

# Contributory Pension Scheme and Performance of Employee of Unity Schools in South East Nigeria (2005-2019)

Igbokwe Chukwuma Igbokwe<sup>1</sup>, Prof. Eze Fredrick<sup>2</sup> & Eneh Maximus<sup>3</sup>

Emails: [Igbokwechukwuma@gmail.com](mailto:Igbokwechukwuma@gmail.com), [fred.ezeh@esut.edu.ng](mailto:fred.ezeh@esut.edu.ng), [maximus.eneh@esut.edu.ng](mailto:maximus.eneh@esut.edu.ng)

Department of Public Administration, Enugu State University of Science and Technology, Nigeria.

<b>Abstract</b>	<b>Journal of Policy and Development Studies (JPDS)</b>
<p><i>This paper critically examines the implementation of the contributory pension scheme in Unity Schools in the south east of Nigeria. The specific objectives were: to determine the extent of implementation of the contributory pension scheme; how it has helped in motivating staff and the challenges confronting the implementation of the scheme in Unity Schools in the South East. Population of the study was 1,091 based on the nominal rolls of the five schools in Enugu and Anambra States. The Sample Size of 293 was determined using the Taro Yamane's statistical formula of 1964. Three hypotheses were formulated and tested using t-test statistics. Findings of the study revealed that: Contributory Pension Scheme has been fully implemented in Unity Schools; Contributory Pension Scheme has no significant effect on the motivation of workers for efficiency in the discharge of their duties and that Federal Government inconsistency in prompt remittance of its share of the contributions and its borrowing from the fund for infrastructural development among others constitute challenges to the implementation of the scheme. Based on the findings, the study recommended that: the Pension Reform Act be further amended to include the payment of gratuity; increase employers contributions from ten percent (10%) to fifteen percent (15%), and the removal of the 16years limit on pension. The Contributory Pension Scheme is a welcome idea which when properly implemented will eradicate the pensioners' harsh lives thereby making their dream a reality.</i></p>	<p>Vol. 15. Issue 2 (2024) ISSN(p) 0189-5958 ISSN (e) 2814-1091 Home page <a href="https://www.ajol.info/index.php/jpds">https://www.ajol.info/index.php/jpds</a></p> <p><b>ARTICLE INFO:</b> <b>Keyword:</b> Contributory pension scheme, Unity schools, Motivation, Implementation, Borrowing</p> <p><b>Article History</b> Received 24<sup>th</sup> February 2024 Accepted: 15<sup>th</sup> April 2024</p> <p><b>DOI:</b> <a href="https://dx.doi.org/10.4314/jpds.v15i2.5">https://dx.doi.org/10.4314/jpds.v15i2.5</a></p>

## 1. Introduction

Retirement is another stage of an employee in any organization, particularly those in the public service. On assumption of service after recruitment the system have already determined the years

of service and date of retirement of any staff and it is reflected in his or her secret file and in this era of biometric capture, it is shown in the computer printout given to the employee after the data capture exercise. Hence, from inception of duty, an employee is working, bearing in mind how many years he or she has in service and the date of his exit from the service. At retirement, an

employee starts another stage of life as he or she transmits from salary earner to pension earner. Section 7, subsection 1(A) of the 2014, Pension Reform Act stipulates attainment of 50 years of age as the condition to be eligible to earn pension in Nigeria. In the Civil Service, retirement age is between 60 and 65 years for some different categories of civil servants.

The administration of pension and gratuities to pensioners has for several years been a nagging problem especially in the Public Service, Thus, pension liabilities have grown so much that the government has not been able to offset the liabilities. This situation has condemned many pensioners of the civil service into untold hardship, abject poverty and squalor. Many pensioners have resorted to begging for survival while some have died waiting for the payment of their pensions and gratuities (Eyamfi, 2013).

The old pension scheme(Defined Benefit Scheme) had become unsustainable with outstanding liabilities nationwide estimated at N2.3 trillion and the Federal Government find it difficult to grapple with the enormous amount involved. This is as a result of the increase in pension entitlement (Emola and Obasi, 2012). The increase made it difficult for government to fulfill its pension obligations because of the embezzlement of pension fund by those entrusted with the administration of the fund. This further plugged the pensioners into abject poverty due to neglect caused by non-payment. Put into words, the old pension scheme failed.

