

**DIAGNOSING THE ELEPHANTINE PROBLEMS IN THE  
IMPLEMENTATION OF THE 2004 PENSION ACT IN ENUGU STATE  
CIVIL SERVICE**

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**Abstract**

*The study investigate the implementation of the 2004 pension ACT in Enugu State Civil Service with a view to proferring solutions. Pension administration and prompt payment of pensioners have become a serious problem in Nigeria. In the course of conducting this research, descriptive survey research was used. Data were collected using questionnaire, face to face interview and focus group discussion. Hpotheses formulated were tested using Chi-square non parametric statistics. The study revealed among other things that the government of Enugu State has not put efficient financial control mechanism in place to ensure efficiency in pension fund management. Also, the Government has not worked out the modalities properly on the separation from the erstwhile old scheme from the new one. It was also discovered that the traditional funding strategy of the public-sector pension system, especially the civil service segment is nothing to write home about. This perhaps explains why huge arrears of pension payment exist in Enugu State with the widespread complaints, sickness and death among retirees. Based on the findings the following major recommendations were preferred: That the government of Enugu State should put in place efficient financial control system in pension fund management to ensure that pension fund is prudently managed. The government should work out the modalities to ensure that separating from the erstwhile old scheme from the new one is smoothly done. Even though the employer and employee contributions are adequate, however because of the economic recession the contributions should be slightly increased.*

**Keywords:** Pension, Pencom, PFA, Civil Service

**Introduction**

Pension schemes are social security maintenance plan for workers after their disengagement as employees through retirement (Ilesami, 2006). The exact origin of pension scheme in Nigeria is debatable; however the history of pension in Nigeria could be traced to the prolong battle between workers and employers of labour. The victory of employees over employers marked the privilege of receiving gratuity and pension in Nigeria (Sule & Ezugwu, 2009:50). Pension here entails money paid at regular bases by government or any establishment to someone who is officially considered retired from active service after serving for a stipulated time usually minimum of ten

years and maximum of thirty five years. The Pension Ordinance of 1951 was the first ever legislative act on pension in the public sector in Nigeria. Nine years later (that is in 1961), the National Provident Fund (NPF) was established to address pension issues in the private sector. This was followed by the Pension Act No.102 of 1979 and the Armed Forces Pension Act No.103 of 1979. In 1987, the police and other government agencies pension scheme was established under Pension Act No.75 of 1987; in the same year, Local Government Staff Pension Board (LGSPB) was established to cater for pension matters among local government employees (Sule & Ezugwu, 2006). However, in the private sector, pension reforms were slow and marginal since 1961. It was only in 1993 that a pragmatic step was made by government to address the many problems of pension in the private sector. In this regard, government established the National Social Insurance Trust Fund (NSITF) in 1993, to cater for pension issues in the private sector.

The general characteristics of the Nigerian Pension Scheme before 2004 reform were noncontributory and bedeviled by many impediments. The large number of pensioners and mismanagement of pension funds impose heavy burden on government and the private sector. According to Buhari (2003), the public pension debt as in 2003 was over one trillion naira. The cumulative effect of the debt is that, government was unable to service pensions of retirees, as a result, pensioners could not pay children school fees, cater for their health and other necessities of life. This precarious situation necessitated the enactment of the Pension Reform Act of 2004. The 2004 Pension Reform Act is a paradigm shift from the 1979 Pension Act. Under the new scheme, employers and employees alike are to contribute 7.5 percent of employees' monthly emolument which include basic salary, housing and transport allowance. However, military personnel are to contribute 2.5 percent while the Federal Government contributes 12.5 percent of the employees' monthly emolument (Pension Reform Act, 2004). The scheme covers the private sector with five or more employees. The only exceptions are public employees who have three years or less to retire with effect from the date of enactment of the Pension Act being 30<sup>th</sup> June 2004 (National Pension Commission, 2004). The employer may elect under the 2004 Pension Act to bear the full burden of the pension by contributing not less than 15 percent of the employees' monthly emolument.

The objective of the new pension scheme include among others to ensure that every employee in the private and public sectors receives his/her benefits as and when due; to establish a uniform rules, regulations, standards and laws for the administration, management and payment of pension funds in the country. The scheme was also established to assist employees by ensuring that they save to cater for life after retirement. More so, the scheme was to address the huge unsustainable pension deficit estimated at about two trillion naira which characterized the former Pay-As-You-Go (PAYG) Pension Scheme. According to Aminu (2004), the contributory pension scheme would address the pension deficit of the past in Nigeria; that the scheme as of July, 2010, has an asset of 1.7 trillion naira (11.3 billion dollars) across the country.

The contributory pension scheme is expected to have multiplier effect on workers attitude towards retirement, commitment to duty, and labour retention as well as attitude towards corruption especially in the civil or public service. This is because the uncertainty of receiving pension and gratuity after retirement was largely responsible for high labour turnover in the civil service. WHO (2007), posits that, poor remuneration, delay in payment of fringe benefits and poor condition of service among others are jointly responsible for the exodus of medical personnel from Nigeria to the United States of America and the United Kingdom.

Workers commitment to organizational goals has received wide attention by scholars (Steer, 1977). Workers commitment here entails the level of job involvement (Lodahl & Kejners, 1965).

It includes internal work motivation (Hackman & Oldham, 1978) and the willingness of an employee to invest personal effort for the sake of the organization (Agba, Nkpoyen & Ushie, 2010). It involves attitudes or orientation towards organizational goals or objectives (Hall & Schneider, 1972). Commitment is positive and consistent attitude towards organizational goal that are produced by exchange consideration. Workers commitment is a function of many variables including, characteristics of job situation, the work environment, leadership style and career development (Salanick, 1977; Agba, Nkpoyen & Ushie, 2010; Ushie, Agba, Agba & Chime, 2010; Ushie, Agba, Agba & Best, 2010). Employees' commitment could also be influenced by the level of job involvement or the responsibilities of the worker (Lodahl & Kejners, 1965).

### **Statement of the problem**

Life after retirement is one of the dreaded periods of most workers in Nigeria. The fears of facing the future after retirement "creates an ambiance of disturb' among employees' (Editorial, 2009). Retirement is seen by workers as a transition that could lead to psychological, physiological and economic problem (Ogunbameru & Bamiwuye, 2004). The provoking thoughts of facing uncertain future after retirement by workers is responsible for most bureaucratic corruption (Agba, Ikoh, Ushie & Agba, 2008); and could also be responsible for employees' job dissatisfaction and service ineffectiveness of vital institutions in Nigeria.

However as a result of some bottleneck in the administration of pension fund many workers fear retirement. Retirement which ought to be seen as a glorious separation or quit stands as a powerful instrument of fear to the retirees. But then, since retirement is like death, we can run but can not hide from it. This is because, for everything there is a season and a time to every purpose under the heaven, Ecclesiastes (3:1). Since this is so, finding an appropriate strategy for effective management of pension fund becomes a development out of extreme necessity. The issue of poor management of pension fund in Nigeria is both a pathetic and problematic one, several factors have been identified as the major barriers to pension fund management in Nigeria. They range from the periodic pension contributions and their investment, the rate of contributions and its adequacy to provide the needs of a would-be retiree, the effect of late and non-payment of pension benefits to the retirees. The incidence of transition gap and the funding system of the scheme among others.

Twelve years after the establishment of the new pension act, there is still speculation among Nigerians about the success of the scheme. Whether the new pension act will be able to address the many problems associated with retirement schemes in the past. Specifically, some have asked whether the Contributory Pension Act of 2004 would be able to address the problems of corruption, poor administration of pension fund, embezzlement, inadequate build-up of pension fund, poor monitoring, evaluation and supervision of pension fund that usually characterized pension schemes in Nigeria. Consequently, workers often ask whether they would ever have financial security after retirement. What is the fate of their children and other household after retirement? Does life after retirement means signing bond with poverty? These questions among others occupied the minds of workers in Nigeria and could be responsible for workers negative attitude towards retirement, job dissatisfaction to work as well as high labour turnover. This study is therefore set to investigate the relationship between pension administration and employee job satisfaction in Enugu State Civil Service.

### **Objectives of the Study**

1. To determine the relationship between pension administration and employee job dissatisfaction in Enugu State Civil Service.
2. To ascertain if the rate of pension contributions were adequate to provide the needed benefits of would be retiree.

