

Creating Awareness on the Establishment and Impact of Contributory Pension Scheme to the Workers of the Oke-Ogun Polytechnic Saki Oyo State - Nigeria

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Abstract

Pension is a periodic payment made during an employee's retirement from an investment fund or account to which that employee and their employer(s) contributed during the employee's time as an active member of the labour force. Pension Reform Act 2014 governs the framework and procedure for pensions in Nigeria. The PRA establishes a Contributory Pension Scheme whereby the employers and the employees contribute minimum percentages of the employees' salary to the scheme every month. The minimum contribution for the employer is 10%, while that of employee is 8%. In Nigeria today, almost every employee sees a deduction on their pay slip every month which is classified as 'pension contribution'. Some employees know what it is and what it is for while some employees are still not sure or unaware of Contributory Pension Scheme. The objectives of this paper are to create awareness about the establishment and impact of the Contributory Pension Scheme to the workers of The Oke-Ogun Polytechnic Saki, Oyo State, Nigeria. The researchers used simple random sampling techniques and sample size of 250 was taken. Out of 250 questionnaires that were distributed, 249 copies were returned and filled properly by the respondents. Data were collected from both primary and secondary sources and analyzed using percentage. The researchers used Chi-square to test the hypotheses at 5% level of significance. The results revealed that there is no relationship between awareness about the contributory pension scheme and the employee's commitment ($X^2_{cal} = 1.214 < X^2_{tab} = 26.296$); and the scheme has no significant impact on welfare of the workers ($X^2_{cal} = 1.690 < X^2_{tab} = 26.296$). During the interview conducted, it was also concluded that none of the employees at The Oke-Ogun Polytechnic Saki is a member of the scheme. The researchers therefore, recommend that Oyo State Legislators should enact State Pension Law to compliment the effort of National Pension Commission.

Keywords: Contributory Pension Scheme, Employee, Employers, PenCom, PRA 2014.

Introduction

The importance of pension in the life of an employee cannot be over emphasized because of the amount of useful time of the life of the employee which he has spent on the service of the organization (Amusan & Ajibola, 2018).

National Provident Fund (NPF) was the first formal pension scheme in Nigeria established in 1961 for the non-pensionable private sector employees. The Nigeria Social Insurance Trust Fund (NSITF) was established in 1993 to take over the NPF

Scheme and provide enhanced pension scheme to private sector employees.

The Pension Reform Act 2004 which was repealed and replaced with the Pension Reform Act 2014, established a mandatory Contributory Pension Scheme (CPS) for workers in both the public and private sectors of the Nigerian economy. Section 4 of the Act provides for a mandatory minimum contribution of 10 and 8 percent of employee's monthly emolument by the employer and employee respectively. Each employee is to open a Retirement Savings Account (RSA) into which the contributions are to be paid, with a Pension Fund Administrator (PFA) licensed by the National Pension Commission (PENCOM), established under Section 17 of the Act, to regulate and supervise pension schemes in the country. The Pension Fund Administrator (PFA) is to manage and invest the fund in the Retirement Savings Account, from where a contributor will draw benefits on retirement or payment to the beneficiary(s), on earlier death of the employee, in line with the provisions of the Act.

The Contributory Pension Scheme being a mandatory scheme, has compelled employees and employers in the public and private sectors to collectively save a minimum of eighteen percent of an employee's monthly emolument into the employee Retirement Savings Account, from where employees will be paid retirement benefits.

One of the reasons why the old pension scheme was jettisoned was because of lack of fund and late payment of pensioners' benefits. These and other palpable reasons pauperized and reduced the retirees to live in misery to the extent that some people referred to them as "dead woods". However, the introduction of the new pension scheme of PRA 2014 rekindled their hopes and the

hopes of would-be-retirees (Anazodo, Ezenwile, Chidolue, & Chidinma, 2014).

According to Ifeanyichukwu, Okafor and Omeh (2018), the reappraisal of the contributory pension scheme is ethically aimed at addressing the inadequacies of the public pension scheme hitherto practiced in Nigeria. However, no matter the rationale behind the introduction of the contributory pension scheme, what is vital from its introduction and adoption is to cater for the retirees. In order to be financially independent at retirement, every individual must adequately be conscious about not only how he can make money at the present but should also think of how the money made at present can be systematically be utilized to keep growing at old age when the individual concerned may be willing to work but the body will be weak.