The Federal Government of Nigeria being aware of the plight of the retired workers came out in 2004 with a new Pension Reform Act which is described contributory, fully funded, privately managed pension scheme that is based on individual's accounts. It ensures that everyone who has worked received his or her retirement benefits as and when due, to alleviate poverty on retirement and curb the situation where pension entitlements are delayed or not paid. An employee contributes a percentage of his salary and the employer contributes a percentage of the employee's salary toward the retirement benefit of the employee. The total contribution will be paid out by the employer directly to a Pension Fund Custodian (PFC) and will be managed and invested by the Pension Fund Administrator (PFA) of the employee's choice. This is to give the employee immediate ownership of his or her pension benefits (Aibieyi, 2009).

Thus, this study critically examines the implementation of the Contributory Pension Scheme (the new pension scheme), in Unity Schools and to ascertain its impact on employees' performance.

## **2. Scope and Objectives of the Study**

This work assessed the implementation and effect of the Contributory Pension Scheme on employees' performance in Unity schools in some South East states between 2005-2009. However, the specific objectives of the study include:

- i. To determine the extent of implementation of the Contributory Pension Scheme in Unity schools in the South East.
- ii. To analyze how Contributory Pension Scheme has helped in motivating staff of Unity schools in the South East in the discharge of their duties.
- iii. To ascertain the challenges confronting the implementation of the Contributory Pension Scheme in Unity schools in the South East.

## **3. Statement of Hypotheses**

1. Contributory Pension Scheme has not been fully implemented in all the Unity Schools in the South East
2. Contributory Pension Scheme has no significant effect in motivating employees of Unity Schools in the South East in the discharge of their duties.
3. There are no challenges confronting implementation of Contributory Pension by the Federal Government in Nigeria.

## **4. Conceptual Review**

### **Pension**

Pension is simply the amount set aside either by an employer or an employee or both to ensure that at retirement, there is something for employees to fall back on as income (Ajayi,2018). It ensures that at old age workers will not be stranded financially. It is aimed at providing workers with security by building up plans that are capable of providing guaranteed income to them when they retire or to their dependants when death occurs. Anikeze (2018) affirms that pension scheme stems from the fact that first; an organization has a moral obligation to provide a reasonable degree of social security for workers especially those who have served for a long period. Second, the organization has to demonstrate that it has the interest of its employees at heart through Pension Schemes. The most popular way to determine the amount of an employee's pension is to base payment upon a percentage of the employee's earnings computed at an average over several years multiplied by the number of years the employee has served the company (Ezema, 2020).

Ajayi (2018) emphasized that pension is a tool used to manage employment. It can be applied in an organization to attain and retain certain levels of productivity and it helps employees to readjust themselves properly into the society after leaving employment.

### **Performance**

The Oxford English dictionary sees performance to be as how well or badly you do something or how well or badly something works. It is also defined as the act or process of performing a task, an action, etc. while the verb Perform means to work or function well or badly. However, scholars continuously insist that no standardized or uniform definition of performance exists, and they argue on how it is a multidimensional concept. Samsonowa (2017) argues that all the different definitions she had to review, in the performance measurement literature, have one common characteristic; they all are related to two terms: effectiveness and efficiency. Effectiveness as an indicator of the degree of a goal attainment, and efficiency as an indicator of the resources that were consumed to reach the level of achievement. In her work (2012), she uses the term “Performance” as the level/degree of goal achievement of an organization/department rather than of individuals. Grüning (2018) defines performance as the ability of an organization to achieve goals. So for him an organization should be able to achieve goals, not just to be able to reach a level of the goal achievement.

### **History of Pension Scheme in Nigeria**

Pension system and administration in Nigeria is dated back to the adoption of the Elizabethan law of 1648. The origination of the scheme in the Nigeria Public Service was the product or efforts of the Native Administrative Servants. This could be dated back to 1946 when the Colonial Government through the Chief Secretary to the government issued a circular numbered 19/1945 of 24th March, 1945 announcing the commencement of pension scheme in Africa for her Staff.

However, the colonial policy statement received a significant and appropriate legal backing and enactment following the introduction and subsequent implementation of the Pension Ordinance of 1951 which took retroactive effect from 1946 (Odo, Igbeka&Ani, 2011). According to Odia and Okoye, (2012); Owujori, (2008), they argued that the contents of the 1946 Pension Ordinance were not clear and understandable to the native administrators. They maintained that the 1946 ordinance contained confused information to who is a Native Administrator, the nature

of benefits and eligibility for either pension or gratuity. This clearly points that under the 1946 Pension Ordinance, pension rights is not for Native Administrators but was discriminately used at Governor-General's discretion.

