

Role of Contributory Pension Scheme on Workers' Savings

¹Olaitan, Wasiu Abiodun, ²Oyetola, Daud Olawale, ³Ibraheem, Abdullahi Aderemi, ⁴Omoniyi, Oyelowo Oyetade, ⁵Amolegbe, Sikiru Adesola

¹Osun Board of Internal Revenue, Osun State, Nigeria

Olaitanabiodun74@gmail.com

²Omoluabi Holdings, Osun State, Nigeria

daudwale@gmail.com

³Office of Accountant General, Osun State, Nigeria

remibraheem@gmail.com

⁴Amo Byng Nigeria Limited, Nigeria

omoniyooyelowo@gmail.com

⁵Omoluabi Holdings, Osun State, Nigeria

solaamolegbe@gmail.com

Corresponding Author: Olaitan, Wasiu Abiodun Phone; +2347033787321, E-mail; olaitanabiodun74@gmail.com

Abstract: The current research examined the role of contributory pension scheme on workers' savings. The objectives of this work includes to determine the impact of contributory pension scheme on workers saving, examine problems hinders effectiveness of contributory Pension scheme and asses effort of government at ensuring efficiency of the contribution pension. The research methods used in the work is survey statistics. The simple random sampling technique was used to select respondents from the ten (10) Local Government Areas (LGAs) in Osun West Senatorial District. They include: Ayedade, Aiyedire, Ede North, Ede South, Ejigbo, Egbedore, Irewole, Isokan, Iwo and Ola oluwa. From these ten LGAs, 250 public workers" were sampled, of which 25 were selected from each LGA. The primary data that involved the questionnaire was used in this study. The data was analyzed using simple frequency and percentages while the hypotheses formulated were tested and analyzed using the chi-square statistics. The result of hypotheses using chi-square show that contributory pension scheme have impact on workers saving, there is problems hinders effectiveness of Contributory pension scheme, also government is sensitive towards efficiency of contributory pension scheme. The findings of this research reveals that majority of the respondents prefer to save outside any pension scheme while others do not know how to calculate how much they need to save for retirement. The study therefore concludes that Government should create more awareness on contributory pension scheme to encourage and educate employees on the scheme as most workers are ignorant of its existence.

Keywords: Contributory Pension Scheme, Workers, Retirement Saving Account, Pension Fund Administrator, Osun West Senatorial District.

1. INTRODUCTION

Pensioners belong to a segment of the population that should be highly revered and cared for due to their age and long years of labour to build the nation but it is disheartening to see them now suffering neglect at the time they are most vulnerable. An encounter with some of the retirees also reveals the untold hardship that they go through on a daily basis (Ebun, 2012). According to Edukugho (2012), there is delay in payment of pension which in some cases are not paid as when due. This makes many pensioners to be borrowing until payment is ready. They were also subjected to frequent frustrating verification exercises under the scorching sun. Many have been mentally traumatized and dead while thousand have been separated from their family as a result of their inability to shoulder the financial obligation.

An employee who has worked for an organization for some years is entitled to some benefits which could be in form of gratuity and pension payable to such employee by its employer at the time of retirement. Pension is viewed as a sum of money paid regularly to a person who no longer work because of old age, disability or retirement or to his widowed or dependent children by the state, former employers or from provident fund to which he and his employer both contributed. The pension system prior to 2014 was characterized with many problems which made the payment of the retirement benefit a failure in Nigeria.

Uche (2016) pointed out that the major weaknesses of pension scheme was lack of adequate and timely budgetary provision coupled with decreasing life expectancy, increasing number of employers, poor implementation of pension scheme in the private sector due to inadequate supervision and regulation of the system and too many private sector employees were not even covered by the form of pension scheme. These problems associated with payment of pension in Nigeria necessitated the government during the administration of President Goodluck Jonathan regime could be reformed or reviewed which gave birth to the Pension Reform Act

of 2014 (Uche, 2016). Elumelu (2015) posits the 2014 Contributory Pension Act established a uniform contributory; private sector managed and fully funded pension system for both the public and private sector of the country.

