheme compared to previous schemes in ameliorating the suffering of retirees?

Variables	Frequency	Percentage
Effective	10	25
Not Effective	26	65
Just Effective	04	10
Total	**40**	**100**

Source: Field Survey, 2013.

From the table above, 25.0% of the respondents claimed that the PRA 2004 compared to other previous schemes is not properly implemented to ameliorate the plight of Nigerian pensioners and therefore not effective. Also the table also indicated 65.0% respondents believed that the PRA 2004 is effective in taking care of the plight of retirees in Nigeria while 10% assessed the PRA 2004 as just been effective.

Table 26: Do you think the provisions and implementation of the PRA 2004 takes care of the plight of retired Nigerian civil servants?

Variables	Frequency	Percentage
Yes	12	30.0
No	28	70.0
Total	**40**	**100**

Source: Field Survey, 2013.

The table above indicate that 30% of the respondents are of the opinion that the provisions and the implementation of the PRA 2004 takes care of the plight of Nigerian civil servants while 70.0% of the respondents disagreed that the PRA 2004 was not properly implemented to take care of the sufferings of retired Nigerian civil servants. In this situation of absence of any government welfare or social services for vulnerable groups in the absence of any form of social security as a right; the tendency of retired persons in Nigeria is to use the lump-sum benefit received as gratuity to invest in some form of business activity to yield them income to supplement their pension and also maintain themselves and their families. This provision of the Act effectively eliminated the right to gratuity.

CONCLUSION AND RECOMMENDATIONS

Conclusion

Majority of Nigerians are absolutely poor and the only way government can alleviate their poverty especially for the working class is through social security provision. The unemployed should be covered by other variants of social-security programmes as a mark of government's recognition of social responsibility goals to her citizen.It is the submission of the researcher that the success of any pension scheme introduced by government is dependent on the three dimensional factors-institutional, social, political and economic factors and bureaucratic and management culture instituted. The fear is that the contributory pension scheme may equally fail if financial discipline and good management culture is not imbibed by the stakeholders. Fantastic as the new scheme and it provisions were, pension fund managers will succeed in managing the pension fund and records of retirees if ethical principles are maintained. Given this phenomenon, retirement will no longer appear nightmare. Workers could be encouraged to view retirement with positive passion and retire when necessary to pave way for the employment of young one. The net effect will an increased legitimacy profile for governments and institutions of government saddled with the responsibility of managing public affairs.

Finally, to sum up the argument, none of the originally stated goals of Nigerian pension reform have been achieved so far. First, the federal state continues to carry significant pension arrears from the earlier unfunded DB systems and some sources suggest that unpaid pensions have reached new record the highs. Second, the funded pension system has any significant impact on the development of financial markets since most of the assets are held in government securities and domestic bank money instruments. No shift of savings towards the 'real' sector could be observed. Indeed, the supporters of reform have not made any claims in this respect. Third, the macroeconomic credibility of the Nigerian federal state has declined. This was due to developments not casually related to pension reform such as the parceling off of oil income into special funds with unclear accountability, an unsound monetary and banking system, the world economic crisis and other factors.

Overall, the regulatory environment has failed to encourage interaction between pension reform and economic reform whilst problems of regulation within the new system have also contributed to a lack of reform credibility. Last but not least, the reform has failed to offer any prospect to allow for coverage of workers outside of the formal sector of employment. In order to address the current shortcomings, a new direction of Nigerian policy-making regarding pensions would be necessary. This could be combined with a broader concern for expanding basic social security along the lines suggested by the ILO. Such a new course would have immediate benefits and would address the issue of economic development from the grassroots, and improve on promises of a 'great leap' that is likely to remain a mirage.

Significance of the Study/Contribution to knowledge

The assessment of the efficacy or otherwise of the new pension policy and its impact on the civil service reforms in Nigeria could provide an impetus towards the mobilization of the other tiers of government to implement or adopt the new pension policy for their employees in order to ensure advancement as well as the well being of the nation. As an applied research, its findings are aimed at producing ideas that can be used to bring about improvement in the management of pensions in Nigeria for the well being of employees after retirement. Also the findings of this research will certainly be of interest to students of policy analysis and human resources management, who would like to know more about pension's management and its implications on the civil service in Nigeria. This study will contribute to the existing theoretical, conceptual and empirical knowledge on pension management and its implications to civil service reforms. The study is expected to provide data to policy makers especially in the public sector on the need to address pension problems in the country and to assess the extent to which the new pension policy impact on the civil service future expectations in particular and the Nigerian working class in general. The study is also expected to be part of the data bank for government policy makers and pension fund managers. It is also expected that intellectuals/academics and students will find this work useful and for further academic study in this area.