### **Hypotheses**

1. There is significant relationship between pension administration and employee job dissatisfaction in Enugu State Civil Service.
2. The rate of pension contributions was adequate to provide the needed benefits of would be retiree.

### **Literature Review**

#### **The Nigeria Pension Scheme**

The pension system was introduced into Nigeria by the Colonial Administration. The first legislative document on pension in Nigeria was the 1951 Pension Ordinance which has retroactive effect from January 1, 1946. The Ordinance provided public servants with both pension and gratuity (Ahmed, 2006; Odiya and Okoye, 2012). The National Provident Fund (NPF) scheme established in 1961 was the first legislation to address pension matters of private organizations in Nigeria. This was the first social protection scheme for the non-pensionable private sector employees in Nigeria. It was mainly a saving scheme where both employee and employer contributed the sum of N4 each on monthly basis. The scheme provided for only one-off lump sum benefit (Ahmad, 2006).

The NPF was followed by Armed Forces Pension Acts No. 103 also of 1972 and by the Pension Acts No. 102 of 1979, 18 years later. The Pension Acts No. 102 of 1976 which commenced on 1st April, 1974 encompassed the recommendation of Udoji Commission which included all consolidated enactments and circulars on pension as well as repealing existing 113 pension laws hitherto in force. Other Pension Acts included: Pension Rights of Judges Act No. 5 of 1985, the Police and other Government Agencies Pension Scheme enacted under Pension Acts No.75 of 1987 and the Local Government Pension edict which culminated in the setting of the Local Government Staff Pension Board of 1987.

Odiya and Okoye (2012) explained that in 1993, the National Social Insurance Trust Fund (NSITF) scheme was set up by Decree No. 73 of 1993 to replace the defunct NPF scheme with effect from 1st July 1994 to cater for employees in the private sector of the economy against laws of employment men in old age, invalidity or death (Balogun, 2006). In 1997, parastatals were allowed to have individual pension arrangements for their staff and appoint Boards of Trustees (BOT) to administer their pension plans as specified in the Standard Trust Deed and Rules prepared by the Office of Head of Service of the Federation. Each BOT was free to decide on whether to mention an insured scheme or self-administered arrangement. It must be recall that the first private sector pension scheme in Nigeria set up for the employees of the Nigerian Breweries was in 1954. The United African Company (UAC) scheme followed in 1957.

According to Adams (2005) pension is the amount paid by government or company to an employee after working for some specific period of time, considered too old or ill to work or have reached the statutory age of retirement. It is equally viewed as the monthly sum paid to a retired officer until death because the officer has worked with the organization paying the sum. Adebayo (2006) stated categorically that pension is also the method whereby a person pays into pension scheme a

proportion of his/her earnings during his working life. The contributions provide an income (or pension) on retirement that is treated as earned income. This is taxed at the investor's marginal rate of income tax. On the other hand, gratuity stands as a lump sum of money payable to a retiring officer who has served for a minimum period of time. A greater importance has been given to pension and gratuity by employers because of the belief that if employees' future needs are guaranteed, their fears ameliorated and properly taken care of, they will be more motivated to contribute positively to organization's output. Similarly, various government organizations as well as labour unions have emphasized the need for sound, good and workable pension scheme even in Nigeria.

Dhameji and Dhameji (2009) in their study linked commitment to motivation and opined that commitment is also tied to how well an employee is motivated. Motivation here entails the process of influencing employee's behaviour towards the attainment of organizational goals. Motivation in this case includes meeting the psychological, financial and emotional needs of workers, because it creates an impression in them that there is life after retirement. According to Sule and Ezugwu (2009), a good pension guarantees employee's comfort and commitment to the organization during his/her active years. In his contribution, Ozor (2006) explained that pension consists of lump sum payment paid to an employee upon his disengagement from active service. According to him, payment is usually in monthly installments. He further stated that pension plans may be contributory or non-contributory; fixed or variable benefits; group or individual; insured or trustee; private or public, and single or multi-employer.

Ugwu (2006) noted that there are four main classifications of pensions in Nigeria and they include: (a) Retiring Pension involves pension usually granted to a worker who is permitted to retire after completing a fixed period of quality service usually 30 to 35 years or on attaining the age of 60 to 65 years for the public service in Nigeria and 70 years of age for professors and judges; (b) Compensatory Pension, this is a type of pension which is granted to a worker whose permanent post is abolished and government is unable to provide him with suitable alternative employment (c) Superannuating Pension involves pension plan given to a worker who retires at the prescribed age limit as stated in the condition of service; and (d) Compassionate Allowance is obtainable when pension is not admissible or allowed on account of a public servants removal from service for misconduct, insolvency or incompetence or inefficiency (Amujiri, 2009).

Study by Ojonugwa et al. (2013) revealed that pension scheme is something that cannot be treated with levity. They advocated that the pension scheme should go beyond casual approach by any serious government. Successful governments have tried to encourage pension scheme from colonial period to date but the past and present civilian administration led by President Olusegun Obasanjo and President Goodluck Ebele Jonathan has carried out several upward reviews to improve the lots of retirees and pensioners in the country. This is commendable, but the inability of government and private employers of labour to employ strategies for funding the new pension contributory scheme is worrisome as many public and private organizations find it extremely difficult to secure money to pay the entitlement of their retirees and pensioners living in agony and frustration. It is reiterated that government should address this problem as a matter of urgency. It is only then that the benefits of the reforms can be enjoyed by the beneficiaries and the loyalty of serving officers can be guaranteed.

### **Challenges of the new Pension Scheme**

Adejoh (2013) noted the problems of the contributory pension scheme to include the following; (a) Remittance of the benefits to the Retirements Savings Account (RSA) by firms, employers and

employees may be difficult; (b) Genuineness of our pension fund administrators and custodians that have licensed; were the licenses given to those competent and qualified? (c) What are the legal frameworks put in place by government such that in spite of political changes, the scheme is sustained by subsequent governments? (d) How do we ensure effective implementation of penalties in the act of non-compliers regardless of their status and origin? (e) How will government and national pension commission monitor, supervise, and enforce the provisions of the Pension Reform Act 2004? (f) What happens if PFAs or PFCs default or go into liquidation? Ijeoma et al. (2013) in their study found that corporate governance in pension industry in Nigeria is still being faced with a lot of challenge and the National Pension commission lacks prompt and adequate sanction breaches. They added that there is generous existence of economic framework to support and force good corporate governance in Nigeria new pension reform and the reform measures were agreed to be adequate. However, they advocated the existence of a generous political framework to support and enforce corporate governance in the sector and that government should not relent in pursuing the necessary democracy that entrenches good leadership and good practices to make the citizen have faith in policies like the pension reform Act (2004).

Ahmad (2008b) argued that corporate governance in the pension industry in Nigeria is still being faced with a lot of challenges notwithstanding the efforts of the Commission. He added that these challenges include: history of bad corporate governance by people in many organizations, inappropriate and adequate sanction for breaches, the ,tyranny and immunity ,of management, re-defining the roles of the external auditor and self-regulatory organizations (SROs) under the PRA of 2004 to make them culpable on concealing breaches, possible conflicts of interest arising from PFA participation in companies' boards following fears that they might become major investors and be elected to boards and disclosure of confidential information. However, necessary economic, political and institutional framework must be put in place to support and enforce good corporate governance.

Ojonugwa et al. (2013) observed that the new pension scheme, to a large extent, places in the hands of the contributor (and of course their employer), the responsibility for the contribution that is available in the Retirement Savings Account (RSA) upon retirement. One of the major differences between the previous scheme and the new scheme adopted in Nigeria is that, in the old scheme (Defined Benefit Scheme) pensioners queue up at government offices for verification and collection of their monthly pensions while Pensioners in the post 2004 contributory pension scheme (the New Contributory Pension Scheme) do not need to queue up to be verified else their monthly pensions are paid straight into their bank accounts. Another major difference observed was that while pensioners in the old system travel long distances to be verified, the local office of the Pension Fund Administrator (PFA) manages that level of interface without challenges, thereby removing the need for continuous verification of pensioners. One other most fundamental difference between the two is the fact that, the post 2004 era avails the contributors or pensioners a lot of information, ranging from monthly balances and contributions and the lump sum available upon retirement to monthly pension.