Pension according to Ahmed, abayomi and Nureni (2016), is the amount set aside either by employer or employee or both to ensure that at retirement, there is something for employees to fall back on as income. it is referred to as a sum set aside for retirement purposes. It is a form of arrangement that hopes that at retirement, retirees will not be stranded financially. Furthermore, pension reform is not a new issue in any part of the world. It is usually a continuous process especially with the ever changing economic and political processes witnessed everywhere in the world (Blake, 2003). Pension is an 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). Iwu (2007) mentioned that 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 employment.

Emphasizing the essence of a pension scheme in an organization, Sterns (2006) states that pensions could discourage labor 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. He stated further that pension administration consists of five basic elements namely: flexibility; that is, to be able to cater for the needs of retirees; amount of benefits which is sum accrued to an ex -employee of an organization; finance, activity of managing pension money; contribution to cost of pension by employee and employer and death benefit that serves as a benefit for beneficiary of a deceased employee.

In Nigeria, the 2004 pension scheme reforms introduced by the federal government was targeted at changing the narrative by establishing a pension management process that can guarantee retirees their benefit, promote easy access and through the investment of the pension funds bring about returns on investment to the retirees. This reform outside redirecting the pension scheme from defined benefits pension scheme (DBPS) to contributory pension scheme (CPS); also expanded the net of employees covered in pension scheme as many private establishments have keyed into the idea. While many private establishments see this as a way of motivating their workers, others see it as social concern on the welfare of their employees.

The Contributory Pensions Scheme was introduced in Nigeria in 2004 with the coming into effect of Pension Reforms Act 2004 (Ahmad, 2006). The Act was a shift from non-funded and non-contributory Defined Benefits Pension Scheme (DBPS), pay-as-you-go system inherited from the colonial government. Contributory Pension Scheme is a fully funded pension that tries to generate adequate funds through savings is meant to satisfy the interest of the employee at retirement.

The Pension Reform Act 2004 introduced the Contributory Pension scheme in the public and private sectors. Section 3 sub-section (2) of the Pension Reform Act 2004 in Nigeria summarized the key objectives of the Act as thus: to ensure that all workers in public service and private sector receive benefits as at when due; to assist individuals to save in order to cater for livelihood during old age; to establish uniform method of administering payments of retirement benefit in public and private sector; to empower employees to have a control over their retirement savings account (RSA); to promote labour mobility and minimize incentive for early retirement; to ensure transparent and effective management of pension funds; and to promote wider coverage of pension scheme in Nigeria.

Despite the introduction of contributory pension scheme, the awareness, importance and other benefits attached to it are not well known among the workers while some that are partake in don't know the actual amount they are contributing to the scheme on monthly basis as well as amount on part of employer. Despite the arrays of works on contributory pension, there is little or no research on the roles of contributory pension on workers savings. Hence, the current research is targeted at examine the roles of contributory pension scheme on workers savings.

1.2 Statement of Problem

Pension guarantees employee comfort in his or her inactive years. This is critical to the sustenance of the workers zeal to perform assigned tasks to meet or surpass predetermined standards. In Nigeria today, most employees both in public and private organizations are not covered by any reasonable form of retirement benefit arrangement. This has hampered the ability of most employees such organizations to contribute effectively to the achievement of the organizations objectives. Majority of pensioners in Nigeria live in object poverty and neglect as a result of the failure of the country's pension scheme.

