



CONTRIBUTORY PENSION SCHEME: A BLESSING OR CURSE FOR EMPLOYED BUSINESS EDUCATORS IN SOUTH-WEST, NIGERIA.

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Abstract

The study was conducted to establish whether Contributory Pension Scheme is preferred by employed business educators in the South-west, Nigeria. The design used for the study is descriptive survey. The population of the study consisted of all the 200 business educators lecturing in business education department in all the 12 government owned colleges of education in South-West, Nigeria. The instrument used to collect data for the study was a developed questionnaire and validated by three senior business education lecturers in the department of business and entrepreneurship education in the faculty of education, Kwara State University, Malate, Kwara, who read through the items of the instrument and made corrections on few language and phrasing errors identified. The research questions were answered through frequency counts, mean and standard deviation while the hypotheses were tested using t-test at 0.05 level of significance. The study affirmed that business educators in South-West, Nigeria preferred contributory pension scheme as their choice of pension scheme because its provisions would benefit them a lot. The study concluded and recommended that since contributory pension scheme is the preferred choice of pension scheme by a category of workers in the South-west,

Nigeria, all hands must be on deck to ensure its proper implementation so that the goal for which it is meant to achieve can be easily attained and sustained.

Keywords. Contributory Pension Scheme, Blessing, Curse, Employment, Business Educators

Background to the study

Business educators and every other worker in Nigeria are always excited at any point in time they are gainfully employed. This is so because they are certain that monthly financial compensation in form of salaries and wages is awaiting them as economic beings but it is certain that at another point in time they will statutorily disengage from active service. However, the statutory disengagement of workers from active service is known as retirement. Babajide (2017) opined that since business educators and other employees have no other choice than to go on retirement, their dream is to make a meaningful statutory exit from an active productive life into a peaceful and enjoyable old age, otherwise known as retirement. In view of this, every worker looks forward to a financial parting reward in lump sum known as gratuity and pension which would enable them manage the stress of inevitable old age without having to beg for their upkeep and that of their family members later in life.

Odukoya (2018) affirmed that to reduce retired business educators' stress at old age and to avert financial embarrassment after disengaging from work, they must see their retirement benefits as a serious issue that must be protected and provided for while still in statutory productive engagement. This implies that one's retirement must be regarded as a responsibility that every worker should dutifully carry out particularly while they are still in active service, and in accordance with the provisions of pension scheme and government regulations put in place. Between 1960 and 2003, the pension administration in operation to compensate retired business educators and other workers in Nigeria is non-contributory scheme in which no contribution is made by employee but the employer is saddled with the responsibility of providing 100% of retirees' pension and gratuity.

However, due to some lapses in this scheme as perceived by the Federal government of Nigeria, Contributory Pension Scheme for public and private sectors was established under the Pension Reform Act 2004, but was repealed and replaced with the Pension Reform Act 2014. Section 4 of the act provides for a mandatory minimum contribution of ten and eight percent (10% and 8%) of employee's monthly total emolument by the employer and employee respectively, which made the scheme a contributory one (Pension Commission, PENCOM 2014). Odukoya (2018) opined that the intention of Nigerian government to introduce Pension Reform Act 2014 was to use the Contributory Pension Scheme to correct the inadequacies found in non-contributory scheme. However, it upon this premise that this study was conducted to assess the provisions of this new act in order to ascertain whether the act is a blessing or curse for retired business educators in the South-West, Nigeria.

Statement of the Problem

Simeon, (2019) asserted that the only social welfare provision made as parting reward for all Nigerian workers on attaining the required age or having spent the required number of years in service is adequate pension and gratuity which the old pension scheme (Non-Contributory Pension Scheme) failed to effectively achieve as perceived by the Federal Government of Nigeria.

Hence, since the Nigerian government observed some lapses in the old pension scheme and came up with this new scheme to serve as solace to retirees in Nigeria. Therefore, it is necessary that this study is conducted so as to look at the influence the new scheme would have on workers' input for national growth and development and therefore, the problem to be addressed by this study is: what is the perceived influence of Contributory Pension Scheme on business educators' preference for either contributory pension scheme and non-contributory pension scheme.

Purpose of the Study

The study aims at examining the perceived influence of contributory pension scheme on business educators' preference for either contributory pension scheme or non-contributory scheme. Specifically, the study sought to:

1. examine the influence of Contributory Pension Scheme on business educators' preference for either contributory pension scheme or non-contributory pension scheme in South-West, Nigeria.
2. identify perceived problems that may militate against proper implementation of Contributory Pension Scheme in Nigeria.

Research Questions

The following research questions guided the study in the perception of business educators.

1. To what extent does Contributory Pension Scheme influence business educators' preference for either contributory pension scheme or non-contributory scheme?
2. What are the problems that may militate against the proper implementation of contributory pension scheme in Nigeria?