An Act was enacted in 1979 with retrospective effect from 1<sup>st</sup>April, 1974. This Act repealed all Pension laws from 1st January 1946 to 31st March 1974. Example of such repealed laws includes Pension Act 1946 and Pension Act 1958. Under this Decree, all enactments on Pension, Incorporated Pensions and Gratuity scales of all Public officers recommended by the Udoji Public Service Review Commission Report 1974 was consolidated. It formed the basic Pension law by which all recent pension laws are built. For instance, at the level of parastatals and Government owned companies, the pension rules are replica of the Pension Act 102 of 1979. The scheme spelt out conditions of payment of entitlements withdrawal from the scheme as well as forfeiture of pension right among others. Despite the above provision, the scheme was marred with widespread corruption. There were rampant complaints of diversion of pension fund to other uses by pension officials (Femi,2001) cited in (Bassey, Etim&Asiny, 2011).

In the Private Sector, pension administration was adequately administered and maintained through the institution of National Provident Fund (NPF) which was the first formal Pension Scheme in Nigeria and was established in 1961 for Private Sector Employers. In 1993, the NPF was replaced with Nigeria Social Insurance Trust Fund (NSITF) set up by Decree No 73 of 1993 which later commenced operation in 1994. The nature and operation of NSITF was more of contributory order than defined by both the employees and the employers (Aborisade, 2012; Amoo, 2008; Kenekwukwu&Ugwu, 2011; Daze &Nyong, 2011).

Consequently, the Federal Government on its unthwarted effort decided to embark on a reform of the Pension Scheme and Administration by emulating the Chilean Pension System which was implemented and adjudged the best in 1981. The reform introduced a Contributory Pension Scheme which is a complete paradigm shift with the old Pay As You Go (PAYG) system (Onyeonoru, Egharevba&Imhonopi, 2013, Elekwa, Koh and Ugwu, 2011). This flexibility to Contributory Pension regime reformed the Nigeria Pension as were enshrined in the Pension Reform Act, 2004 (Now Pension Reform Act, 2014) of the Federal Republic of Nigeria.

## **The Contributory Pension Scheme**

The Pension Reform Act 2004 was enacted in 2004 partly as a result of the failure of the past scheme to address the pension needs of Nigerians and partly as a result of the quest by stakeholders to evolve a scheme that can cater for both public and private sector employees (Bassey et al, 2014). It repealed the 1993 Nigeria Social Insurance Trust Fund Act. The Scheme is being managed by Licensed Pension Fund Administrators (PFAs), while the custody of the Pension Fund Assets is provided by Licensed Pension Fund Custodian (PFCs). Atom (2007) enumerated the nature of the scheme of contributory-full funded and based on individual accounts that are privately managed by Pension Fund Administrators (PFA), while the pension assets will be held by Pension Assets Custodians (PAC). All workers in the Public Service of the Federation and all workers in the Private Sector where the service years left is up to five (5) years are eligible to participate in the scheme. The only people exempted are all existing pensioners and workers with less than 5 years to retire from 1<sup>st</sup> July, 2004 and the category of officers covered by Section 291 of 1999 Constitution (Judicial Officers). The scheme provides that both the employer and employee contribute a minimum of 15% of the employee's basic salary, housing and transport allowance to Retirement Saving Account, (RSA) -7.5% by the employer and 7.5% by employee in government Ministries and Agencies and Private Sector - 12.5% by employer and 2.5% by employee in Military. The employer may bear the full burden if he so wishes but the contribution must not be less than 15%.

The Act stipulated that an employee opens a Retirement Savings Account in his name with Pension Fund Administrator of his choice. This account belongs to the employee and remains his own for life. He is free to transfer his service at anytime whether from public to private or vis-a- vis without changing his account. Contribution should be remitted within 7 days of salary payment to the Pension Asset Custodian who must notify the PFA within 24 hours of the receipt of the contribution. This is to enable the PFA credit the Retirement Savings account of the employees so that the PFA can invest the money in order to yield returns to the employee. The money can be used to purchase Government Bonds, Stock, Securities, etc. It is also stipulated that every employer maintain a life Insurance Policy in respect of every employee for a minimum of 3 times the annual emolument in case of the death of the employee in service. Employees who retire normally are not entitled to this insurance policy.