The introduction of contributory pension scheme in Nigeria is traceable to the 2004 pension reform Act which was targeted at resolving the numerous challenges associated with the defined benefit pension scheme in practice then. However, the contributory pension scheme cannot be said to be without challenges; issues of accuracy and timeliness in the remittance of benefits to the

Retirement Savings Account (RSA) by employers has come to center stage. The pension fund administrators' capacity to rightfully invest the pension funds in investments with high yield is also a challenge. The fear of what becomes the fate of the employees if a PFA or PFC defaults, or went into liquidation has also placed some psychological burden on the perception of the relevance of the scheme on employees or contributors. The contributory pension scheme in Nigeria is confronted with arrays of problems which includes remittance of the benefit to the Retirements Savings Account (RSA) by firms, employers and employees may be difficult; how genuine are our pension fund administrators and custodians that have licensed; were the licenses given to those competent and qualified; what are the legal frameworks put in place by government such that in spite of political changes, the scheme is sustained by subsequent government?; how do we ensure effective implementation of penalties in the act of non-compliers regardless of their status and origin? How will government and national pension commission monitor, supervise, and enforce the provisions of the pension Reform Act 2004? And what happen if PFAS and PFCS default or went into liquidation?

1.2 Research Objectives

The general objective of this study is to examine the impact of contributory pension scheme on workers' savings. The specific objectives of this study are to:

- i. To determine the impact of contributory pension scheme on workers' saving
- ii. To examine problems hinders effectiveness of contributory Pension scheme
- iii. To asses effort of government at ensuring efficiency of the contribution pension

1.4 Research Question

In order to achieve the intended objectives, this study will proffer answer to the following questions.

- i. Does contributory pension scheme have impact on workers' saving?
- ii. Is there problems hinder effectiveness of contributory pension?
- iii. What is the effort of government towards ensuring efficiency of the contribution pension scheme?

1.5 Research Hypotheses

In order to achieve the specific objectives, the following research hypothetical propositions were formulated to guide the study

- i. Ho: Contributory pension scheme do not have impact on workers' saving
- ii. Ho: There is no problems hinders effectiveness of Contributory pension scheme
- iii. Ho: Government is insensitive towards efficiency of contributory pension scheme

2. LITERATURE REVIEW

2.1 Conceptual Review

2.1.1 Contributory pension schemes

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 (Sule, 2009; Egbe, 2013). The 2004 Pension Reform Act is a paradigm shift from the 1979 pension Act. Under the new scheme, employers and employees alike are to contribute 7.5% of employees' monthly emolument which include basic salary, housing and transport allowance. Nevertheless, military personnel are to contribute 2.5 percent while the Federal Government contributes 12.5 percent of the employees' monthly emolument (Pension Reform Act, 2004). The scheme covers the private sector with five or more employees. The only exceptions are public employees who have three years or less to retire with effect from the date of enactment of the Pension Act being 30th June 2004 (National Pension Commission, 2004).

2.1.2 Opportunities created by the contributory pension scheme

A lot of opportunities are created in the modern CPS. The scheme has boasted the capital and money markets and this has brought a tremendous growth to the economy. As it stands, all PFAs have their funds invested in the capital market through equities and bonds. Also the banks and other money market operators have had their own share through fixed deposits. The PFAs and PFCs that were the offshoot of the new scheme have created employment opportunities and savings for employees among others.

Oshiomole (2007) capped up the available and inherent potentials that 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.

The new pension scheme has lain to rest Ghost Pension Syndrome (Oyedele, 2014). Also, Agbese (2008) in Amujiri (2015) opined that the introduction of the new pension scheme in Nigeria marked a turning point in Nigeria economy because it made the incidence of Ghost Pensioner to disappear completely from payroll of pensioners nationwide.

Since individuals own the contributions, the pensioner is no longer at the mercy of government or employer and is assured of regular payment of retirement benefits. The employee has up to date information on his retirement savings account. The scheme imposes fiscal discipline on the nation and a solid foundation for economic development. There is an expansion of convertible funds, creation of a huge pools of long term funds and enhances accountability. The scheme introduces clear legal and administrative sanctions and there is a separation of investment, administration and custody of assets. Transparency is also assured by the requirement for published rate of returns, regular statement of contributions and earnings and audited account.