Pensioners in the pre-2004 era depended on pension authorities to inform them about what they are entitled to. Information guarantees knowledge and with this comes power which has been placed in the hands of the contributors and pensioners. Regardless of the aforementioned benefits of the new pension scheme over the old scheme, Ojonugwa et al. (2013) observed that the number of enterprises that are not complying with the 2004 Pension Reform Act have really shown that the enforcement arm of the National Pension Commission is weak. Hence the major challenge and obstacles of the new pension scheme are the enterprises which are deducting but not remitting.

Another challenge of the new pension scheme is the choice of Pension Fund Administrators (PFAs). In this regard, Oshiomhole (2006) asserted that some PFAs are owned by all kinds of people including politicians and former bankers who contributed to bank failures in the country. They see some of these pension operators' activities as an opportunity to be millionaires, without having workers interest at heart. In order to avoid falling victim to these wolves, he advised the Nigeria Labour congress (NLC) members to register with the Trust Pension Fund Administrator, which is owned by socially responsible organizations. He added that this problem was what bedevilled the old scheme; therefore, participants in the new pension scheme should not allow themselves to be fooled like their predecessors.

Dostal (2010) explained that the defenders of the current pension system would argue that it is too early to make any claims about the failure of contributory pension scheme (CPS) to have a positive contribution on the trajectory of the Nigerian economy. They would point to the global economic crisis and the 2008 crash of the Nigerian stock market as unexpected events that explain negative returns of Pension Fund Administrators (PFAs) but do not question the system's viability. Nevertheless, the question about poor performance of CPS in Nigeria generally can be traced directly to the larger question of how the banking system, stock market and macro-economic performance of the Nigeria economy might interact with it (Dostal, 2010; Gunu and Tsado, 2012). Gunu and Tsado, (2012) stated that it is important to mention that one major problem of CPS is still the dearth of investment outlets. The situation is further complicated by the recapitalization programme in the financial sector (banks, insurance companies and stock broking companies) (Adeola, 2006).

Another challenge confronting the scheme as observed by Gunu and Tsado (2012) is the compliance rate within the working population. They noted that PenCom confirmed that only 10 out of 36 states of the federation have fully aligned with the pension reform in the country (PenCom, 2008). In the private sector, organizations with at least five employees are required by the Act to implement the Contributory Pension Scheme. However, compliance by the private sector has remained a serious challenge due to lack of comprehensive database of employers of labour in the country, which limits the extent of enforcement by the regulator. Also, the employers themselves are not willing to comply with the provision of the Act, because it is regarded as additional cost to their organizations.

#### **Major Features of the New Pension Reform Act 2004**

The Act will see stiffer penalties intended to serve as deterrent against mismanagement or diversion of pension funds' assets under any guise. Under the new law, operators who mismanage pension funds will be liable, upon conviction; to not less than ten years imprisonment or five of an amount equal to three times the amount so misappropriated or diverted, or both imprisonment and fine. Ensuring greater protection of pension fund assets has been the core mandate for the National Pension Commission (PenCom) since its formation following the Pension Reform Act (PRA) 2004.

PenCom is the body tasked with regulating, supervising and ensuring effective administration of pension matters in Nigeria. Prior to the enactment of the PRA 2004 and the subsequent formation of PenCom, pension schemes in the polity had been bedeviled by problems and challenges of underfunding and vulnerable budgetary allocation. These issues have since been resolved following the introduction of the Defined Benefit Contributory Pension Scheme. Under this system, the employees contribute a minimum amount of their basic salary, housing and transport allowances. Equally; employers are obliged to contribute a pre-agreed amount on behalf of their

employees. Of pension contribution from 15 percent to 18 percent of monthly emolument, while 8 percent will be contributed by employees and 10 percent by the employers. This will provide additional benefits to Workers Retirement Savings Accounts and thereby enhance their monthly pension benefits at retirement.

The New Pension Act expanded the coverage of the Defined Contributory Pension Scheme in the private sector entities with three employees and above, in line with the drive towards informal sector's participation. Furthermore the new Act increased the minimum rate of pension contribution from 15 percent of monthly employment, while 8 percent will be contributed by employees and 10 percent by the employers. This will provide additional benefits to workers retirement savings accounts and thereby enhance their monthly pension benefits and retirement.

According to the new law, operators who mismanages pension fund will be liable on conviction to not less than 10 years imprisonment or fine of an amount equal to three times the amount so misappropriated or diverted or both imprisonment and fine. Furthermore, there are currently more sophisticated mode of diversion of pension assets, such as diversion and or nondisclosure of interests and commission accruable to pension fund assets under any guise. The 2014 Act also empowers PenCom subject to the fiat of the Attorney General of the Federation, to institute criminal proceedings against employers who persistently fail to deduct and / or remit pension contributions of their employees within the stipulated time. This was not provided for by the 2004 Act.

With the new law in place, it is obvious that the National pension commission has not only been given enough room to improve its activities but also employers to ensure that employers who fail to remit deductions are penalized and the amount owed duly paid. Prior to the new law, the commission reported that it had recovered a total of N13.33 billion from employers who defaulted in remitting pension deductions from their employees under the new Contributory Pension Scheme (CPS). The amount includes interests calculated along with the principal sum (Goodluck, 2014).

### **The Future of Pension Administration under the New Act**

The attention of the global economy has been drawn to Nigeria since the last 10 years following the coming on board of the Pension Reform Act 2004, with the vigour and commitment it has brought towards improving social security in Africa's most populous black nation. This development has continued in some other countries in Africa, which have either understudied the success story of Nigeria's Contributory Pension Scheme (CPS) or adopted similar programs to boost their citizens social security welfare. In the 10-year period, the pension industry in Nigeria has experienced phenomenal growth from a deficit of N2trn in the form of pension liabilities in 2004 to an accumulation of pension fund assets of up to N4.1trn by the end of 2013. The huge pool of funds that the CPS has put together is a firm backing to the economy; this is a testimony to the hard work and diligent service of the regulator, The National Pension Commission (PenCom) (Nkwaezema, 2014:49). In the words of President Jonathan, Pension is globally recognized and occupies a strategic place in national socioeconomic development. It is not only a vital component of social security; it is also a veritable vehicle for nation building. Indeed, investment in pension has profound impact on the well-being of pensioners, society and the economy at large. As such, it is imperative that stakeholders in this life-shaping industry engage constantly in dialogue to bolster management frameworks and practices in their respective jurisdictions (Jonathan, 2014:2). Put differently, the beauty of Nigeria's pension system is the efficacy that has been brought to supervision and regulation, building contributor's confidence and growing assurances for safety of the funds, a clear departure from what existed previously.



The new 2014 Pension Reform Bill which also accommodates employees of private firms in the Contributory Pension Scheme. On his the Twitter handle, Presidential Media Aide, Reuben Abati posited that the new law, which covers private organizations with at least three or more employees, prescribes a 10-year jail term for anyone who misappropriates pension funds. The Act also makes it mandatory for a refund three times the amount embezzled by the thief. According to Abati, Operators who mismanage pension fund will be liable on conviction to not less than 10years imprisonment or fine of an amount equal to three-times the amount so misappropriated or diverted or both imprisonment and fine. The new law repeals that of 2004, as sanctions under the old law were considered no longer sufficient deterrents against infractions of the law (Tobiloba, 2014:5). Furthermore, the document read that there are currently more sophisticated mode of diversion of pension assets, such as diversion and/or non-disclosure of interests and commissions accruable to pension fund assets, which were not addressed by the PRA 2004. Consequently, the Pension Reform Act 2014 has created new offences and provided for stiffer penalties that will serve as deterrence against mismanagement or diversion of pension funds' assets under any guise.

The 2014 Act also empowers PenCom, subject to the fiat of the Attorney General of the Federation, to institute criminal proceedings against employers who persistently fail to deduct and/or remit pension contributions of their employees within the stipulated time. This was not provided for by the 2004 Act. The Act also empowers PenCom to take proactive corrective measures on licensed operators whose situations, actions or inactions jeopardize the safety of pension assets, which was the reverse with the 2014 Act. On Penalty for defaulters Hon. Etuk said:

The Head of Service and Heads of different departments have now directed all the accounting departments to make sure that whatever pension deduction is should be treated as a sacred one and immediately transmitted to the receiving authority. The problem which PENCUM has continuously explained to us is there are people who have failed to provide genuine and credible data on themselves including their PFAs.