## **5. Theoretical Framework**

The understanding of the Contributory Pension Scheme and management of retirement benefits can adequately be appreciated through the Marxian Instrumentalist theory as popularized by Ralph Miliband and William (McGowan and Walter, 1984). The theoretical underpinning provides for analytic insights to the surprises as to why the state has continued despite odds to serve the interest of the capitalists in the society. However, the theory contends that contrary to the conventional wisdom that the state is an unbiased power broker in relations to the interest of Capital and Labour, the sustainer of social contract, the state in the Capitalist society has basically functioned to foster pressure and defend the capitalist accumulation and profits (Asobie,1990).

The centrality and argument of the Marxist Instrumentalist Theory is that the state has swiftly designed by pursuing the interest of the ruling class in the society rather than the interest of the entire populace as were agreed through the social contract due to the link between the ruling class and the state apparatus. This explains why the initiation and applicability of the erstwhile pension scheme 'the Defined Benefit Scheme' in the management of retirement benefits of staff of Unity Schools failed. The shift from Defined Benefit Scheme otherwise known as Pay As You Go (PAYG) to Contributory Pension Scheme is an open attempt by the state to absolve and at the same time abdicate its fundamental responsibility of providing social needs and safety nets to the retired staff and provide pool of cheap funds for capitalist investors through privatization of pension scheme emerged in the face of the inability of the state to meet its pension obligation to the retirees under its defined benefit scheme (Amoo, 2008; Onyeonoru, Egharegba and Imhonopi, 2013; Odo, Igbeka and Ani, 2011).

## **6. Empirical Review**

Omorodion and Oyediran (2017) Studied the Empirical analysis of Cash Balance Pension Scheme Implementation in Nigeria. Using T-test method of Analysis, they found out that Nigerian Pension Statutory requirements are met by employers and that cash balance plan among various pension plans offers the most rewarding retirement benefits to participants.

Anazodo et al (2014) analyzed the Effect of New Pension Scheme on Retirees in Nigeria: 2004-2014. They used descriptive analysis of secondary source (content analysis) for the study. They



found out that contributory pension scheme is in full swing but that most retirees are not aware of the operations of pension managers. They recommended for sensitization of retirees.

Amusan and Ajibola (2018) did a study on Adoption of Contributory Pension Scheme and its Influence on Employees' Commitment among Nigerian Civil Servants. They used Statistical Package for Social Science (SPSS) for analysis and found out that civil servants are participating actively in the scheme. This means that CPS is undergoing implementation.

Ahmed, Abayomi and Nureni (2016) did a work on Effects of Contributory Pension Scheme on Employees Productivity: Evidence from Lagos state government. They used Statistical Package for Social Sciences (SPSS) version 21 to analyze the study and came up with a result to the effect that contributory pension scheme has positive potentials over the defined benefits pension scheme. They recommended that stakeholders should be involved in the review of the scheme so as to streamline it.

Eze and Anikeze (2018) studied Effect of Contributory Pension Scheme on Workers Performance in Nigeria's Universities: A study of Federal universities in South East. They used T-test statistical method and discovered that CPS has had positive effect on workers attitude to work, workers morale and satisfaction. They recommended that state and private universities should endeavour to start implementing the provisions of Pensions Reform Act, 2014.

Onukwu (2020) did a research titled conceptualizing contributory pension scheme implementation and job commitment of university lecturers in Nigeria. Using content analysis, the author found out that effective implementation of contributory pension scheme leads to job commitment by lecturers in Nigeria universities. The author recommended that universities management should adopt the strategy of ensuring best implementation of reward policies in the university system to ensure the continuous progress of university education through the job commitment of lecturers.

Ipigansi and Edike (2019) examined the challenges facing the Contributory Pension Scheme in Nigeria. The purpose of the study was to investigate the need for better retirement welfare by pointing out the challenges of CPS. Using Regression Analysis, they discovered that major challenge of the scheme is that the rate at which Public Servants make voluntary contributions/savings have not shown appreciable increase and that government's contribution

comes rather late. They recommended that the new pension reform act which puts right these anomalies should be fully implemented.

Amiens and Abusomwan (2019) worked on pension performance in Nigeria: Challenges and prospects. Using Content Analysis, the study found that reluctance and disbelief by workers to register with Pension Funds Administrator, compliance, benefit inadequacy, low capital formation, non-inclusion of the informal sector, overlapping regulations, and coverage are persistent challenges confronting recent Pension Reforms in Nigeria. The study recommended a synergy between all pension administrators to combat these challenges.

Kida and Sambo (2018) assessed an assessment of the challenges of pension systems in Nigeria. They used descriptive analysis for the study and found out that some Pension Fund Administrators (PFAs) do not submit their daily, weekly, monthly and annual Pension Regulatory Reports (PENRR) as at when due. Continued strict adherence of fund payment by these PFAs was recommended.