Research Hypotheses

The following research hypotheses are formulated and tested at 0.05 significant level

- (Ho1:)** There is no significant difference between the mean responses of highly experienced and less experienced business educators on their preference for Contributory Pension Scheme.
- (Ho2:)** There is no significant difference between the mean responses of male and female business educators on the challenges confronting Contributory Pension Scheme in Nigeria

Review of Related Literature

Taiwo (2019) opined that Contributory pension scheme is preferable because both employers and employees make contributions of certain percentage to make a reasonable economic pension fund and it allows business educators to choose pension fund administrators, they believe in to monitor and invest their pension funds for more financial benefits at retirement. The author also added that right of business educators to monitor their retirement savings account makes the scheme more preferable to non-contributory scheme. In a related development, Sanusi (2020) asserted that required minimum of four years of contribution to qualify a business educator to draw retirement benefits makes the scheme more preferable and beneficial to non-contributory scheme and that separation and spelling out of functions of key players in contributory scheme makes it more beneficial than non-contributory scheme.

Ogpbuchi, Uchenna, and Umunakwe (2021). Pointed out that Business educators' right to negotiate and draw their pension funds within a definite time-frame makes it better than the non-contributory scheme and that workers would prefer contributory pension scheme because the balance of their retirement benefits can be drawn by their next of kin after their death unlike in non-contributory scheme. Observation shows that implementation of Contributory Pension Scheme in Nigeria is confronted with a number of challenges which are capable of preventing its success. In view of this, Simeon (2018) opined that one of the major problems militating against the proper implementation of Contributory Pension Scheme is non-remittance of contributory pension funds. According to the author, it is statutorily required in the pension form act of 2014 that both the employer and employee should make a certain percentage contribution into the employees' retirement Savings Account (RSA) as a financial provision for employees' retirement, but it is quite unfortunate that some employers will only remit the statutory employees' 8% contribution and refuse to remit their 10% contribution into the Savings Account.

In a similar development, Amusan and Ajibola (2018) affirmed that inadequacy of investment windows is militating against the successful implementation of Contributory Pension Scheme. In their view, they pointed out that Nigeria is a sovereign state with a lot of economic potentials for business and investment opportunities for the nation's growth and development, but what is happening today is the opposite due to high level of corruption in the land to the extent that large percentage of viable industries that were formerly driving the nation's industrial, agricultural, engineering, technology, communication, aviation, health, commerce and economic sectors have relocated to other African nations following an alleged corruption of Nigerian leaders and inadequacy of required industrial infrastructures such as non-interrupted power supply, good road network, and security.

Ibidunni, Ayedotun and Maloma (2022) affirmed that fraudulent computation of Contributory Pension Scheme has negative impact on its effective implementation. In their opinion, they stated that sharp practices of some stake holders in the implementation of the pension scheme can prevent its good implementation for a required result. The sharp practices vary from fraudulent manipulation of pension funds documentation to falsification of investment growth and gain documentation and embezzlement of the funds by powerful stakeholders and supervisors. When all these happen, it is certain that the purpose for which the scheme was established will be negatively affected and this however becomes a great challenge to the scheme effective implementation.

Amusan and Ajibola (2018) opined that one, but major flaw that Contributory Pension Scheme has, is lack of consequential adjustment. In non-contributory scheme, consequential adjustment of retirees' monthly pension is always carried out in correlation with the trends or changes in the economy.

Methodology

The design used for this study is a descriptive survey. The population of the study consisted of all the 200 business educators lecturing in business education department in all the 12 government owned colleges of education in South-West, Nigeria. The instrument used to collect data for the study is a developed questionnaire whose structured items were divided into cluster A and B and validated by three senior business education lecturers in the department of business and entrepreneurship education in the faculty of education, Kwara State University, Malete, Kwara, who read through the wordings, the phrasing, the depth, the scope and the language used in constructing the items of the instrument and made corrections on few language and phrasing errors identified. Split-half method of instrument reliability was adopted and statistically tested through the application of Spearman Rank Order

correlation method which determined the reliability co-efficient of the instrument at 0.80 and 0.88 respectively for clusters A and B. The research questions were answered through frequency counts, mean and standard deviation while the hypotheses were tested using t-test at 0.05 level of significance.

Test of Research Question

RQ 1: What pension scheme would be preferred by business educators between the contributory pension scheme and non-contributory one?

Table 1

Responses of Business Educators on their preference for contributory pension scheme in Nigeria?