There are some who have not even appointed PFAs and therefore once such funds are deducted they kept in accounts pending when they have the data to transfer them. We have like buffer stock funds pending in different places (Usman, 2014:1).

Explaining further he argued that:

With the enactment and passage of this Bill today and is assented to by the President, all the penalties and all the prescriptions contained in this Act would be followed strictly by the various agencies. We have penalties ranging from 10 years imprisonment. For even failing to give proper information, you have to pay N500,000 daily by any agency. And if you embezzle pension funds now you will pay not less than three times the amount of funds you embezzled. That is how serious this Bill has treated pension funds. If you embezzle N10,000 you are bound to pay a minimum of N30,000 and in some circumstances the presiding judge has the right to make you refund and even go to prison (Tobiloba, 2014:5).

He also added that:

The previous pension law had some clauses and those who have embezzled pension fund before the passage of this new Bill would be tried with respect to the old law. But I am sure if this Bill is signed by Mr President into law and your case is settled, I am sure the presiding judge would want to refer to the current law I passing the sentence. I am sure those people who are still standing trial would be unlucky if their cases are decided after the signing of this Bill (Usman, 2014:1).

The bill also prescribed a 10 year jail term for anyone who misappropriates pension fund apart from refunding three times, the amount embezzled by him or her. It also stipulates that whoever that attempts to misappropriate the fund on conviction will be liable to the same punishment as it

is prescribed for the full offence in the act. One of the clauses stipulates that all monies received as penalty by the Pension Commission shall be paid into the Pension Protection Fund which would had been established under section 82 of the Act (FGN, 2014).

The Pension Reform Act 2014 has consolidated earlier amendments to the 2004 Act, which were passed by the National Assembly. These include the Pension Reform (Amendment) Act 2011 which exempts the personnel of the Military and the Security Agencies (FGN, 2011) from the CPS as well as the Universities (Miscellaneous) Provisions Act 2012, which reviewed the retirement age and benefits of University Professors. Furthermore, the 2014 Act has incorporated the Third Alteration Act, which amended the 1999 Constitution by vesting jurisdiction on pension matters in the National Industrial Court (FGN, 2014).

It also makes provisions for the repositioning of the Pension Transition Arrangement Directorate, PTAD, to ensure greater efficiency and accountability in the administration of the Defined Benefits Scheme in the federal public service such that payment of pensions would be made directly into pensioners' bank accounts in line with the current policy of the Federal Government. It makes provisions that will enable the creation of additional permissible investment instruments to accommodate initiatives for national development, such as investment in the real sector, including infrastructure and real estate development. This is provided without compromising the paramount principle of ensuring the safety of pension fund assets.

The Act also expanded the coverage of the Contributory Pension Scheme, CPS, in the private sector organizations with three employees and above, in line with the drive towards informal sector participation. The 2014 Pension Reform Act reviewed upwards, the minimum rate of Pension Contribution from 15 per cent to 18 per cent of monthly emolument, where 8 per cent will be contributed by employee and 10 per cent by the employer.

According to Abati,

*“This will provide additional benefits to workers’ Retirement Savings Accounts and thereby enhance their monthly pension benefits at retirement”* (Tobiloba, 2014:5).

In the event of loss of jobs, the new Act reduces the waiting period for accessing benefits from six months to four months. This is done in order to identify with the yearning of contributors and labour. The Pension Reform Act 2014 makes provision that would compel an employer to open a Temporary Retirement Savings Account, TRSA, on behalf of an employee that failed to open an RSA within three months of assumption of duty. This was not required under 2004 Act.

The controversial clause of the post qualification years of experience of the director general of Pension Commission was lowered to 15 years from the previous 20 years' experience. With the passage of this clause, the acting PenCom DG, Mrs Chinelo Anohu-Amazu may be appointed in substantive capacity as under the former act she does not possess the 20years experience required. Explaining further, Chairman Senate Committee on Pensions and Establishment, Senator Alloysius Etuk said history was made with the passage of the law as it will lead to a better pension service on why the Committee decided to lower the post qualification years of the Director General, he said:

When the committee report got to the chamber on the first day of presentation of the report it the committee's recommendation of a fit and proper person was rejected and 15 years of post-qualification was adopted. So the post qualification experience for the one who would be DG of PENCOM is 15 years. In Nigeria professional pension administration would be about 10. And because we are talking about cognate experience not post qualification experience. Because if you

are talking about post qualification experience what about somebody who has 30 years post qualification experience with two years cognate pension experience. Is he better than someone with 10 years cognate experience in pension administration? So having realized that we have slightly below 10 years professional pension administration experience possessed by anybody in this country, we decided if somebody must have had 5 years somewhere else and then have additional 10 years cognate experience in professional pension management. That would be a fit and proper person to serve as DG. So, the current situation as contained and accepted is 15 years post qualification experience for the post of DG PENCOM (Tobiloba, 2014:5).

### **Comparing Between the Old and New Pension Scheme**

A comparison of the old and new pension shows some remarkable difference between them as shown in table 1. For instance, starting from the type of scheme, funding, membership to risk management of the pension fund, the new scheme seems to be broader, inclusive and more adequately provided for. While the old pension scheme was largely defined benefits and unfunded, the new scheme is defined contribution and fully funded. The new scheme is very portable and enjoys uniform application unlike the old which was not. In fact, employees who leave one employment for another or even dismiss from service have no fear of losing entirely their pensions or other retirement benefits under the new pension scheme. The regulation and supervision of the new scheme is by PENCOM whereas the SEC, NAICOM and JTB were jointly responsible for the old scheme.

Akeni (2009) made a comparison of nine items in the old and new scheme by conducting a survey of the pension fund administrators, pension fund custodians and the beneficiaries in the public and private sector. He found that the new scheme was better than the old in terms of: accountability, accessibility, ease of payment of pension and gratuity, funding, management of pension fund, transparency, stakeholders' confidence in the scheme, auditor's control and corporate governance. Although there was agreement that the new scheme was applauded as far better than the old, he discovered that the new scheme may not address the difficulties currently encountered in the pension industry in Nigeria nor impact positive on the standard of living of retirees and pensioners unless there were proper coordination and supervision by the Nigerian Pension Commission of the pension fund administrators and custodians.

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

### **The Concept of Job Satisfaction**

Job satisfaction is the most widely researched job attitude and among the most extensively researched subjects in Industrial/Organizational Psychology (Judge & Church, 2000). Several work motivation theories have corroborated the implied role of job satisfaction. Work satisfaction theories, such as Maslow's (1943) Hierarchy of Needs, Herzberg's (1968) Two-Factor (Motivator-Hygiene) Theory, Adam's (1965) Equity Theory, Porter and Lawler's (1968) modified version of Vroom's (1964) VIE Model, Locke's (1969) Discrepancy Theory, Hackman and Oldham's (1976) Job Characteristics Model, Locke's (1976) Range of Affect

Theory, Bandura's (1977) Social Learning Theory, and Landy's (1978) Opponent Process Theory, have tried to explain job satisfaction and its influence, .

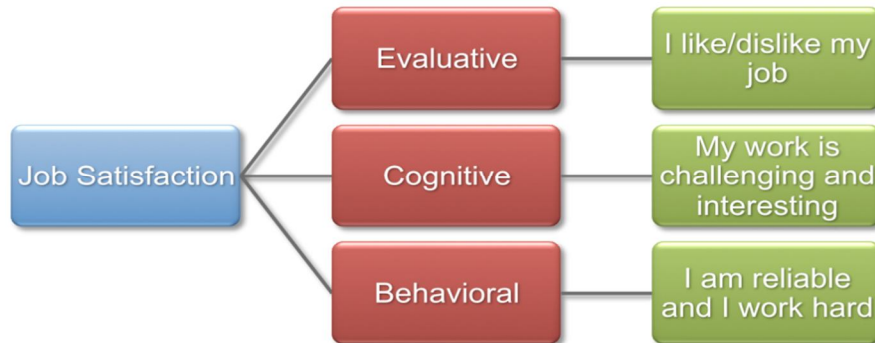
Such expansive research has resulted in job satisfaction being linked to productivity, motivation, absenteeism/tardiness, accidents, mental/physical health, and general life satisfaction (Landy, 1978). A common theory within the research has been that, to an extent, the emotional state of an individual is affected by interactions with their work environment. People identify themselves by their profession, such as a doctor, lawyer, or teacher. Hence, an individual's personal well-being at work is a significant aspect of research (Judge & Klinger, 2007).