Ezenwa and Obiagwu (2020) researched on Pension Reform Act 2014 and Challenges of Pension Administration in Nigeria. They used content analysis method to identify some provisions of the Pension Reform Act (PRA) 2014 which indeed distorts and frustrates the realization of the goals of the Act. They recommended fundamental review and further amendment of the PRA 2014 with a view to resolving the contentious provisions.

## 7. Methodology

The research was conducted in Anambra and Enugu states in South East, Nigeria. The population of the study was 1091 staff of the five Unity schools in the two states. Using Taro Yamane formula, the sample size or study participants were reduced to 293.

**Table 1: Population Distribution of the Study**

S/N	Schools	Academic Staff	Non-Academic Staff	Total	Percentage
1	Federal Government College Nise	117	72	189	17
2	Federal Government Girls College, Onitsha	126	65	191	18
3	Federal Government College (Technical) Awka	118	58	174	16
4	Federal Government College, Enugu	220	145	365	33
5	Federal Government Girls College Lejja	109	61	170	16
	<b>Total</b>	<b>690</b>	<b>401</b>	<b>1091</b>	<b>100</b>

**Source: Author's compilation from selected Unity Schools in South East, Nigeria 2022**

Taro Yamane's statistical formula of 1964, (Onondugo, Ugwuonhah and Ebinne, 2010). The formula states as follows:

Where

$n =$  Appropriate sample size  $N =$  Total population  $e =$  Acceptable margin of error (0.05)

$I =$  Constant

Therefore,

Therefore, the sample size is 293 people.

The sample size for each school is calculated below:

**Table 2: Sample Size Distribution Table**

S/No	School	Sample Size	Percentage
1	FGC, Nise	50	21
2	FGGC, Onitsha	53	18
3	FGC, Awka	47	12
4	FGC, Enugu	97	33
5	FGGC, Lejja	47	12
	<b>Total</b>	<b>293</b>	<b>100</b>

**Source: Research Data, 2022**

## **8. Data Analysis**

This study used descriptive survey design. In that regard, empirical evidence for the study was obtained through the use of structured questionnaire known as 'Effect of Contributory Pension Scheme on Employees Performance in Unity Schools in the South East Nigeria' (ECPSEPUS). It was developed using a 5 point Likert scale ranging from Strongly Agree=5, Agree=4, Undecided=3, Disagree=2, Strongly Disagree=1. The data was analyzed using descriptive and inferential statistics. The descriptive statistics involved computation of mean scores from the responses of the respondents to the questionnaire items. The decision rule was to accept any item that has a mean score of 2.50 and above. The hypotheses were tested using T-test statistics.

**Research Question One:** To what extent has contributory Pension Scheme been implemented in Unity Schools in South East?

**Table 3: Extent CPS has been implemented in Unity Schools in South East**

S/N	Option	VHE	HE	UD	LE	VLE	Total	Mean	Decision
1	Federal government has consistently contributed their own percentage to the scheme in Unity Schools in South East.	120 42%	145 46%	3 3%	10 8%	10 3%	288	4.3	Agreed
2	Staff of Unity Schools in South East has consistently paid their own percentage to the scheme.	110 37%	140 48%	15 5%	23 10%	10 3%	288	4.1	Agreed
3	Pension Fund Administrators (PFAs) has been faithful in submitting their pension regulatory reports.	140 50%	98 31%	5 3%	30 10%	15 5%	288	4.4	Agreed
4	Staff of Unity schools are allowed to choose Pension Fund Administrators of their choice.	150 53%	88 31%	10 3%	20 7%	20 7%	288	4.1	Agreed
5	Pension administrators have been investing the contributed funds by unity schools staff to lucrative sectors of the economy.	110 38%	120 42%	10 3%	28 10%	20 5%	288	4.2	Agreed
	<b>Grand Mean</b>							<b>4.2</b>	

**Source: Research Data, 2022**

The table above shows that the mean score of the questionnaire items 1-5 are 4.3, 4.1, 4.4, 4.1 and 4.2 respectively. All 5 mean scores are above the decision level of 2.50. In addition, the grand mean is 4.2 which is also above the decision level of 2.50. Therefore, the result indicates that Contributory, Pension Scheme has been implemented to a high extent in Unity Schools in South East Nigeria.

**Research Question Two:** How has contributory pension scheme contributed in motivating employees of Unity School in South East in the discharge of their duties?