2.1.3 Problems of contributory pension scheme

Remittance of the benefits to the Retirements Savings Account (RSA) by firms, employers and employees may be difficult. How genuine are our pension fund administrators and custodians that have been licensed; were the licenses given to those competent and qualified? What are the legal frameworks put in place by government such that in spite of political changes, the scheme is sustained by subsequent government? How do we ensure effective implementation of penalties in the act of non-compliers regardless of their status and origin? How will government and national pension commission monitor, supervise, and enforce the provisions of the Pension Reform Act 2014? vi. What happen if PFAs or PFCs default or went into liquidation?

2.2 Theoretical Review

2.2.1 Positive Theory of Social Security

This study was anchored on the Positive Theory of Social Security, propounded and popularized by Osler 1910. The main assumption of positive social security theory is that social security programme induce retirement that is, to buy the elderly out of labour force. This is modeled through positive externalities in the average stock of human capital because skills depreciate with age. The elderly have lower-than-average skill and as a result, have a negative effect on the productivity of the young. When the differences between the skill level of the young and that of the old is large enough, aggregate output in an economy where the elderly do not work is higher (Mulligan and Sala-i-Martin, 1999).

Osler (1910) the proponent of the theory centrally holds the view that men are old at 40 and worthless at 60. The idea is to encourage the young to save enough for their inactive years (old age) and to induce the elderly to retire so that their jobs could be given to more productive young workers.

2.2.1.1 The Relevance of Positive Theory of Social Security to the Study

The contributory pension scheme was designed to encourage savings at young age and better workers retirement benefits; it was aimed at preventing vagaries of poverty and hardship in old age and retirement. This is to ensure that the employee who has worked would be able to receive his or her retirement benefits as and when due. Unfortunately many public workers in Nigeria dread retirement and continue to work beyond retirement age. This also have negative impact on their performance.

In Nigeria, if the basic assumptions of positive theory of social security are practiced it will engender sustainable social welfare for the aged. The delays and denial of retirement benefits will be minimized. It will also induce retirement in the country and create jobs for young Nigerians. The output of Nigerian economy will be higher if the elderly will retire.\

2.3 Empirical Review

Kaufman et al. (2015) carried out research on employee performance: what causes great work? The objective of their research was to understand what organizations can do to cause employees to produce great work on a consistent basis, to discover what types of motivating parks and practices are currently being used by different organizations, and how effective each is at actually causing employees to produce great work. Their finding are: recognition drives great work. The study revealed that high remuneration and employee recognition are the major factors that drive great on a consistent basis.

Edogbanya (2013) carried out a research on “An Assessment of the Impact of Contributory Pension Scheme to Nigeria Economic Development with relevance to pension fund manager, Domestic Product (GDP) in Nigeria.” The Study was aimed at suggesting the best way for handling the fear that the funds or Retiree Savings Account (RSA) contribution can be mismanaged by the existing trustees. Edogbanya found out that risk prevalent has positive effect on the pension fund management.

Iyiola (2013) carried out a study on “An Assessment of the Contributory Pension Scheme on Employee Retirement of Quoted Firms in Nigeria.” The study adopted Ex-post facto research design. The population of the study was 284 firms quoted in the Nigerian stock exchange and 10 quoted firms were selected as sample size. The Data were obtained from the annual accounts and reports of the 10 firms quoted that made up the sample size. The study concluded that even though the contributory pension scheme has positive impact on employee retirement benefits of quoted firms in Nigeria, variation in application still exists among them. He recommended effective monitoring, supervision and enforcement of the provisions of the Pension Reform Act 2004.