The most widely accepted theory of job satisfaction was proposed by Locke (1976), who defined job satisfaction as "a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences" (Locke, 1975, p.1304). Job satisfaction has emotional, cognitive, and behavioral components (Bernstein & Nash, 2008). The emotional component refers to job-related feelings such as boredom, anxiety, acknowledgement and excitement. The cognitive component of job satisfaction pertains to beliefs regarding one's job whether it is respectable, mentally demanding/challenging and rewarding. Finally, the behavioral component includes people's actions in relation to their work such as tardiness, working late, faking illness in order to avoid work (Bernstein & Nash, 2008). Job satisfaction refers to the positive attitudes or emotional dispositions people may gain from work or through aspects of work. Employees' job satisfaction becomes a central attention in the researches and discussions in work and organizational psychology because it is believed to have relationship with the job performance.

There are essentially two types of job satisfaction based on the level of employees' feelings regarding their jobs. The first, and most analyzed, is global job satisfaction, which refers to employees' overall feelings about their jobs (e.g., "Overall, I love my job.") (Mueller & Kim, 2008). The second is job facet satisfaction, which refers to feelings regarding specific job aspects, such as salary, benefits, work hierarchy (reporting structure), growth opportunities, work environment and the quality of relationships with one's co-workers (e.g., "Overall, I love my job, but my schedule is difficult to manage.") (Mueller & Kim, 2008). According to Kerber and Campbell (1987), measurements of job facet satisfaction helps identify specific aspects of a job that require improvement. The findings may aid organizations in improving overall job satisfaction or in understanding organizational issues such as high turnover (Kerber & Campbell, 1987).

There are several myths regarding job satisfaction. One such myth is that a happy employee is a productive employee (Syptak et al., 1999). Research has offered little to support that a happy employee is productive, on the contrary, some research have suggested that casualness may creep in, shifting from productivity to satisfaction (Bassett, 1994). Hence, if there is a correlation, it is a weak one. Knowing that research does not support the idea that happiness and employee satisfaction creates higher production, why do I/O psychologists and organizations still attempt to keep employees happy? Many have pointed out that I/O psychologists' research perspective moves beyond increasing the bottom line of an organization. Happy employees do not negatively affect productivity and can have a positive effect at workplace and on society at large. It also positively impacts the organization's brand image. Therefore, it still benefits all parties to have happy and satisfied employees. Another fallacy is that the pay is the most important factor in job satisfaction. In reality, employees are more satisfied when they enjoy the environment in which they work (Berry, 1997). An individual can have a high paying job and not be satisfied because it is boring and lacks sufficient stimulation. In fact, a low-paying job can be seen as satisfying if it is adequately challenging or stimulating. There are numerous factors that

must be taken into consideration when determining how satisfied an employee is with his or her job, and it is not always easy to determine which factors are most important to each employee. Job satisfaction is very subjective for each employee and each situation being assessed.



### VA

People tend to evaluate their work experiences based on feelings of satisfaction or dissatisfaction regarding their job, as well as the organization in which they work (Jex, 2002). There are many probable influences that affect how favorably an individual appraises his or her job. Through years of extensive research, I/O psychologists have identified numerous variables that seem to contribute to either job satisfaction or organizational commitment (Glisson & Durick, 1988). To explain the development of job satisfaction, researchers have taken three common approaches: job characteristics, social information processing (organizational characteristics), and dispositional (worker characteristics) (Glisson & Durick, 1988; Jex, 2002).

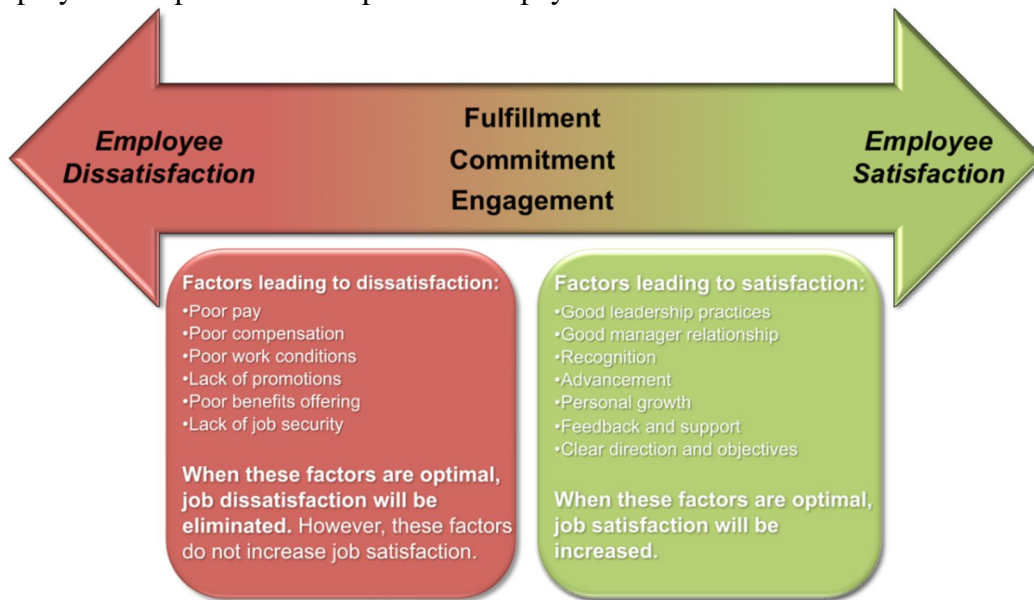
### **Job Characteristics**

Job characteristics approach research has revealed that the nature of an individual's job or the characteristics of the organization predominantly determines job satisfaction (Jex, 2002). According to Hackman & Oldham (1980), a job characteristic is an aspect of a job that generates ideal conditions for high levels of motivation, satisfaction, and performance. Furthermore, Hackman & Oldham (1980) proposed five core job characteristics that all jobs should contain: skill variety, task identity, task significance, autonomy, and feedback. They also defined four personal and work outcomes: internal work motivation, growth satisfaction, general satisfaction, and work effectiveness which have been added to the more popular dimensions of job satisfaction assessment: the work itself, pay, promotional opportunities, supervision, and co-worker relations (Smith et al., 1969).

A common premise in research of the effects of job circumstances on job satisfaction is that individuals assess job satisfaction by comparing the current receivables from the job with what they believe they should receive (Jex, 2002). For example, if an employee receiving an annual salary of \$45,000 believes that he or she should be receiving a salary of \$43,000, then he or she will experience satisfaction; however, if the employee believes that he or she should be receiving \$53,000, then he or she will feel dissatisfied. This comparison would apply to each job facet including: skill level, seniority, promotional opportunities, supervision, etc. (Jex, 2002).

According to Locke (1976), this process becomes even more complex since the importance of work facets differs as per individual perception. For example, one employee may feel that pay rate

is extremely important while another may feel that social relationships are more important. To explain the effects of these differences, Locke (1976) put forth the ideas of the range of affect theory. The hypothesis of this theory is that employees weigh facets differently while assessing job satisfaction (Locke, 1976). Consequently, this leads to an individual measure of satisfaction or dissatisfaction when expectations are met or not. For example, the job satisfaction of an employee who places extreme importance on pay would be positively impacted if he or she receives a salary within expectation. Conversely, his or her level of pay would minimally impact the job satisfaction of an employee who places little importance on pay.



### **Social information processing (organizational characteristics)**

Based mainly on Festinger's (1954) Social Comparison Theory, Jex (2002) explains that during social information processing, employees look to co-workers to make sense of and develop attitudes about their work environment. In other words, if employees find their co-workers positive and satisfied then they will most likely be satisfied; however, if their co-workers are negative and dissatisfied then the employee will most likely become dissatisfied. New hires may become "tainted" during the socialization process if placed around employees who are dissatisfied (Jex, 2002). Although laboratory studies have found that social information has a prevailing impact on job satisfaction and characteristic perceptions, organizational tests have been less supportive (Jex & Spector, 1989).