	N	Mean	Std. Deviation	Decision
1. Contributory pension scheme is preferable because both employers and employees make contributions of certain percentage to make a reasonable economic pension fund	200	2.73	.678	Accepted
2. Contributory pension scheme is preferred because it allows business educators to choose pension fund administrators, they believe in	200	2.91	.663	Accepted
3. Right of business educator to monitor their retirement savings account makes the scheme more preferable to non-contributory scheme	200	2.94	.666	Accepted
4. Investing cumulative pension funds for additional income makes it better than non-contributory scheme	200	3.77	.697	Accepted
5. Updating business educators regularly on their pension funds makes it more preferable to non-contributory pension scheme	200	2.87	.636	Accepted
6. Having adequate knowledge of contributory pension scheme by business educators prevents them from being underpaid which makes it better than the non-contributory scheme	200	1.93	.408	Rejected
7. Required minimum of four years of contribution to qualify a business educator to draw retirement benefits makes the scheme more preferable to non-contributory scheme	200	3.05	.762	Accepted
8. Separation and spelling out of functions of key players in contributory scheme makes it more preferable to non-contributory scheme in which the functions are separated	200	1.88	.465	Rejected
9. Right of business educators to transfer their retirement savings account fund from one pension administrator to another when they feel unsatisfied with the services of former makes the scheme better.	200	2.72	.645	Accepted
10. Right of business educators to transfer pension funds and retirement savings account to their pension fund administrator for continuity when they change employment makes the scheme a worthwhile.	200	2.84	.742	Accepted
11. Business educators' right to negotiate and draw their pension funds within a definite time frame makes it better than the non-contributory-scheme	200	3.08	.567	Accepted
12. Business educators prefer contributory pension scheme because the balance of their retirement benefits can be drawn by their next of kin after their death unlike in non-contributory scheme.	200	3.45	.627	Accepted

Valid N (listwise)	200
Weighted Average mean / standard deviation	2.85 / 0.68 respectively.
Decision rule 2.50, N=200	

Analysis of data in table 1 shows the mean responses on business educators' preference for contributory pension scheme in Nigeria. The maximum and minimum mean obtained from the data analysis were 3.77 (item 62) and 1.88 (item 66) with the standard deviation of 0.697 and 0.465 respectively. The respondents agreed with 10 items out of the 12 tested. The agreement with these 10 items was affirmed by the high level of mean scores they obtained and which were above 2.50 decision rule. The accepted items are 1,2,3,4,5,7,9,10,11 and 12 while the rejected ones are items 6 and 8 with low mean scores of 1.93 and 1.88 respectively. However, the grand weighted mean of 2.85 and standard deviation of 0.68 reveals that the respondents agreed that business educators in colleges of education in the south-west, Nigeria, preferred contributory pension scheme for their retirement financial compensation.

RQ 2: What are the problems militating against proper implementation of contributory pension scheme in Nigeria?

Table 2

Responses of Business Educators on the challenges affecting proper implementation of contributory pension scheme in Nigeria?

	N	Mean	Std. Deviation	Decision
1. Wrong investment of pension funds by pension funds administrators will prevent the attainment of the scheme's investment goal.	200	2.81	.560	Accept
2. Inadequacy of investment windows in Nigeria will prevent contributory pension scheme from attaining its investment objectives	200	2.70	.542	Accept
3. Non-remittance of pension funds by business educators' employers stands against the successful implementation of contributory pension scheme.	200	2.94	.631	Accept
4. Fraudulent computation of business educators' pension and gratuity is a problem to the contributory pension scheme effective implementation	200	2.76	.731	Accept
5. Government veto power to divert pension funds to infrastructural development in the name of borrowing can pose problem to effective contributory pension scheme implementation.	200	3.08	.812	Accept
6. Irregular update of business educators' retirement savings account is amounting to fraud and can prevent the attainment of the scheme's objective of comfortable retirement	200	2.68	.828	Accept
7. National economic crisis like inflation stands a very good chance of preventing maximum attainment of contributory pension scheme's goals.	200	2.79	.686	Accept
8. Inability of business educators to change their pension fund administrator in less than one year of their contract even if, they detect foul play is a flaw to the scheme	200	2.78	.694	Accept

9. Right of business educators to draw 70% of their pension funds as gratuity after retirement is a problem that puts their survival on the line in their old age.	200	2.84	.719	Accept
10. Intent delay in payment of pension and gratuity of business educators by their pension administrators is an infringement on their right and problem to the scheme.	200	2.65	.588	Accept
11. Inadequacy of economic infrastructure like non-interrupted power supply, good road network and security would prevent pension funds investment opportunities, hence, posing a problem to the scheme's proper implementation and goal attainment.	200	3.00	.672	Accept
12. Lack of consequential adjustment in business educators' pension as it reveals by contributory pension scheme is a major flaw and problem to the scheme's goal attainment	200	3.65	.709	Accept
Valid N (listwise)	200			

Weighted Average mean / standard deviation 2.90 / 0.68 respectively.