Ifeanyichukwu et al. (2018) stated the following benefits which the public sector may derived from the introduction of the contributory pension scheme: every individual employee is entitled to an account known as Retirement Savings Account upon which payments are made and he or she has the right to withdraw money from it; there are tendencies for the pensioner to earn more from his Retirement Savings Account (RSA) from the interests that accrue to him; the conventional wisdom that not everybody can save or the poor habits for savings by the civil servants' due partly to poor salaries are reduced. However, on the other part of the government, it reduces the burden of pension fund on her, thereby shifting it to Pension Fund Administrators.

The Pension Reform Act 2014 provides that the Contributory Pension Scheme should be privately managed and to this end, the law made provision for specific institutions that will manage the Scheme. The Institution to manage the scheme is the National Pension Commission (PenCom), which was

established under Section 17 of the Act. The principal objectives of PenCom are to enforce and administer the provisions of the Act; co-ordinate and enforce all other laws on pension and retirement benefits; and regulate, supervise and ensure the effective administration of pension matters and retirement benefits in Nigeria.

Pension funds shall only be managed by Pension Fund Administrators licensed by the Commission who shall open Retirement Savings Account for all employees with a Personal Identity Number (PIN) attached; invest and manage pension funds and assets in accordance with the provisions of PRA 2014; maintain books of account on all transactions relating to pension funds managed by it; provide regular information on investment strategy, market returns and other performance indicators to the Commission and employees or beneficiaries of the Retirement Savings Accounts; provide customer service support to employees including access to employees account balances and statements on demand; cause to be paid retirement benefits to holders of Retirement Savings Account in accordance with the provisions of PRA 2014; be responsible for all calculations in relation to retirement benefits; and carry out other functions as may be directed from time to time by the Commission.

Pension funds and assets shall only be held by Funds Custodians licensed by the Commission who shall receive the total contributions remitted by the employer under Section 11 of PRA 2014 on behalf of the Pension Fund Administrator and credit the account of the Pension Fund Administrator immediately; notify the Pension Fund Administrator within 24 hours of the receipt of contributions from any employer; hold pension funds and assets in safe custody on trust for the employee and beneficiaries of the Retirement Savings Account; on behalf of the

Pension Fund Administrator, settle transactions and undertake activities relating to the administration of pension fund investments including the collection of dividends, bonds, rental income, commissions and related activities; report to the Commission on matters relating to the assets being held by it on behalf of any Pension Fund Administrator at such intervals as may be determined, from time to time, by the Commission; undertake statistical analysis on the investments and returns on investment with respect to pension funds in its custody and provide data and information to the Pension Fund Administrator and the Commission;; execute in favour of the Pension Fund Administrator relevant proxy for the purpose of voting in relation to the investments; and carry out other functions as may be prescribed by regulations and guidelines issued by the Commission, from time to time.

The objective of this paper is to create awareness about the establishment and impact of contributory pension scheme to the employees of The Oke-Ogun Polytechnic Saki, Oyo State, Nigeria; while the specific objectives are to examine the relationship between awareness about the contributory pension scheme and the employees' commitment to the institution; and to evaluate the impact of the contributory pension scheme on the welfare of workers at The Oke-Ogun Polytechnic Saki.

The problem of this study is that most of the workers do not have any policy with regards to Contributory Pension Scheme. This shows that both the employer and employees do not comply with Section 3 of PRA 2014; hence the following hypotheses were raised:

- (i) H_{01} : There is no relationship between awareness about the contributory pension scheme and the employee's commitment.
- (ii) H_{02} : Contributory pension scheme has no significant impact on welfare of the workers.

Interview was also conducted and the below questions were asked:

- (i) Does the institution have the scheme in place?
- (ii) How long have you been in the scheme?

Literature Review

The underpinning theory guiding this study is the deferred wage theory (Malaski, Firend and Capelli (1981) which views the pension plan as a method to defer some compensation until an employee retires. The employer promises to provide a pension payment in exchange for current services. The deferral of wages often results in individual tax savings. The advantages to the employer of providing a pension plan are less obvious. Under the deferred wage theory, firms offer pension plans because of economies scale in administrative, portfolio management and other costs, (Fosu, 1983). The employer receives cash flow benefits to the extent that the present value of deferred wages exceeds the required funding. The deferred wage theory generally incorporates a long-term or lifetime implicit labor contract between the employer and employee that has various implications for the employer (Logue, 1979). Salop and Salop (1976) and Blinder (1982) suggest that the delayed vesting of pension plans may decrease employee turnover costs. Becker (1964) suggest that firms have an incentive to expand training costs as a result of delayed vesting, since it causes “average” employees to work longer for the company, resulting in a greater payback of these training costs.