Weiss and Shaw conducted a study that required subjects to view a training video where assembly-line workers either made positive or negative comments regarding their jobs. The subjects who viewed the video were then given the opportunity to perform the job. The study found that the subjects who were shown the positive video enjoyed performing the job tasks more than the subjects who viewed the negative tape (Aamondt, 2009).

Mirolli et al., (1998) also conducted a similar study. In this study, the subjects performed a task with two experimenters pretending to be other subjects (referred to as confederates). In one condition, positive comments were made by the confederates about the job and how much they enjoyed it. In the second condition, the confederates made negative comments about the job and how much they disliked it. In the control condition, no positive or negative comments were made regarding the job. The actual subjects exposed to the confederates who made positive comments

rated the job tasks as more enjoyable than the subjects exposed to the negative comments by the confederates. This further supports social information processing theory (Aamondt, 2009). Generally, “the research on social information processing theory supports the idea that social environment does have an effect on employees’ attitudes and behaviors” (Aamondt, 2009, p. 374). As an application of social information processing theory, Netzwerk, an IT company in Germany, implemented rules in their contracts. Employees who work at this company must sign a contract agreeing not to whine or complain and have even fired employees for excessive whining (Aamondt, 2009).

### **Dispositional (worker characteristics)**

Internal disposition is the crux of the latest method of explaining job satisfaction which hints some people being inclined to be satisfied or dissatisfied with their work irrespective of the nature of the job or the organizational environment (Jex, 2002). More simply put, some people are genetically positive in disposition (the glass half full), whereas others are innately negative in disposition (the glass half empty). For instance, a study of twins who were reared apart (same genetic characteristics but different experiences) found that 30 percent of inconsistency in satisfaction was accredited to genetic factors (Arvey et al., 1989). Although individuals change jobs and employers, individual disposition has been shown to be consistent by the use of survey results on job satisfaction (Staw & Ross, 1985). Additionally, Staw et al. (1986) found that adolescent evaluations of affective disposition were correlated with adult job satisfaction as many as forty years later.

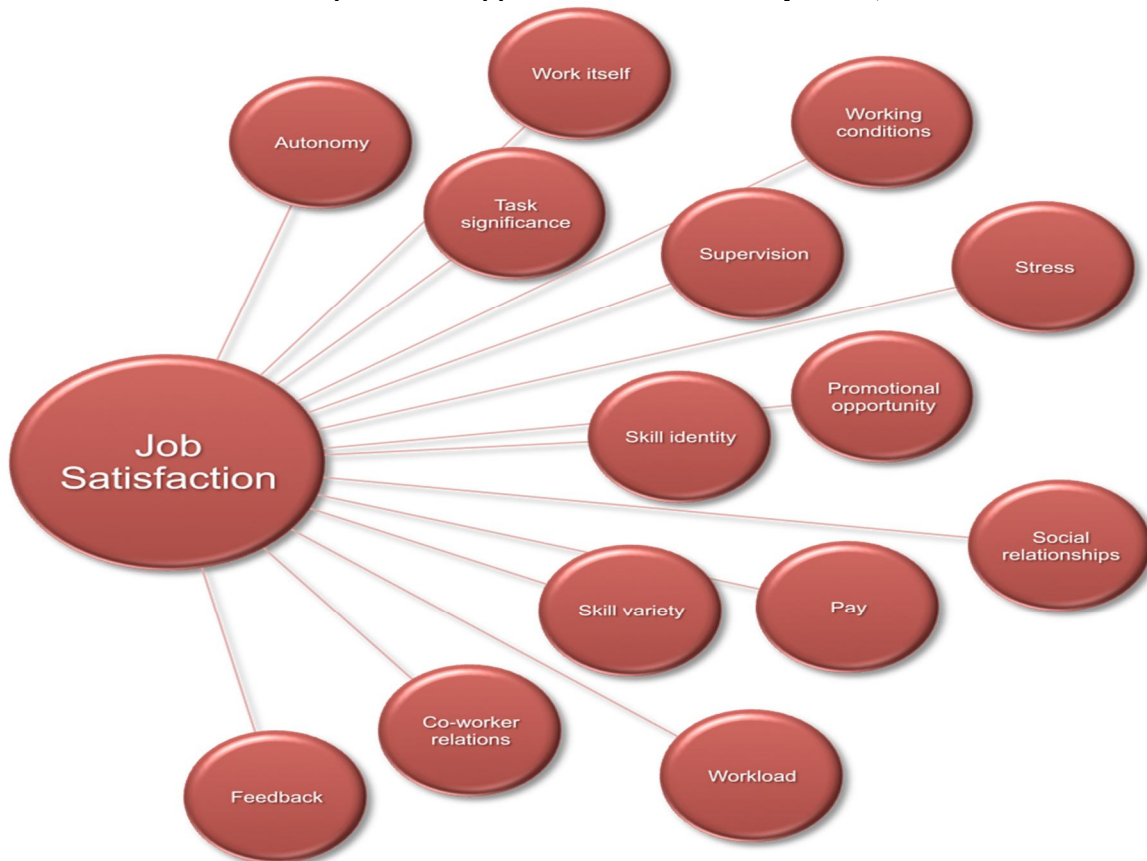
Several years of research have been conducted on the dispositional source of job satisfaction, and have presented strong evidence that job satisfaction, to some extent, is based on disposition (Judge & Larsen, 2001). Dispositional affect is the predisposition to experience related emotional moods over time (Judge & Kammeyer-Mueller, 2008). Accordingly, this approach assumes that an employee’s attitude about his or her job originates from an internal (mental) state. Positive affect is a predisposition favorable to positive emotional experience, whereas negative affect is a predisposition to experience a wide array of negative emotions (Watson, Clark, & Carey, 1988). Positive affective people feel enthusiastic, active, alert and optimistic while negative affective people feel anger, contempt, disgust, guilt, fear and nervousness (Watson, Clark, & Tellegen, 1988).

There is ample evidence supporting disposition causing job satisfaction from a Social Cognitive aspect as well. Causation through disposition indicates that job satisfaction can be determined by an individual's general overall outlook. In psychology, Cognitive Theory of Depression states that an individual’s thought process and perceptions can be a source of unhappiness. Moreover, the automated thoughts and processes (Beck, 1987) resulting from irrational and dysfunctional thinking perpetuate emotions of depression and unhappiness in individuals. Judge and Locke (1992) examined these concepts in detail. They discussed cognitive processes like perfectionism, over-generalization and dependence on others as causation for depression leading to unhappiness. They claimed that subjective well-being resulting from an affective disposition leads to individuals experiencing information recall regarding their job. In short, happy individuals tend to store and evaluate job information differently than unhappy individuals. This type of recollection indicates that job satisfaction may be influenced by subjective well-being. Tait, Padgett, and Baldwin (1989) performed a meta-analytic review discovering an average correlation between job and life satisfaction to be 0.44, which supports the theory of dispositional effect on job satisfaction. In addition, Howard and Bray (1988) determined through a study they performed

on AT&T managers that motives such as ambition and desire to get ahead serve as some of the strongest predictors for advancement. Also, Bandura (1986) states that individual's aspirations become their standards of self-satisfaction indicating that those with high goals, theoretically, should be harder to satisfy than people with low goals. This would indicate that a high level of ambition resulting from high standards can point to a lower satisfaction as an end result. In addition, it is often the case that unsatisfied workers are highly ambitious but unhappy as a result of their inability to be promoted within an organization. For this reason, ambition can negatively influence job satisfaction. However, Judge and Locke (1992) caution that dysfunctional thinking is not singularly responsible for dispositional factors affecting job satisfaction. They mention self-esteem, locus of control, self-efficacy, intelligence, and ambition as well.