Decision rule 2.50, N=200

Analysis of data in table 2 reveals the mean responses on the problems militating against proper implementation of contributory pension scheme in Nigeria as perceived by business educators. The responses were presented with the descriptive statistics of mean and standard deviation. The maximum and minimum mean obtained from the data analysis were 3.65 (item 12) and 2.65 (item 10) with the standard deviation of 0.709 and 0.588 respectively. The respondents agreed with all the 12 items tested.

Test of Hypotheses

H₀₁: There is no significant difference between the mean responses of highly experienced and less experienced business educators on their preference for Contributory Pension Scheme.

Table 3 Summary of t-test analysis of highly experienced and less experienced business educators' preference for Contributory Pension Scheme.

Cadre	N	Mean	SD	df	t-value	P-value	decision
Senior	45	0.98	0.03	198	0.40	0.180	Accepted
Junior	134	3.41	0.09				

Source: Author's Field Survey, 2023

The t-test summary from table 3 indicates that the t-value was 0.40 while the p-value was 0.018. However, since the p-value was greater than 0.05 level of significance the null hypothesis was accepted. It therefore means that less and highly experienced business educators were not different in their preference for contributory pension scheme in the south-west. Nigeria.

H₀₂: There is no significant difference between the mean responses of male and female business educators on the challenges confronting Contributory Pension Scheme in Nigeria.

Table 4: Summary of t-test analysis of challenges confronting Contributory Pension Scheme implementation in Nigeria as perceived by business educators.

Gender	N	Mean	SD	df	t-value	P-value	Decision
Male	66	1.44	0.06	198	0.47	0.120	Accepted
Female	134	2.91	0.13				

Source: Author's Field Survey, 2023

Table 4 reveals that t-value was 0.47 and p-value was 0.120 Therefore, since p-value is greater than 0.05 level of significance, the null hypothesis was accepted. It therefore means that male and female business educators did not differ in their perceptions on problems militating against proper implementation of contributory pension scheme in Nigeria.

Discussion of Findings

The statistical results obtained from research question one and hypothesis 1 affirmed that business educators in South-West, Nigeria preferred contributory pension scheme as their choice of pension scheme. This outcome was supported by Taiwo (2019) when the author opined that Contributory pension scheme is preferable because both employers and employees make contributions of certain percentage to make a reasonable economic pension fund and it allows business educators to choose pension fund administrators, they believe in order to monitor and invest their pension funds for more financial benefits at retirement. The outcome was also supported by the assertion of Sanusi (2020) that required minimum of four years of contribution to qualify a business educator to draw retirement benefits makes the scheme more preferable and beneficial to non-contributory scheme and that separation and spelling out of functions of key players in contributory scheme makes it more beneficial than non-contributory scheme.

The results obtained from the tested research question 2 and hypothesis 2 revealed that there are a number of problems that can militate against proper implementation of contributory pension scheme. This outcome was in support of Simeon (2018) by stating that one of the major problems militating against the proper implementation of Contributory Pension Scheme is non-remittance of contributory pension funds into retirement savings account of retirees. In a similar development, Amusan and Ajibola (2018) affirmed that inadequacy of investment windows is militating against the successful implementation of Contributory Pension Scheme. In their view, they pointed out that Nigeria is a sovereign state with a lot of economic potentials for business and investment opportunities for the nation's growth and development, but what is happening today is the opposite due to high level of corruption in the land to the extent that large percentage of viable industries that were formerly driving the nation's industrial, agricultural, engineering, technology, communication, aviation, health, commerce and economic sectors have relocated to other African nations following an alleged corruption of Nigerian leaders and inadequacy of required industrial infrastructures such as non-interrupted power supply, good road network, and security. Amusan and Ajibola (2018) also opined that one but major flaw that Contributory Pension Scheme has, is lack of consequential adjustment. In non-contributory scheme, consequential adjustment of retirees' monthly pension is always carried out in correlation with the trends or changes in the economy.

Conclusion

Since contributory pension scheme is the preferred choice of pension scheme by a category of workers in south-West, Nigeria, all hands must be on deck to ensure its proper implementation so that the goal for which it is meant to achieve can be easily attained.

Recommendations

Based on the findings and drawn conclusions from the study, the researcher listed out the following recommendations.

1. For Contributory Pension Scheme to play its significant role of improving business educators' productivity, employers of labour should ensure that their mandatory 10% and 8% contribution of employees are correctly computed and remitted to business educators' pension administrators for meaningful investment as stipulated in scheme's provisions.
2. The pension reform act of 2014 must be constantly reviewed so that problems militating against its implementation can be regularly identified and proffered solutions for.
3. Nigerian Government should regularly engage in assessing the 2014 Reform Act of Contributory Pension Scheme so as to always ascertain workers' preference for the scheme or the non-contributory scheme.

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