**Table 4: How CPS has motivated employees of Unity Schools in South East in the discharge of their duties**

S/N	Option	SA	A	UD	D	SD	Total	Mean	Decision
1	Staff of Unity Schools in South East is more efficient in the discharge of their duties because of CPS.	50 17%	30 10%	28 9.7%	120 47%	60 21	288	2.0	Disagreed
2	Staff of Unity Schools in South East is more effective in the discharge of their duties because of CPS.	40 16%	60 20%	10 4%	120 47%	58 21%	288	2.1	Disagreed
3	Staff of Unity schools in South East is more committed to their duties because of CPS.	28 12%	20 8%	10 4%	100 35%	130 44%	288	2.0	Disagreed
4	Productivity of Unity Schools' staff in South East improved because of CPS.	60 20%	40 16%	8 3%	100 35%	80 28%	288	2.2	Disagreed
5	Morale of Unity Schools' staff in South East increased tremendously because of CPS.	20 8%	40 16%	8 3%	80 28%	140 48%	288	2.0	Disagreed
	<b>Grand Mean</b>							<b>2.1</b>	

**Source: Research Data, 2022**

The table above shows that the mean score of the questionnaire items 1-5 are 2.0, 2.1, 2.0, 2.2 and 2.0 respectively. All the 5 mean scores are below the decision level of 2.50. In addition, the grand mean is 2.1 which is also below the decision level of 2.50. Therefore, the result is that Contributory Pension Scheme has not contributed in motivating employees of Unity Schools in South East in the discharge of their duties.

**Research Question Three:** What are the challenges confronting the implementation of contributory pension scheme in Unity Schools in the South East?

**Table 5: Challenges confronting the implementation of contributory pension scheme in Unity Schools in South East Nigeria**

S/N	Option	SA	A	UD	D	SD	Total	Mean	Decision
1	Fear of mismanagement of CPS fund	150 52%	100 35%	5 2%	13 5%	20 8%	288	4.0	Agreed
2	Federal government renegeing in remitting their share of the contribution as and when due.	170 59%	80 28%	10 4%	12 5%	16 6%	288	4.1	Agreed
3	Federal government borrowing money from the accumulated pension fund.	140 48%	100 35%	8 3%	20 8%	20 8%	288	4.1	Agreed
4	Massive corruption by officials of government saddled with administering pension fund.	100 35%	100 35%	10 4%	48 19%	30 10%	288	4.0	Agreed
5	Reluctance by some staff of Unity schools in South East to register with Pension Funds Administrators.	90 31%	70 25%	20 8%	58 20%	50 17%	288	3.0	Agreed
	<b>Grand Mean</b>							<b>4.4</b>	

**Source: Research Data, 2022**

The table above shows that the mean score of the questionnaire item 1-5 are 4.0, 4.1, 4.1, 4.0 and 3.0 respectively. All the 5 mean scores are above the decision level of 2.50. In addition, the

grand mean is 4.4 which is also above the decision level of 2.50. Therefore, the result indicates that there are various challenges like federal government renegeing in remitting their share of contribution and going ahead to borrow from the fund as challenges confronting the implementation of the scheme in Unity schools in South East, Nigeria.

**Test of Hypotheses**

The Independent Sample Test is a parametric test. The test is used to know the statistical significance of the individual parameters. Two-tailed tests at 5% significance level are conducted.

**Decision Rule:** Accept null hypothesis if the value of the t-statistics is greater than 0.05, otherwise reject the null hypothesis and accept the alternative hypothesis.

**Hypothesis One**

**Contributory Pension Scheme has not been fully implemented in all the Unity Schools in the South East.**

**Table 6: One-Sample Test**

Hypothesis	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Contributory Pension Scheme have been fully implemented in all the unity schools in the South East	0.04	11	.011	1543.02000	12007.2096	15228.1304

**Source: Field Survey, 2022**

From the test of hypothesis above using one sample test-statistics, based on the decision made accept null hypothesis if the value of the t-statistics is greater than 0.05 from the result; the value of the t-statistics (0.04) is less than 0.05 hence we reject the null hypothesis and conclude that Contributory Pension Scheme have been implemented in all the Unity schools in the South East.