3. METHODOLOGY

The research methods used in the work is survey statistics. The nature of the problems as well as the objective dictate the type of research design employed in any research work (Ogbuoshi, 2006). The choice of survey method is due to its ability to collect up-to-date primary data on State public workers in Osun West senatorial district who have been in service for the period of 5 years or more and on grade level 8 or above. The selection of this category of workers was based on fact that they are likely going to save more than those workers on grade levels less than 8. The choice of Osun West senatorial district can be links to proximity of the area to the researchers. The primary data which involved the questionnaire was used in this study. These questions cover socioeconomic and demographic variables such as age, gender, working experience, marital status and income per year. The simple random sampling technique was used to select respondents from the ten (10) Local Government Areas (LGAs) in Osun West Senatorial District. They include: Ayedade, Aiyedire, Ede North, Ede South, Ejigbo, Egbedore, Irewole, Isokan, Iwo and Ola oluwa. From these ten LGAs, 250 public workers” were sampled, of which 25 were selected from each LGA. The instrument (questionnaire) used for data collection was subjected to the validation test by experts in accounting and other related fields and to determine the reliability of the instrument, the external consistency method was used, the test was conducted using 5% of the sample size which is 13. Thirteen copies of questionnaires were used for this test and administered to 13 people in Osun West Senatorial district, with an introductory letter stating and highlighting the basis of the study. Results were collated and a re-test was conducted after two weeks on the sample size. For the first test, the thirteen copies of the questionnaire were all retrieved. The result of the retest conducted correlated with the earlier test conducted, confirming the reliability of the tests. The questionnaires were administered to 250 respondents that are workers in Osun West Senatorial district, 230 were adequately filled, returned and was used for the analysis. The questionnaire was analyzed using simple frequency and percentages while the hypotheses formulated were tested and analyzed using the chi-square statistics

4. RESULTS AND DISCUSSION

4.1 Questionnaire Administration

Table1: Questionnaire Distributed, Returned, Rejected and Accepted across ten Local Governments in Osun West Senatorial District

S/N	Local Government	Questionnaire Distributed	Questionnaire Returned	Questionnaire Rejected	Questionnaire Accepted
1	Aiyedade	25	25	4	21
2	Aiyedire	25	25	2	23
3	Ede North	25	25	-	25
4	Ede South	25	25	-	25
5	Ejigbo	25	25	3	22
6	Egbedore	25	25	4	21
7	Irewole	25	25	1	24

8	Isokan	25	25	1	24
9	Iwo	25	25	2	23
10	Ola Oluwa	25	25	3	22
	Total	250	250	20	230
	Percentage	100%	100%	8%	92%

Source: Field Survey 2020

The table 1 above shows the distribution of questionnaire across the ten local governments in Osun west senatorial district, Osun State. Total numbers of two hundred and fifty questionnaires were distributed with twenty five in each of the local government. The entire two hundred and fifty distributed questionnaires were returned (Table1). However, 20(8%) of the questionnaires were rejected as a result of incomplete filling while some were returned empty blank. The total number of 230 (92%) of questionnaire are finally accepted for interpretation and further analysis.

4.2 Socio-economic Characteristics of the Respondents

The following socio-economic characteristics were identified and described: Age, Gender, working experience, Marital Status, Income per years and family size.

Table 2: Socio –Economic Characteristics of the Respondents across local governments in Osun West Senatorial District

S/N	CLASSIFICATION	ITEMS	FREQUENCY	PERCENTAGE%	TOTAL%
1	Age	31-40 years	81	35.22	100
		41-50 years	103	44.78	
		51-60 years	46	20	
2	Gender	Male	147	63.91	
		Female	83	36.09	
3	Working Experience	0-10 years	30	13.04	100
		11-20 years	131	56.96	
		21 years and above	69	30	
4	Marital Status	Single	112	48.70	100
		Married	108	46.96	
		Divorce	10	4.34	
5	Income per years	Less than #400,000	96	41.74	100
		Less than #500,000	74	32.17	
		Less than #600,000	46	20	
		Greater than #600,000	11	4.79	
		No response	3	1.30	
6	Family size	Less than 4	93	40.43	100
		Less than 6	108	46.96	
		Greater than 6	25	10.87	
		No response	4	1.74	