Retirement is an event everybody must experience after working for a specified period of time. Most prospective retirees dread the phenomenon, perhaps, due to erroneous beliefs attached to it (Omoni, 2013). Essentially, the introduction of the new pension scheme was to remove the tensions and hiccups that surrounded the old pension scheme. Unfortunately, the new

pension scheme seems to trail the part of the old pension scheme, as lack of awareness on the entire process of the new pension scheme makes the retirees to be apprehensive over the scheme. More importantly, most people in the informal sector of the economy have not even keyed into the programme, this further questions the level of awareness and sensitization on the new pension scheme.

A survey exercise conducted by Kalu and Attamah (2015), the authors’ show that many pensioners are not fully aware of the processes involved in the new Pension scheme.

Omoni (2013) opined that many people are not aware about the existence of the new pension scheme and this situation has increased their fears and dissatisfaction with the management of the contributory pension scheme. Akinade (2006) collaborated this when he argued that the would-be-retirees and pensioners accepted the new policy without really understanding how it works, the benefits, the management or its implications. It is a well-known axiom that contributors to the scheme are not well informed on the working process. They are not aware of where their contributions are deposited, who manages it, whether it is tax-free; whether it attracts interest or not.

One of the retirement benefits well known the world over is pension. It 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 (Adams, 2005). As a scheme, Pension is the periodic payment granted to an employee for services rendered, based on contractual legal enforceable agreement, paid by an employer at the agree time of termination of appointment (Iwu, 2007).

The public pension and social security payments in Nigeria have been raising dramatically, a number of public servants

now retire at greater net income than they had when working (Adesina 2006). The new Pension Reforms Act 2004 is meant to ensure that employees whenever they retire from service have something to fall back on and ensures that every employee receives his or her retirement benefits as at when due.

Ako (2006) observes that this implies the criteria for pension eligibility include a history of earmarked contribution having been made by the prospective retirees or their employers. The objective is usually that of replacing a greater proportion of income for low income workers in what could be refereed as a form of minimum pension guarantees. Contributory pension system are therefore usually in the form of savings or insurance schemes.

Armstrong (2010) affirms that pension helps employees to readjust themselves properly into the society after leaving employment. It constitutes an important tool in the hands of management for boosting employee morale which may lead to efficiency and increased productivity of employees in particular and the organization as a whole. Besides pension is a device which employers use to meet their social responsibilities and thereby attract goodwill.

Sterns (as cited in Fapohunda 2013) observed that pensions could discourage labour turnover. If both the employees and employers contribute to the scheme, then it serves as a general area of joint interest and cooperation and therefore helps to foster better employment relations. However, employer and employee relationship in the provision of pension as a form of employee benefits is often affected by factors including: pensionable and gratuity age; the amount or the percentage of the proposed pension; method of financing; administration of pension and psychological pressure. Pension administration consists of five basic elements namely: flexibility; amount of

benefits; finance; contribution to cost of pension and gratuity and death benefits.

Oshiomole (as cited in Edogbanya 2013) capped up the available and inherent potentials the Nigeria and Nigerians stand to gain with advent of the CPS. In his opinion CPS has created opportunities ranging from individual retirement savings account which enhances fund accumulation, mobility of labour without any effect on the RSA fund, contributors' rights to change PFA as the occasion demands, access to retirement benefits as at when due, minimum pension guarantee to accumulation of long-term funds which has contributed to the growth in the capital market.

According to Kotun, Adeoye and Alaka (2016), contributory pension is the amount of money set aside by an employer or employee or both to ensure that at retirement there is something to fall back on as income. Contributory pension scheme is a system in which an employer pays certain amount of money regularly into a pension fund while the employee also pays some money into the same pension fund which forms the aggregate of what the employee gets at the time of retirement. Either the person has worked in the public or private sector; it serves as a social welfare scheme for the age and ensures workers save to cater for their livelihood during old age. Aborisade (2012) outlined the fundamental features of the scheme as were encapsulated in the Pension Reform Act, 2014 to include privatization of the pension system through decentralized institutionalization of managing individual retirement accounts by privately owned Pension Fund Administrators (PFA), abolition of payments of gratuity and absence of guaranteed pension for life. On the basis of this, the goal of the new scheme is to roll back the state and halt it from abdicating its social responsibilities. Similarly, Imhanlahimi and

Idolor (2011) noted that the Contributory Pension Scheme is adequately plagued with insufficient investment returns because most contributors have found that their assess yields no returns in investments. By implication, the PFAs grow richer at the expense of the pensioners because while the commissions for the PFAs are guaranteed, the returns on investments for the contributors are left to the vagaries of market forces. This is a serious contradiction with the advantages of the defined benefits scheme which tends to redistributes incomes from the rich to the poor.