**Hypothesis Two**

**Contributory Pension Scheme has no significant effect in motivating employees of the Unity Schools in the Discharge of their duties**

**Table 7: One-Sample Test**

Hypothesis	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Contributory Pension Scheme has no significant effect in motivating employees of unity schools in the discharge of their duties.	0.529	11	.011	11.68222	4.9085	12.4559

**Source: Field Survey, 2022**

From the test of hypothesis above using one sample test-statistics, based on the decision made accept null hypothesis if the value of the t-statistics is greater than 0.05 from the result; the value of the t-statistics (0.529) is greater than 0.05 hence we accept the null hypothesis and conclude that Contributory Pension Scheme has no significant impact in motivating employee of Unity Schools in the discharge of their duties.

**Hypothesis Three**

**There are Challenges confronting the Federal Government in Implementing the Contributory Pension Scheme in Nigeria Public Service.**

**Table 8: One-Sample Test**

Hypothesis	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Implementation of the contributory Pension Scheme in the Unity Schools has not encountered significant challenges.	0.031	11	.000	5.03486	4.7421	13.8116

**Source: Field Survey, 2022**

From the test of hypothesis above using one sample test-statistics, based on the decision made accept null hypothesis if the value of the t-statistics is greater than 0.05, from the result; the value of the t-statistics (0.031) is less than 0.05 hence we rejected the null hypothesis and conclude that the Federal Government has reneged in remitting its own share of the contribution and has been borrowing from the Pension Fund.

**9. Summary of Findings**

Based on the test of hypotheses of this study, the Researcher made the following summary of findings.

1. Contributory Pension Scheme has been fully implemented in Unity Schools in the South East.
2. Contributory Pension Scheme has no significant effect in the Motivation of workers for efficiency and effectiveness in the discharge of their duty.
3. Challenges confronting the implementation of Contributory Pension Scheme in the Federal Public Service includes; Federal Government not being consistent in prompt remittance of its share of the contributions, continuous borrowing from the Pension Fund for infrastructural Development etc.

## **10. Discussion of Findings**

The study revealed that implementation of the Contributory Pension Scheme in unity Schools commenced since 2005, by the Federal Government. All the employees of the twelve (12) Unity Schools in the south east as well as the other ninety two (92) Unity Schools in the other geographical zones in Nigeria have been enrolled in the scheme. Between 2012 to 2020 sixty three staff from the zone retired from service and out of which thirty nine have started receiving their payments from the Pension Fund Administrators while the rest 24 are still awaiting payment. That really shows and validates the result of our hypothesis one that the scheme is undergoing implementation.

This study also revealed that employees of the Unity Schools still harbour fears of what may happen to their savings any day, particularly in the area of failing banks. Hence, the implementation of the contributory pension scheme in the Unity schools has not significantly motivated the employees for optimum performance.

Furthermore, the study revealed that, there are challenges confronting the implementation of Contributory Pension Scheme in the Federal Public Service. It ranges from: the Federal Government not maintaining prompt and regular remittance of their 10% share of the contribution, Federal government continued borrowing from the pension fund for infrastructural development and the fear of mismanagement of the Fund by the Pension Fund Administrators etc. This fear is real because a former pension fund manager Mr. Abdulsheed Maina was involved in the stealing of N2 billion pension funds. He has however been sentenced to eight years imprisonment by a court of competent jurisdiction.

## **11. Conclusion**

As a result of the findings of this study, the researcher concludes as follows: The introduction of the Contributory Pension Scheme by the Pension Reform Act (2004) shifted the full responsibility of payment of retirement benefits from the employers alone to employer and employee to share the responsibility. Even after sixteen (16) years of implementation at the Federal Level, the contributory pension scheme is still experiencing series of challenges that have adversely affected the trust and confidence of the employees on the scheme.

Implementation of the Contributory Pension Scheme in the unity Schools did not serve as a motivating factor to most of the employees as they still prefer the defined benefit scheme (old scheme) which specified payment of gratuity. Some Pension Fund Administrators (PFAs) have



been accused of rendering poor services and unfriendly to the contributors, hence the current movement of employees from one PFAs to another based on the open window of transfer by the PENCOS.

## 12. Recommendations

Based on the findings of this study, the researcher recommends as follows:

1. The Contributory Pension Scheme to be fully implemented in all the MDA's in the Federal Public Service of Nigeria.
2. Increment of the Federal Government share of the contribution from ten percent (10%) to fifteen percent (15%) to improve on the total retirement package of the employee as well as express inclusion of gratuity in the Pension Reform Act in order to motivate employees for efficiency.
3. PENCOS to enforce strict compliance of the Federal Government to prompt and regular remittance of its share to the fund as well as involve the Contributors in the management of the fund.

