Retirement Benefit Management in Nigerian Public Services: A Case Study of National Pension Commission Abuja, Nigeria

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Abstract: *The glamour of public service which makes it distinct and more attractive is its pay system which includes retirement benefits. In recent years however this glamour is gradually fading away due largely to the uncertainties associated with the retirement benefit management as retirees continue to face hardship in getting their benefit as and when due. The situation remains perennial and has aroused the curiosity of these researchers on the subject matter. The study focused on retirement benefit management in Nigeria public service: challenges and prospects. Objectives of the study were: To assess the extent of contributory pension scheme in pension services in Nigeria. To find out the challenges facing retirement benefits management in Nigeria and to suggest measures that would ensure efficient management and effective retirement benefit management in Nigeria. The study adopted a survey design, using questionnaires as instrument of data collection. Data collected were represented in frequency, tables and analyzed using percentage. Findings revealed that the Pension Commission has been able to implement the contributory pension scheme to a high extent. It was also discovered that the major challenges facing PENCOM was inadequate manpower, while it was further revealed that more qualified personnel would help the commission perform better. The study recommended the establishment of a new agency to assist PENCOM in the area of enforcement, more funding to enable it establish officers in each state and close collaboration with anticorruption agencies to ensure timely detection and prevention of fraud in the pension industry.*
Keywords: *PENCOM, public service, retirees and Pension Commission.*

I. Introduction

The working class is a group engaged in paid employment, especially in work places and organizations not their own. These work places could be in private or public sectors of the economy. The essential distinguishing characteristic of these workers is that they are remunerated on fixed wages and salaries instead of on commission or profit basis. Even when they are compensated on the basis of their work efforts or their contributions to the organization they worked for, such compensations often called bonuses, are not a permanent feature or a negotiable term of their employment, but come at the discretion of management [1, 2, 3 , 4 and 5].

As these workers spends better part of their active life working for the growth, development and expansion of their organization the salaries they receive on monthly basis hardly cater for their immediate needs not to think of saving for the rainy days after retirement [6,7, 8, 9 and 10]. Majority of workers especially those in the public sector, always find solace in the belief that their retirement benefits will take care of their likes after retirement [11, 12, 13 and 14]. According to Ozor, (1999) "retirement benefit can be interpreted to mean sums of money paid to a worker upon retirement in order to enable him maintain his former standard of living previously enjoyed as a worker". He explained that retirement benefits are normally of two types viz: a lump sum of money, calculated on the basis of formal earning and paid once and for all called "gratuity", or sums of money paid on monthly installments and also as a fraction of former earning, and referred to as "pensions" [15, 16 17 and 18].

In recent years, it has become increasingly for retirees to collect either gratuity or pension. General studies [19, 20, 21, 22, 23, 24 and 25] have shown that retirees in Nigeria, especially those in the public sector of the economy suffer untold hardship benefits [26, 27, 28 and 29]. Even the contributory pension scheme introduced since 2004 has not been able to eliminate crisis associated with the management of retirement benefits in Nigeria public sector as there are still cases of delayed payment, mismanagement of pension funds and outright embezzlement of funds meant for payment of retirement benefits to retirees. It was therefore worthwhile to examine the management processes of retirement benefits in the Nigerian public sector using the National Pension Commission (PENCOM) Abuja as a case study. Management of retirement benefit in the Nigerian public sector has continued to witness a lot of crises. If it is not inadequate budgetary provision, it will be misappropriation of funds or worst still embezzlement of the fund meant for payment of retirement benefits. According to Babasola (2010) the protest in Ibadan by military pensioners typifies the general rot and the corruption that had eaten deep into the National Pension Scheme. The delay, he further explained, "is such that pensioners now issue bribe to those who manage their files and/or credit their accounts in order to encourage

them to do their work. Those who feel otherwise do so at their perils as they are the ones whose files are always missing and whose accounts are often underpaid or not paid at all'.

Eme and Ugwu (2011) states that recently, some N12 billion was alleged to have been fraudulently taken away from the coffers of the pensions fund by officers in-charge of the fund. (Eme and Ugwu, 2011) said that those involved, who are currently going through trials before the court of law, include Former Director of Pensions Department, Office of the Head of Service, Dr. S.T Shaiba, his deputy, Phina Chidi and his personal assistant Aliyu Bello, as well as Abdullahi Omezia, Garba abdullahi Tahir and Emmanuel Olanipekun.

The aim of this study was therefore to assess retirement benefit management under the current contributory pension scheme with particular reference to the National Pension Commission (PENCOM) Abuja.