Siyan (2008) in his assessments and contributions contends that the fundamental and primary objective of the contributory pension scheme is to ensure that every pensioner who worked either in the private or public sector receives his or her retirement benefits as and when due.

The establishment of CPS is a creation of additional necessary economic structure in the society and the deepening of decentralization and professionalism in the Nigerian social system. Hence the growing of pension institutions that is different from banking institutions, all of which however are in the same financial system (Ilesanmi, 2006).

2.1 Pension Reform Act 2014

2.2 Establishment of Contributory

Pension Scheme

According to Section 3 (1), (2) of Pension Reform Act 2014, there is established for any employment in the Federal Republic of Nigeria, a Contributory Pension Scheme for payment of retirement benefits of employees to whom the Scheme applies; and the Scheme established under subsection (1) shall apply to all employees in the Public Service of the Federation, the Federal Capital Territory, States, Local Governments and the Private Sector.

Rate of contribution to the scheme

The contribution for any employee to which this Pension Reform Act 2014 applies shall be made in the following rates relating to his monthly emoluments: a minimum of 10% by the employer; and a minimum of 8% by the employee. The rates of contribution may, upon agreement between any employer and employee, be revised upwards, from time to time, and the Commission shall be notified of such revision. Any employee to whom this PRA 2014 applies might in addition to the total contributions being made by him and his employer, make voluntary contributions his retirement savings account. Notwithstanding any of the provisions of this PRA 2014, an employer may agree: on the payment of additional benefits to the employee upon retirement; or elect to bear the full responsibility of the Scheme provided that in such a case, the employer's contribution shall not be less than 20% of the monthly emoluments of the employee. In addition to the rates of contribution by employer and employee specified above, every employer shall maintain a Group Life Insurance Policy in favour of each employee for a minimum of three times the annual total emolument of the employee and premium shall be paid not later than the date of commencement of the cover. Where the employer failed, refused or omitted to make payment as and when due, the employer shall make arrangement to effect the payment of claims arising from the death of any staff in its employment during such period.

Retirement benefits

A holder of a retirement savings account shall, upon retirement or attaining the age of 50 years, whichever is later, utilize the amount credited to his retirement savings account for the following benefits: withdrawal of a lump sum from the total amount credited to his retirement savings account provided that the amount left after

the lump sum withdrawal shall be sufficient to procure a programmed fund withdrawals or annuity for life in accordance with extant guidelines issued by the Commission, from time to time; programmed monthly or quarterly withdrawals calculated on the basis of an expected life span; annuity for life purchased from a Life Insurance Company licensed by the National Insurance Commission with monthly or quarterly payments in line with guidelines jointly issued by the Commission and National Insurance Commission; professors covered by the Universities Miscellaneous Provisions (Amendment) Act, 2012 shall be according to the University Act; or other categories of employees entitled, by virtue of their terms and conditions of employment, to retire with full retirement benefits shall still apply. Where an employee voluntarily retires, disengages or is disengaged from employment as provided for under Section 16 (2) and (5) of PRA 2014, the employee may with the approval of the Commission, withdraw an amount of money not exceeding 25% of the total amount credited to his retirement savings account, provided that such withdrawals shall only be made after four months of such retirement or cessation of employment and the employee does not secure another employment. Where an employee has accessed the amount standing in his retirement savings account pursuant to sub-section (2) of Section 7, such employee shall subsequently access the balance in the retirement savings account in accordance with sub-section (1) of Section 1.

Merits of Contributory Pension Scheme

According to Fapohunda, (2013), the Contributory Pension Scheme has several merits which include the following:

- It facilitates prompt and regular payment of benefits since funding is made monthly and credited to individual Retirement Savings Accounts immediately.