Recommendations

The following recommendations are advanced.

1. Government and the National Pension Commission must ensure effective monitoring, supervision and enforcement of the provisions of the Pension Reform Act, 2004 that introduced the new contributory pension scheme in Nigeria. Firms and other organizations must ensure effective implementation, compliance and application of the elements of the new contributory pension scheme that will enhance employee retirement benefits. The National Pension Commission must encourage compliance with the Act and ensure uniformity of application among firms in Nigeria. In order to achieve this, the National Pension Commission must strengthen its monitoring and compliance departments to periodically examine the books of transaction of PFAs and PFCs. The PENCOM should be allowed by government to enforce penalties on offences as stipulated in the PRA Act.
2. The Regulatory agencies must ensure effective implementation of the penalties provided by the Act on non- compliers regardless of their status and origin. To achieve this goal, conducive and enabling environment must be created by the Government for smooth implementation, compliance and application of the scheme by firms and other players in pension administration. Relevant legal framework should be put in place by the government to ensure political economy and necessary support for the scheme by subsequent government. There is need for comprehensive Pensions law that will replace the existing legislation (Pensions Act No. 102 of 1979) and the several military decrees.
3. The National Pension Commission must ensure that genuine Pension Funds Administrators and Custodians are licensed to forestall any fraudulent collaborative tendencies and, to guarantee that pension funds are in safe hands. The Pension Fund Administrators and Custodians should be mandated to set up regional branches in all the 36 states of the federation and local government councils. This will prevent the lodging of the percentage funds remitted in fixed deposit account to yield interest for the organizations involved in transaction with PENCOM. The failure of the

non-contributory pension scheme is attributable to financial mismanagement strategy adopted by some officials.

4. Finance is seen as the engine room of any organization and its adequacy at the disposal of individuals and organizations will enhance their life patterns. Therefore, the National pension Commission, which has assumed the role of supervisor in the pension industry, should equally be adequately funded. In 2007, the annual budget for PENCOM was N1.8billion. To solve this problem, annual budgetary allocation to ministries and agencies should be provided to cater for the pension requirements of these ministries and agencies. Equally important is that census of the retiree pensioners should be carried out to enable government know the total number of retirees in its payroll so that adequate provisions be made in annual budget to take care of deficits and off-set both current and outstanding payments. Adequate fund in the hands of prudent manager will enable the organizations to organized capacity building programmes for her staff, expand her operational networks and thereby promote efficiency.
5. There is need for public enlightenment campaigns on the merits of a contributory pension scheme with a view of addressing the current problems faced by retirees and pensioners in collecting their entitlements. To achieve this objective, government should as a matter of policy institute pre and post retirement courses for civil servants at least five years before retirement date. This will enable prospective retirees to embark on some form of personal retirement plans. Pension scheme is something that cannot be treated with levity. It should go beyond casual approach by any serious government.
6. Federal Government should release its contribution towards retirement benefits directly to each parastatal and institution for proper investments. This is important because these agencies have detailed information regarding the employment records of their staff. The use of intermediary underwriting insurance companies which often compound the problem should be jettisoned. This is realizable through the decentralization of pension funds management according to ministries and other agencies to ensure full and comprehensive capture of all beneficiaries.
7. The modalities for the payment and transfer of gratuity to pension should be clearly spelt out in the Pension Reform Act 2004. The law fails to make provision for gratuity transfer and this has negative implication on its mode of payment under the new scheme. The guaranteed minimum pension should be clearly defined as the Pension reform Act 2004 fails to clearly define what amount is the guaranteed minimum pension. To achieve this goal, provisions of the PRA 2004 should be amended to correct the anomalies therein.
8. Section 70(1) provides that charges and fees of the service providers. It states ‘that all income earned from the investment of the pension funds under this Act shall be placed to the credit of individual retirement savings account holder save for clearly defined and reasonable fees and charges’. This simply means PFA and PFCs can charge any amount they deemed fit from a pensioner or beneficiary’s account. The PFAs and PFCs could charge up to 50% of the pensioners’ savings because they are private organizations whose main objective is profit maximization. In order to curb these excesses of PFAs and PFCs government should peg service charge limit on the services rendered by them and PENCOM should ensure compliance.
9. There is also deficiency in the provisions of section 74 of PRA 2004 which states in summary that ‘pension fund asset should not be invested outside the shores of Nigeria without the approval of the presidency’. It is argued that if pension funds are allowed to be invested abroad, it will contribute to the growth of the pension fund in the country and more so the process of seeking Presidential approval before such transaction will be time consuming. Therefore it is

recommended that PENCOM should be given additional powers to carry out these functions without recourse to Presidential approval.

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