Objectives Of The Study
The objectives of this study were as follows:
* To assess the extent contributory pension scheme has been successfully implemented in Nigeria.
* To find out the challenges facing retirement benefits management in Nigeria public sector.
* To suggest measures that would ensure efficient and effective retirement benefits management in the Nigeria public service.
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II. Materials And Methods

Research Method And Design
The researcher developed a structured questionnaire called "Retirement Benefits Management Descriptive Questionnaire" (RBMDQ) which was used in data collection for the study. All the staff of PENCOM at the Headquarters was included in the study without discrimination as regards sex, position or status. The questionnaire is made up of multi-choice and dichotomous type questions. Simple random sampling was applied for instrument distribution, while frequency tables and percentage were used for data presentation and analysis.

Sources Of Data
Sources of data for this study were divided into two, namely: The primary and secondary data sources.

Primary Source Of Data
The primary source of data is the responses of the respondents collected through questionnaire.

Secondary Source Of Data
The secondary source of data was books, journal articles and official government document etc.

Location Of The Study
The study took place at Headquarters of National Pension Commission Abuja. It is located at No. 174 Adetokunbo Ademola Crescent Wuse, 2 Abuja.

Population Of The Study
The population of the study is made up of personnel of pension in the Headquarters. There are one hundred and thirty-two (132) personnel in the five major departments of the commission.

The table 1: below shows population distribution of the commission

S/N	DEPARTMENTS	POPULATION
1.	Administration	62
2.	Accounts	13
3.	Registration	28
4.	Personnel	8
5.	Enforcement	21
	Total	132

Source: research data, 2013.

Sample Size
The sample size for this study was determined using Taro Yamani's (1964) posits that sample size can be calculated using the following formula:

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

Where n = sample size

N = population

$$I = \text{constant}$$
$$e = \text{error limit}$$

Applying this formula, we have the following;

$$n = ?$$
$$N = 132$$
$$I = \text{constant}$$
$$e = 0.05 \text{ (error limit)}$$

therefore

$$n = \frac{132}{1 + 132\,(0.05)^2}$$

$$n = \frac{132}{1 + 132 \times 0.0025}$$

$$n = \frac{132}{1 + 0.33}$$

$$n = 99.25$$
$$\text{i.e. } 99$$

Approximately

Table 2: Sample size of distribution

S/NO	DEPARTMENT	POPULATION	SAMPLE SIZE
1.	Administration	62	46
2.	Accounts	13	10
3.	Registration	28	21
4.	Personnel	8	6
5.	Enforcement	21	16
	Total	132	99

Source: research data, 2013.

Calculations

1. Admin: 62 x 99 / 132   =   46
2. Accounts: 13 x 99 / 132   =   10
3. Registration: 28 x 99 / 132   =   21
4. Personnel: 8 x 99 / 132   =   6
5. Enforcement: 21 x 99 / 132   =   16

Sampling Techniques

Simple random sampling technique was adopted for this study. According to Borg et al quoted in Odo (1992). Simple random sampling technique is a procedure in which all the individuals in the defined population have an equal and independent chance of being selected to be the representative of the population from which they are drawn. Having determined the sample size, this technique was applied in distributing the questionnaires.

Instrumentation

The instrument used for data collection in this study was questionnaire. The researcher developed three research questions which formed the base for the sub-questions contained in the questionnaire.

Validity Of Instrument

Goode and Hart (1952) posit that an instrument is valid when it measures what it claims to measure. To establish the validity of the instrument used, pilot test method was used. Babbie (1973) said that pilot test is the process of trying out the entire aspect of the study following closely, the procedure planned for the main, before launching the said main study. In applying the pilot test, the researcher gave out the questionnaire to a group of 10 people who filled and returned them. The evaluation of their response showed 90 percent correct score when compared with the one scored by the researcher himself. Thus, the instrument is valid.

Reliability Of Instrument

Reliability of instrument has been defined as a process of obtaining information on the degree to which a measure will yield similar result for the same subject at different times or under different conditions on a consistent dependable, accurate way (Bowen and Weisberg, 1980). Test – Re – test method was used in determining the reliability of the instrument. In the process, numbered questionnaire were given to a group of ten people to fill and return. After two days, a second round was given to them, making sure that each person got a number that tally with the one given to him in the first round. This second round was collected same day

and two sets compared. The compassion showed similarity in their responses and the researcher concluded that instrument was reliable.

Data Collection

Structured questionnaire designed for the study was used for data collection. The security office was used as channel for distributing the questionnaire. The security office also served as collection point. The respondent were given 3 days after which the researcher went back and collected the filled questionnaires.