### **Social Cognitive**

Social Cognitive aspects have been found to contribute significantly to job satisfaction; however, researchers have not conducted simultaneous comparison of these approaches (Baker, 2004). Job characteristics have been shown to impact job satisfaction (Baker, 2004). Recent studies on social informational processing have found that leadership actions influence job satisfaction (Baker, 2004). Various research findings have indicated that a relationship between disposition and job satisfaction does in fact exist. Weiss and Cropanzano (1996) advocated that emotionally significant procedures at work may be influenced by disposition, which in turn influences job satisfaction. Job characteristics have been favored in research (Thomas et al., 2004); however, less research has been conducted on the dispositional approach, since it is fairly new (Coutts & Gruman, 2005).



*Figure3. Facets of job satisfaction ( Hackman & Oldham, 1980; Smith, Kendall, & Hulin, 1969).*



## **Other Variables of Satisfaction/Dissatisfaction**

### **Life Satisfaction**

Life satisfaction is often considered separately from job satisfaction with regard to productivity in the workplace, but since the majority of this research is correlational, it is crucial to explore potential relationships between these two factors themselves rather than strictly with regard to performance. Research suggests there is in fact a significant relationship between job satisfaction and life satisfaction, with a correlation of 0.44 (based on a meta-analysis of 34 studies with a combined sample size of 19,811) (Tait et al., 1989). With this relationship being correlational, causation cannot be determined, though it is suggested that the nature of the relationship is reciprocal or bi-directional. (Judge et al., 1993) In other words, life satisfaction may positively influence job satisfaction and job satisfaction will also positively influence life satisfaction. Conversely, some research suggests that life satisfaction often precedes and is a good predictor of job satisfaction (Judge et al., 1993). Nevertheless, one cannot deny there is a significant relationship between job satisfaction and life satisfaction based on correlational research (Jones, 2006).

### **Engagement**

It is difficult to establish all the antecedents that lead to job satisfaction. However, an additional construct that has a positive correlation to job satisfaction is engagement. In a meta-analysis, the correlation between job satisfaction and engagement is 0.22 (Harter et al., 2002). Stirling (2008) notes that 20 percent of engaged individuals do 80 percent of the work. An engaged team member is one who is enthusiastic about the organization and the work they do. Examples of employee engagement include a team member helping another struggling to complete a task, or an associate who take over and completes a pending task in the absence of the responsible party. Therefore, it is crucial to continue to cultivate job satisfaction among such highly productive individuals.

### **Job Satisfaction and Retirement**

In a 2013 study from Lehigh University, individuals begin to think about retirement in their early years and develop a plan of action over the years. While individuals who begin working a career earlier on in their life plan to retire earlier, individuals who begin a career later in life, plan to retire later in life as well. The research shows that job satisfaction has very little to do with how we plan for our retirement. While the survey shows that many individuals do consider income, location and attitude when discussing retirement options, they do not solely decide if and when retirement is an option for them nor do the factors (poor work environment, long hours, unhappy with position, etc) (Lehigh University, 2013) There are many studies that have questioned if job satisfaction is something that you experience more in your younger years or older. Studies have returned with both sets of results. Some individuals have more job satisfaction in their earlier years while others experience it more when they are older. So, it is undetermined if you will retire from a job that you have been satisfied at or unsatisfied at.

### **Pension Scheme and Employees Commitment**

Workers commitment to organizational goals has received wide attention by scholars (Steer, 1977). Workers commitment here entails the level of job involvement (Lodahl & Kejners, 1965). It includes internal work motivation (Hackman & Oldham, 1978) and the willingness of an employee to invest personal effort for the sake of the organization (Agba, Nkpyoen & Ushie,

2010). It involves attitudes or orientation towards organizational goals or objectives (Hall & Schneider, 1972). Commitment is positive and consistent attitude towards organizational goal that are produced by exchange consideration. Workers commitment is a function of many variables including, characteristics of job situation, the work environment, leadership style and career development (Salanick, 1977; Agba, Nkoyen & Ushie, 2010; Ushie, Agba, Agba & Chime, 2010; Ushie, Agba, Agba & Best, 2010). Employees' commitment could also be influenced by the level of job involvement or the responsibilities of the worker (Lodahl & Kejners, 1965).

Commitment is also tied to how well an employee is motivated. Motivation here entails the process of influencing employees' behaviour towards the attainment of organizational goal (Dhameji & Dhameji, 2009). Motivation includes meeting the psychological, financial and emotional needs of workers. Pension is part of motivation and could help attain the psychological and emotional needs of workers, because it assures them of life after retirement. A good pension scheme could determine the level of workers commitment as well as influence whether an employee will do his/her work properly. According to Sule & Ezugwu (2009), good pension guarantees employee's comfort and commitment to the organization during his/her active years.

### **Pension and Workers Retention**

There is a significant positive relationship between pension and workers turnover/retention. According to Becton, Wysocki & Kepner, 2009, staff retention refers to the necessary measure put in place by management of an organization to encourage workers to remain in the establishment for a maximum period of time. Ushie (2000) and Agba (2007) posit that in Nigeria rather than providing the means by which workers could be retain, employees are continually deprived of their psychological needs. Delay in payment of salaries and fridge benefits to workers even after retirement as negative behavioral consequences among employees in Nigeria (Agba, 2007). This so is responsible for low morale among workers and workers ineffectiveness in most organizations (Ushie, Agba, Agba & Best, 2010).

According to Onyene (2001), workers attitude to work and the goal attainment of any rganization is tied to various degrees on staff motivation and retention. Agba and Ushie (2010)) observed that workers in the hospitality industry in Nigeria are always moving to where good condition of service exists and where their future is protected after retirement. They observed a linear relationship between salary, payment of benefits, promotion, career development, worker-hours and labour turnovers in Cross River State, Nigeria. Similarly, Akingbade (2006), posit that there is high labour turnover in the medical sector in Nigeria and that the movement of medical personnel especially to USA and UK is not unconnected with payment of benefits including retirement benefits.

### **Pension Scheme and Workers Attitude Towards Retirement**

The absence of good pension scheme in the past was largely responsible for the psychological, physiological and economic problems among retirees in Nigeria. It is expected that retirees receives certain benefits such as gratuity and pension. Gratuity here is the worker's entitlement as soon as he/she makes exit from active service; while pension is the regular payment to a retiree until his or her last days on earth. Most often gratuities and pension are not paid as and when due; consequently retirees cannot afford school fees for their children, pay house rents or take care of other necessities of life (Global Action on Aging, 2006).

The provoking thought of facing life after retirement creates psychological and emotional abnormally among workers especially those who are approaching retirement age (Ogunbameru &

Ramiwuye, 2004). While retirement remains luxury in developed countries in Nigeria workers are always afraid of financial insecurity after retirement. The social insecurity makes retirement unattractive to workers in Nigeria (Jonathan, 2009). Workers who are in the payroll of government cannot fend for themselves, not to talk of when they are retired.

The fear of uncertainty after retirement is also responsible for age falsification among civil servants in Nigeria. Retirement in Nigeria also goes with social isolation and poverty; consequently retirees even at very old age look for employment or jobs to maintain themselves. This scenario shows that the meager amount received by pensioners before the introduction of the contributory pension scheme was grossly inadequate to sustain a retiree and his/her family.

### **Review of Empirical Literature**

Maji (2011) conducted a research on managing post retirement conditions in Nigeria and used Kogi State as a case study. The study revealed that retirement period has been a tension provoking and devastating phenomenon in Nigeria, and that a sweet and enjoyable post-retirement life demands that a certain capital or income generating outfit be put in place before retirement date. Again, he cited Dange (1996) who contends that hardship brought about by delays in pension and gratuity had resulted to great fear of retirement by many workers. In a similar study carried out by Ugwuoke (2012) entitled the effects of non prompt payment of pension on workers of Enugu State. He found out that pension fund in Enugu State is characterized by outright corruption, embezzlement, mismanagement and diversion of funds. Therefore, he called on Nigerian workers to embrace entrepreneurial opportunities available so as to remain moderately productive and healthy after retirement.

Another study was carried out by Nweke (2010). He evaluated the Pension Reform Agenda of Olusegun Obasanjo's Administration of 2004. He used Federal Ministry of Interior, Anambra State of Nigeria as a focus. The descriptive research method was employed for the study. The study revealed among other things that government has not properly worked out the modalities on the separation of the old scheme (defined benefit) and the new scheme (defined contribution). Also it was discovered that the obvious exalting expenditure of government in areas as education, health, agriculture etc compete with pension expenditure and as such government cannot be trusted to solely pay pensions. Based on the findings, he made the major recommendation that government should mandate the entire pension fund administrators to pay interest rates according to all the customers.