- It also ensures availability of fund for investment, particularly to the capital market.
- Contributions are put to long term investments in the economy.
- It involves workers' participation since an employee contributes to his or her retirement fund and is also at liberty to decide who manages it.
- There is the portability of the scheme since it is now easier to change jobs. The employee only needs to provide the new employer with details of his Retirement Savings Account.
- The new scheme reduces government spending and commitment to payment of retirement benefit as employees now shares in it.
- There is less administrative cost to government because administrative costs are now largely borne by Pension Funds Administrators.
- The untimely payment of benefits which resulted in the accumulation of huge pension liabilities that are yet to be fully settled in the public sector is now a thing of the past for contributors under the new scheme.

Methodology

Simple random sampling is the technique that was used. Data for this study were obtained from the staff of the Oke-Ogun Polytechnic Saki through personal interview and questionnaires. 250 questionnaires were distributed while 249 copies were returned and filled properly. The data collected were summarized using frequency tables and percentages while the hypotheses were tested using Chi-square statistic at 5% significance level.

Results and discussion**Interview**

Interview refers to one-on-one conversation between an interviewer and interviewee.

250 employees were interviewed one on one and all of them stated that no Contributory Pension Scheme is in place and all of them

are not the members of the scheme. The tables below show the outcome of the administered questionnaires:

Table 1: Respondents' Socio-demographic variables

Variables	Frequency	Percent
Age group (years)		
16 - 25	21	8
26 – 35	66	27
36 - 45	123	49
46 – 55	38	15
56 – 65	1	1
Sex		
Male	137	55
Female	112	45
Marital status		
Single	46	18
Married	192	77
Widow	10	4
Divorced	1	1
Level of education		
Primary	7	3
Secondary	45	18
National	66	26
Diploma	97	39
HND/ Degree	34	14
MSc & above		
Years of service		
0 - 9	87	35
10 – 19	114	46
20 – 29	33	13
30 & above	12	6

Source: Field Survey, 2020.

Table 1 above describes the respondents socio-demographic. Most nearly all the workers are still in active service of Oyo State Government. 55% of the respondents are male while 45% of the respondents are female. 18% of the respondents are still

single, 77% of the respondents have married, and 4% of the respondents are widow while 1% is divorced. 3% of the respondents had primary school leaving testimonial, 18% of the respondents had WAEC or NECO, 26% of the respondents have National Diploma, 39% of the respondents had either Higher National Diploma (HND) or First degree, 14% of the respondents had Master's degree and above. 35% of the respondents had between less than one year and nine years working experience, 46% of the respondents had between ten years and nineteen years working experience, 13% of the respondents had between twenty years and twenty nine years working experience while 6% of the respondents had thirty years and above working experience.

Table 2: Awareness on the Contributory Pension Scheme

Response	Frequency	Percent
Agree	102	41.0
Disagree	17	6.8
Strongly Agree	88	35.3
Strongly Disagree	20	8.0
Undecided	22	8.8
Total	249	100

Source: Field Survey, 2020

Table 2 above shows that 41% and 35.3% of the respondents agreed and strongly agreed that they have full knowledge about the Contributory Pension Scheme while 6.8%, 8% and 8.8% of the respondents were disagreed, strongly disagreed and undecided with the statement.

Table 3: Awareness on the Contributory Pension Scheme

Response	Frequency	Percent
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Agree	99	39.8
Disagree	36	14.5
Strongly Agree	90	36.1
Strongly Disagree	16	6.4
Undecided	8	3.2
Total	249	100

Source: Field Survey, 2020

Table 3 shows that 39.8% and 36.1% of the respondents agreed and strongly agreed that they were aware about the establishment of the Contributory Pension Scheme, 14.5% and 6.4% disagreed and strongly disagreed that were aware about the Contributory Pension Scheme while 3.2% of the respondents was undecided.

Table 4: Contributory Pension Scheme helps in improving employee's commitment to the institution

Response	Frequency	Percent
Agree	101	40.6
Disagree	23	9.2
Strongly Agree	73	29.3
Strongly Disagree	21	8.4
Undecided	31	12.4
Total	249	100

Source: Field Survey, 2020

Table 4 above indicates that 40.6% and 29.3% of the respondents agreed and strongly agreed that Contributory Pension Scheme helps in improving employee's commitment, 9.2% and 8.4% disagreed and strongly disagreed while 12.4% of the respondents were undecided.

Table 5: Impact of Contributory Pension Scheme on workers.