Instrument Return Rate

A total of 99 questionnaires were distributed to the respondents. Out of this number only 82 were returned, giving a return rate of 82.83 percent. Table 3 below shows return rate.

Table 3: Instrument Return Rate

S/N	DEPARTMENT	NO GIVEN	NO RETURNED
1.	Administration	46	36
2.	Accounts	10	10
3.	Registration	21	20
4.	Personnel	6	6
5.	Enforcement	16	10
	Total	99	82

Source: Research Data, 2013.

III.   Results And Discussion
Table 4: To what extent has the contributory pension scheme been usefully implemented in Nigeria Public Service?

S/N	Options	Response	Percentage
1.	To a very high extent	18	21.95
2.	To a high extent	35	42.68
3.	To a low extent	22	26.83
4;	To a very low extent	5	2.44
5.	No idea	2	2.44
	Total	82	100

Source: Research Data, 2014

Table 4 above shows that 18 respondents representing 21.95 percent said that contributory pension scheme has been implemented to a very high extent. 35 respondents which is equivalent to 42.68 percent said the implementation is to a high extent. 22 other respondents or 26.83 percent are of the view that it is to a low extent while only 2 respondents representing 2.44 percent said they have no idea.

Table 5: What are the challenges facing PENCOM in the management of retirement benefit in Nigeria?

S/N	Options	Response	Percentage
1	Inadequate authority	10	12.20
2	Inadequate manpower	38	46.34
3	Inadequate fund	30	36.59
4	Non-compliance by employers	4	4.88
5	No idea	0	0
	Total	82	100

Source: **Research Data, 2014**.

Data contained in table 5 above shows that 10 respondents representing 12.20 percent said the major challenge facing PENCOM in the management of retirement benefits is inadequate authority, 38 persons or 46.34 said it is inadequate manpower, 30 respondents representing 36.54 percent said the challenge is inadequate fund. 4 respondents which is 4.88 percent said the challenge is non compliance by employers, while no person said he has no idea.

Table 6: How can efficient and effective management of retirement benefit in the public sector be ensured?

S/N	Options	Response	Percentage
1	Grant more powers to PENCOM	10	12.20
2	Imbeased funding	27	32.93
3	More qualified personnel	38	46.34
	Set up another agency to assist PENCOM	2	2.44

5	No idea	5	6.10
	Total	82	100

Source: Research Data, 2014.

Table 6 shows that 10 respondents representing 12.20 percent believed that granting more powers to PENCOM would ensure efficient and effective retirement benefit management in Nigeria. 27 respondents or 32.93 percent said it is increased funding. 38 persons representing 46.34 percent said it is more qualified personnel. 2 respondents or 2.44 percent said that getting up another agency to assist PENCOM would ensure efficient and effective retirement benefit management. While 5 respondents representing 6.10 percent said they have no idea.

IV.   Conclusion

The study revealed that the extent of implementation of contributory Pension Scheme by the National Pension Commission is high PENCOM has successfully licensed 24 pension fund administrators and 4 pension fund custodians and has also been active in monitoring the operations of these agencies to ensure optimum compliance. Finally, the researchers also discovered that one of the most important measures that will ensure efficient and effective retirement benefit management in the public sector is provision of more qualified personnel by PENCOM. This will enable them carry on the task of managing retirement benefit in Nigeria more effectively and efficiently.

V.   Recommendations

Based on the findings of this study, the following measures are recommended as a way of improving retirement benefit management in the Nigeria Public Service.
- Creation of Another Agency: There is need for federal government to establish another agency whose responsibility will be to investigate and prosecute defaulters in matters relating to retirement benefit management. This is necessary to ensure adequate enforcement of the new pension Act 2004 and avoid the mistakes that made by the old Pension Scheme Fail.
- More Funding:More funds should be allocated to PENCOM to enable it hire more qualified personnel and establish offices in each state of the federation to ensure effective and efficient administration of pension funds.
- The anti-corruption agencies should be encouraged to work without PENCOM closely to ensure proper monitoring of pension transactions with a view of identifying sharp practices that usually lead to embezzlement of pension funds. This is necessary to ensure that retirees will be to receive their benefits as and when due.

VI.   Conclusion

This study has successfully examined the retirement benefit management in Nigeria public service with particular reference to the national pension commission (PENCOM) Abuja. Based on the revelations of the study, far reaching recommendations have been made that would ensure efficient and effective management of retire management benefit in the Nigeria public service. It is therefore our firm belief that if these recommendations are properly implemented, the problem of delayed payment of pensions and other retirement benefits to retirees in Nigeria will become a thing of the past.

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