Fapohunda (2013) in his work PenCom and the Nigeria Police revealed that multi million naira pension scandal in the police and pointed out that such embezzlement and corruption could result to delays in payment of pension benefits. Furthermore, he pointed out, that the situation is so devastating that it results to some workers falsifying their age carrer records in other to postpone retirement dates. Aniebo (2015) wrote about children of retired railway workers. He contends that some of them could not go to university because pensions and gratuities of their expected sponsors were either delayed or withheld. He blamed the loot of pension treasury by the officers in charge as the reason why a lot of public servants falsify their documents so as to stay longer on the job. Delays of payment of pension is not only peculiar to Nigeria. It is also same in Kenya and many other African countries.

Again Sadat (2012) conducted a study on Developing Effective Strategy for Pension Administration in Nigeria. The study centered on developing effective pension administration in Nigeria using Rivers State Pension Commission as a case study. Questionnaire was a major instrument for data collection. The data collected were analyzed using percentages whereas the

hypotheses were tested using chi-square statistical test. The findings revealed among other things that some retirees were forced to continue to work throughout their life because of lack of means of sustenance of old age.

**Methodology**

The study relied heavily on both primary and secondary sources of data. Questionnaire, focus group discussion, face to face interview were the major tools used for data collection. Journals, textbooks, government publications formed the sources of secondary data.

**Test of Hypotheses 1**

**H1:** There is significant relationship between pension administration and employee job dissatisfaction in Enugu State Civil Service.

**H0:** There is no significant relationship between pension administration and employee job dissatisfaction in Enugu State Civil Service.

**Table 1: Analysis of Hypothesis 1**

<b>RESPONSES</b>	<b>PR</b>	<b>NR</b>	<b>TOTAL</b>
<b>Management staff</b>	4	0	<b>4</b>
<b>Senior</b>	71	11	<b>82</b>
<b>Junior</b>	86	39	<b>125</b>
<b>Total</b>	161	50	<b>211</b>

Negative response = (undecided, disagree and strongly disagree)

Positive response= (strongly agree and disagree)

Formula for  $X^2$

$$X^2 = \frac{(fo-fe)^2}{fe}$$

Where fo = frequency observed, fe = frequency expected

Level of significance 0.05

$$\text{Using } fe = \frac{CT \times RT}{GT}$$

Where CT = Column total

RT = Row total

GT = Grand total

$$Fe1 = \frac{161 \times 4}{211} = 3.05$$

$$Fe2 = \frac{161 \times 82}{211} = 62.57$$

$$Fe3 = \frac{161 \times 125}{211} = 95.38$$

$$Fe4 = \frac{50 \times 4}{211} = 0.95$$

$$Fe5 = \frac{50 \times 82}{211} = 19.43$$

211

$$Fe_6 = \frac{50 \times 125}{211} = 29.62$$

CELL	Fo	Fe	Fo - Fe	(Fo - Fe) <sup>2</sup>	$\frac{(Fo - Fe)^2}{Fe}$
1	4	3.05	0.95	0.90	0.29
2	71	52.67	18.33	177.69	3.37
3	86	95.38	-9.38	87.98	0.92
4	0	0.95	-0.95	0.90	0.95
5	11	19.43	-8.43	71.06	3.66
6	39	29.62	9.38	87.98	2.97
					<b>12.16</b>

$$DF = (C - 1) (R - 1)$$

$$= (3 - 1) (2 - 1)$$

$$= 2 \times 1$$

$$= 2$$

With level of significance = 0.05 and df = 2, the critical value of  $X^2 = 5.99$ .

**Decision rule:** reject  $H_0$  if the calculated value  $X^2$  is greater than the critical value of  $X^2$  do not reject if otherwise

**Decision:** Since  $X^2_{cal} = 12.16$  and our critical value = 5.99, we reject the null hypothesis and conclude that There is significant relationship between pension administration and employee job dissatisfaction in Enugu State Civil Service.

(2)  $H_1$ . The rate of pension contributions were adequate to provide the needed benefits of would be retiree.

$H_0$  The rate of pension contributions were not adequate to provide the needed benefits of would be retirees

**Table 2. Analysis of Hypothesis 2**

RESPONSES	PR	NR	TOTAL
Management staff	4	0	4
Senior staff	67	15	82
Junior staff	84	41	125
<b>Total</b>	155	56	211

Negative response = (undecided, disagree and strongly disagree)

Positive response= (strongly agree and disagree)

Formula for  $X^2$

$$X^2 = \frac{(fo - fe)^2}{fe}$$

Where fo = frequency observed, fe = frequency expected

Level of significance 0.05

Using  $fe = \frac{CT \times RT}{N}$

GT

Where CT = Column total

RT = Row total

GT = Grand total

$$Fe1 = \frac{155 \times 4}{211} = 1.04$$

$$Fe2 = \frac{155 \times 82}{211} = 60.24$$

$$Fe3 = \frac{155 \times 125}{211} = 91.82$$

$$Fe4 = \frac{56 \times 4}{211} = 1.06$$

$$Fe5 = \frac{56 \times 82}{211} = 21.76$$

$$Fe6 = \frac{56 \times 125}{211} = 33.18$$

CELL	Fo	Fe	Fo - Fe	(Fo - Fe) <sup>2</sup>	$\frac{(Fo - Fe)^2}{Fe}$
1	4	1.04	2.96	8.76	8.42
2	67	60.24	6.76	45.69	0.76
3	84	91.82	-7.82	61.15	0.67
4	0	1.06	-1.06	1.12	1.06
5	16	22.03	-6.03	36.36	1.65
6	40	32.91	7.09	50.27	1.53
					<b>14.09</b>

$$\begin{aligned} DF &= (C - 1) (R - 1) \\ &= (3 - 1) (2 - 1) \\ &= 2 \times 1 \\ &= 2 \end{aligned}$$

With level of significance = 0.05 and df = 2, the critical value of  $X^2 = 5.99$ .

**Decision rule:** reject  $H_0$  if the calculated value  $X^2$  is greater than the critical value of  $X^2$  do not reject if otherwise

**Decision:** Since  $X^2$  cal = 14.09 and our critical value = 5.99, we reject the null hypothesis and conclude that the rate of pension contributions are adequate to provide the needed benefits of would be retirees.

### Findings

The study revealed essentially:

(1) That the government of Enugu State has not put efficient financial control mechanism in place to ensure efficiency in pension fund management.

(2) The government has not worked out the modalities properly on the separation from the erstwhile old scheme from the new one.

(3) It was also discovered that the traditional funding strategy of the public sector pension system, especially the civil service segment is nothing to write home about. This perhaps explains why huge arrears of pension payment exist in Enugu State with the widespread complaints, sickness and death among retirees.

(4) The reform agenda depends on government's yearly budgetary allocations, which also depend on who is in control of the machinery of government and the revenue conditions of the state government.

(5) The study further revealed that the escalating expenditure of government in other areas such as education, agriculture, health and administration that compete with pension expenditure, government cannot be trusted to solely pay pension.

### **Conclusion**

Indeed, the New contributory pension scheme has some cob-webs in its reform kitchen/ There is no gin saying that Nigeria blue and white-collar workers dread retirement, due to the fact that they do not know what the future would hold for them, since the pension reform Act has proved not to be the solution to pension crisis in Enugu State in particular and Nigeria in general. Equally it has been observed that many employers have resorted to falsification of their personal records, frivolous swearing of affidavits to extend their years of service. Cases abound where retired employees' pensions are not paid. Where it is paid, the payment is epileptic thereby creating unnecessary damages and hardship to the retired employees.

### **Recommendations**

(1) That the government of Enugu State should put in place efficient financial control system in pension fund management to ensure that pension fund is prudently managed.

(2) The government should work out the modalities to ensure that separating from the erstwhile old scheme from the new one is smoothly done.

(3) Even though the employer and employee contributions are adequate, however because of the economic recession the contributions should be slightly increased. (4) The yearly budgetary allocations to pension should be increased.

(4) The government of Enugu State should know that paying retirees is also as important as budgetary allocation to other sectors.

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