## References

- Aborisade, F. (2012). "An Assessment of Nigeria's Pension Reform Act 2004" in F.Adewumi & W. Idowu (eds) *Public Sector Reforms in Africa: Nigerian Perspectives*. DAKA, Senegal: CODESRIA.
- Ahmed, I.K., Abayomi, O.A., & Nureni, S.A. (2016) Effects Of Contributory Pension Scheme on Employees' Productivity: Evidence from Lagos state government. *African Journal of Business Management*, 10(16), 384-396.
- Amiens, E.O., & Abusomwan, R.E. (2019) Pension Performance in Nigeria: Challenges and Prospects. *Journal of Management Sciences*, 17(4), 66-77.
- Amusan, L., & Ajibola, K.S. (2018) Adoption of Contributory Pension Scheme and its Influence on Employees' Commitment Among Nigeria Civil Servants. *African Journal of Public Affairs*, 10(4), 231-240.
- Anazodo, R.O., Ezenwile, U., Chidolue, D.N, & Chidinma, U. (2014) The Effect of New Pension Scheme on Retirees in Nigeria: 2004-2014. *Review of Public Administration and Management*, 3(6), 180-190.
- Bassey, N.E. & (2011). An Overview of the Nigeria Scheme from 1951-2004. *Global Journal of Humanities*, 7(2), 1-14.
- Casey, B.H. & Dostal, J.M (2011). Pension Reforms in Nigeria. *How to Learn from Others*. Lagos: SAGE Publications.

- Chizueze, C.I; Nwosu, U.W., &Agba, A.M.O. (2011).Contributory Pension Scheme, Works Commitment, Retention and Attitude toward retirement in the Nigeria civil service.*Global Journal of Management and Business Research*, 11(4); 51-59.
- Daze, C.O. &Nyong, B.C. (2011). The Pension Reforms Act 2004 and Retirement Planning in Nigeria.*Journal of Economics and International Finance* 3(2), 109-115.
- Ebun, S. (2012 March, 24). Pensioners Lament their Plight. Vanguard.
- Elekwa, N.N., Okoh, C.I. &Ugwu, C.S/ (2011).Implications of the News Pension Reform for Social Security Planning in the Local Government. *Arabian Journal Business and Management Review* 1(4), 9-28.
- Eme, O.I. &Ugwu, S.C. (2011). The Laws and Administration of Retirement in Nigeria: A Historical Approach. *Kuwait Chapter of Arabian Journal of Business and Management Review*.
- Eze, F.O., & Anikeze, N.H. (2018). Effect of Contributory Pension Scheme on Workers' Performance in Nigeria Universities: A Study of Federal Universities in South East Nigeria. *Journal of Administration*, 3(2), 65-88.
- Ezenwa, C.A., &Obiagwu, O.V. (2020) Pension Reform Act 2014 and challenges of pension administration in Nigeria.*Global Journal of Arts, Humanities and Social Sciences*, 8(8), 18-29.
- Fapohunda, T.M. (2013). The Pension System and Retirement Planning in Nigeria.*Mediterranean Journal of Social Sciences*, 12(2), 21-39.
- Imhanlahimi, J.E. &Idolor, E.J. (2011). Pension Reform, Public Workers Productivity and Welfare in Nigeria: Lessons for some African Countries. *Indian Journal of Economics and Business*, 10(1), 1-8.
- Ipigansi, P., &Edike, J.B. (2019) The Challenges Facing the Contributory Pension Scheme in Nigeria. *Quarterly Journal of Contemporary Research*, 7(1), 1-18.
- Kida, M.I., &Sambo, U. (2018) An Assessment of the Challenges of Pension Systems in Nigeria. *Lafia Journal of Economics and Management Sciences*, 3(1), 299-316.
- Odia, J.O. and Okoye, A.E. (2011).Pension Reforms in Nigeria: A Comparison between the old and new Scheme, *Afro Asian Journal of Social Sciences* 3(3); 2-8.
- Odo, C.O., Igbeka, V.C and Ani W.U. (2011). Public Sector Pension Reforms in Nigeria: A Historical Perspective. *JORIND*9(2), 306-315.
- Omorodion, M.O., &Oyediran, O. (2017) The Empirical Analysis of Cash Balance Pension Scheme Implementation in Nigeria. *Economic & Policy Review*, 16(2), 1-8.
- Onukwu, J.N. (2020). Conceptualizing Contributory Pension Scheme Implementation and Job Commitment of University Lecturers in Nigeria. *European Journal of Educational Management* 3(1), 7-13.