Response	Frequency	Percent
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Agree	111	44.6
Disagree	27	10.8
Strongly Agree	65	26.1
Strongly Disagree	7	2.8
Undecided	39	15.7
Total	249	100

Source: Field Survey, 2020.

Table 5 above shows that 44.6% and 26.1% of the respondents agreed and strongly agreed that Contributory Pension Scheme has positive impact to workers while 10.8%, 2.8% and 15.7% of the respondents were disagreed, strongly disagreed and undecided that the scheme has impact to the workers.

Table 6: Establishment of Contributory Pension Scheme increases the welfare of workers.

Response	Frequency	Percent
Agree	104	41.8
Disagree	26	10.4
Strongly Agree	72	28.9
Strongly Disagree	11	4.4
Undecided	36	14.5
Total	249	100

Source: Field Survey, 2020.

Table 6 above shows that 41.8% and 28.9% of the respondents agreed and strongly agreed that the establishment of Contributory Pension Scheme increases the welfare of the workers. 10.4%, 4.4% and 14.5% of the respondents were disagreed, strongly disagreed and undecided that the establishment of Contributory Pension Scheme increases the welfare of the workers.

Table 7: Contributory Pension Scheme enhances prompt payment to retirees.

Response	Frequency	Percent
Agree	97	39.0
Disagree	27	10.8
Strongly Agree	74	29.7
Strongly Disagree	16	6.4
Undecided	35	14.1
Total	249	100

Source: Field Survey, 2020.

Table 7 above shows that 39% and 29.7% of the respondents agreed and strongly agreed that Contributory Pension Scheme enhances prompt payment to retirees while 10.8%, 6.4% and 14.1% of the respondents were disagreed, strongly disagreed and undecided that Contributory Pension Scheme enhances prompt payment to retirees.

Table 9: Variable Cross tabulation

		A	D	SA	SD	U	TOTAL
A	Count	56	1	32	4	8	101
	Expected Count	42.2	9.3	28.8	8.5	12.2	101.0
D	Count	1	10	3	3	1	18
	Expected Count	7.5	1.7	5.1	1.5	2.2	18.0
SA	Count	30	4	35	6	13	88
	Expected Count	36.8	8.1	25.1	7.4	10.6	88.0
SD	Count	5	6	1	7	1	20
	Expected Count	8.4	1.8	5.7	1.7	2.4	20.0
U	Count	12	2	0	1	7	22
	Expected Count	9.2	2.0	6.3	1.9	2.7	22.0
TOTAL	Count	104	23	71	21	30	249
	Expected Count	104.0	23.0	71.0	21.0	30.0	249.0

Table 10: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.214E2 ^a	16	.000
Likelihood Ratio	102.990	16	.000
N of Valid Cases	249		

a. 9 cells (36.0%) have expected count less than 5. The minimum expected count is 1.52

Hypotheses Testing

$$\text{Test statistic: } X^2 = \sum \frac{(O_{ij} - E_{ij})^2}{E_{ij}}$$

Hypothesis One:

H₀₁: There is no relationship between awareness of contributory pension scheme and the employee's commitment.

Table 8: Case Processing Summary

Valid cases		Missing cases		Total	
N	%	N	%	N	%
249	100.0%	0	.0%	249	100.0%

Source: Field Survey, 2020

Table 10 above shows the Chi-Square Test Analysis of the first objective about the awareness of contributory pension scheme to the employee's commitment. The Pearson Chi-Square value is 1.214 with a degree of freedom of 16 and Asymptotic Significant (2-sided) value of 0.000. The Likelihood Ratio value is 102.990 with Asymptotic Significant value of 0.000 and Number of Valid Cases is 249. Since $X^2_{cal} = 1.214 < X^2_{tab} = 26.296$. Thereby, H_{01} is accepted which stated that there is no relationship between awareness

about the contributory pension scheme and the employee's commitment.

Hypothesis Two:

H_{02} : Contributory pension scheme has no significant impact on welfare of the workers.

Table 11: Case Processing Summary

Valid cases		Missing cases		Total	
N	%	N	%	N	%
249	100.0%	0	.0%	249	100.0%

Source: Field Survey, 2020

Table 12: Variable Cross tabulation

		A	D	SA	SD	U	TOTAL
A	Count	61	3	31	2	17	114
	Expected Count	46.7	11.9	33.4	5.0	16.9	114.0
D	Count	3	17	1	3	3	27
	Expected Count	11.1	2.8	7.9	1.2	4.0	27.0
SA	Count	27	3	33	0	2	65
	Expected Count	26.6	6.8	19.1	2.9	9.7	65.0
SD	Count	0	2	1	3	1	7
	Expected Count	2.9	.7	2.1	.3	1.0	7.0
U	Count	11	1	7	3	14	36
	Expected Count	14.7	3.8	10.6	1.6	5.3	36.0
TOTAL	Count	102	26	73	11	37	249
	Expected Count	102.0	26.0	73.0	11.0	37.0	249.0

Table 13: Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.690E2 ^a	16	.000
Likelihood Ratio	126.839	16	.000
N of Valid Cases	249		

a. 11 cells (44.0%) have expected count less than 5. The minimum expected count is 31

Table 13 above shows the Chi-Square Test Analysis of the second objective about the impact of the contributory pension scheme to the welfare of the workers. The Pearson Chi-Square value is 1.690 with a degree of freedom of 16 and Asymptotic Significant (2-

sided) value of 0.000. The Likelihood Ratio value is 126.839 with Asymptotic Significant value of 0.000 and Number of Valid Cases is 249. Since $X^2_{cal} = 1.690 < X^2_{tab} = 26.296$. Thereby, H_{02} is accepted which stated that

contributory pension scheme has no significant impact on welfare of the workers.

Discussion of Findings

This research was carried out in order to create awareness about Contributory Pension Scheme and its impact to the workers of the Oke-Ogun Polytechnic Saki.

The interview carried out with the employees of The Oke-Ogun Polytechnic Saki revealed that none of the employee is a member of the scheme, despite the fact that Contributory Pension Scheme was being made compulsory to both the public and private sectors of the economy. This indicated that there is no strict compliance with the Pension Reform Act 2014 by the employees and employer of the institution.

From Table 10, it was revealed that Pearson Chi-square value is 1.214 with a degree of freedom of 16 and the table value is 26.296 which indicated that there is no relationship between awareness about the Contributory Pension Scheme and the employee's commitment.

Table 13 also revealed that Pearson Chi-square value is 1.690 with a degree of freedom of 16 and the table value is 26.296. Once the table value is higher than the calculated value, the result shows that Contributory Pension Scheme has no significant impact on welfare of the workers. However, the empirical evidences revealed that the Contributory Pension Scheme has impact on the employees of both the public and private sectors of the organisations.

The researchers opined that the employer should make it as a duty to implement the Contributory Pension Scheme among the workers of the institution based on the impact and benefits of the Contributory Pension Scheme because most of the workers were aware about the establishment of the Contributory Pension Scheme.

Conclusion

Pension as a scheme is designed to cater for the welfare of the retired workers after the active service. Workers generally, whether those in the public or private sectors are expected to live comfortable life devoid of any form of dependency after their successful retirement from active service. The working lives of employees move continuously towards a certain direction i.e. from employment to retirement.

This study seeks to create awareness on the establishment and impact of contributory pension scheme to the workers of The Oke-Ogun Polytechnic Saki Oyo State Nigeria. The study showed that a good number of The Oke-Ogun Polytechnic Saki workers are aware about the establishment of the contributory pension scheme and its impact but none of those employees is a member of the scheme. It was concluded that; there is no relationship between awareness about the contributory pension scheme and the employee's commitment; and contributory pension scheme has no significant impact on welfare of the workers. It was also concluded that despite the fact that the scheme is applied to all employees in the Public Service of the Federation, the Federal Capital Territory, States, Local Governments and the Private Sector, none of the employees at The Oke-Ogun Polytechnic Saki is a member of the scheme. It indicated that there is no strict compliance with the Pension Reform Act 2014 by the employer and employees of the institution.

Recommendation

In view of the findings of this study, therefore, the following recommendations are made:

- (i) The institution needs to set up a committee to look into the way out of complying with PRA 2014;
- (ii) There is need for more enlightenment about the establishment and contribution of



contributory pension scheme to the employees by the Commission;
(iii) National Pension Commission (PenCom) should make sure that the scheme is strictly complied with among the civil and public servants in Nigeria;
(iv) Enactment of State Pension Law by the Oyo State Legislatures in order to

compliment the effort of National Pension Commission;

(v) The management of the institution needs to meet expert(s) on the implementation of the scheme;

(v) There is need for the future researchers to work on the implementation and compliance with the provision of PRA 2014 by The Oke-Ogun Polytechnic Saki management.

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