Source: Field Survey 2020

From the table (2) above, 81 (35.22%) of respondents are within the age bracket of 31 – 40 while 46 respondents fall within the age bracket of 51-60, which gives 20%. 103 (44.78%), highest number of the respondents falls within the age bracket of 31-40, which is ordinarily the active working population. 147 (63.91%) of the respondents are male while 83 (36.09%) are female in this study. In terms of the year of experience in the public service, above table (2) reveals that, 30 (13.04%) respondents have only worked for period of 0-10 years, 131 (56.96%) of respondents have worked between 11 and 20 years while 69 (30%) of respondents had working experience of between 21 years and above. Marital status of respondents in the above table (2) shows that 112 (48.70%) are single, 108(46.96%) are married while 10 (4.34) are divorce. From the Table (2), 96 respondents earn <N400, 000 per annum which gives 41.74%, 74 respondents earn <N500, 000 per annum which 32.17% while 46 respondents earn <N600, 000 per annum which gives 20% but 11 (4.79%) respondents earn > #600 per annum. On family size, 93 respondents have a family size of <4 which gives 40.43%, 108 respondents have a family size <6 which gives 46.96 % while 25 respondents have a family size of >6 which gives 10.87% and 4(1.74%) of respondents did not reply.

4.3 Respondents View on Questionnaire Related to the Research Questions

Table 3: Respondent view on awareness of Pension Scheme

Respondents	Frequency	Percentage
Yes	197	85.65
No	33	14.35
Total	230	100

Source: Field Survey 2020

From Table 13, out of 230 respondents asked on their awareness of pension scheme, 197 representing 85.65% answered in the affirmative while 33 representing 14.35% said they are not aware. Therefore, majority of the respondents are aware of pension scheme

Table 4: Respondents view on Involvement in Any Pension Scheme

Respondents	Frequency	Percentage
Yes	184	80
No	48	20
Total	230	100

Source: Field Survey 2020

Table 4 above shows that 184 respondents representing 80% are involve in pension scheme while 48 respondents representing 20% are not in involved in pension scheme.

Table 5: Response on whether Respondents know the Percentage of Income that goes into Pension

Respondents	Frequency	Percentage
Yes	145	60.04
No	85	36.96
Total	230	100

Source: Field Survey 2020

From the table 5 above, 145(60.04%) of respondents said yes while 85 (36.96%) of respondents said no on if they aware of percentage of their income that goes into their pension

Table 6: Respondents view on awareness of employer's contribution that goes into Pension scheme

Respondents	Frequency	Percentage
Yes	112	48.70
No	118	51.30
Total	230	100

Source: Field Survey 2020

Above table (6) shows that 112 (48.70%) of the respondents aware of their employers own part contribution while 118 (51.30%) respondent that form highest respondents did not aware amount remitted as employers contribution to pension fund. The reason why majority do not know has been traced to communication gap or break down within public service structure in the state.

Table 7: Respondents view on whether Pension Fund Administrator Report RSA status regularly

Respondents	Frequency	Percentage
Yes	94	40.87
No	136	59.13
Total	230	100

Source: Field Survey 2020

On whether the Pension Fund Administrator (PFAs) regularly reports individual saving account, 94 (40.87%) of respondents said yes while 136 (59.13%) said no implying that the PFAs seems not to be regularly reporting their clients saving account status (Table 7).

4.4 Respondents View on Contributory Pension Scheme

SA = Strongly Agreed, A=Agreed, SD =Strongly Disagreed D =Disagreed and U = Undecided

Table 8: Respondents view of Questions related to Contributory Pension

S/N	Statement	SA	A	SD	D	U
1	Participation in the Scheme is because it is Compulsory	33 (14.35%)	118 (51.30%)	18 (7.82%)	33 (14.35%)	28 (12.18%)
2	Pension Scheme serves as an Incentive to Save	46 (20%)	103 (44.78%)	37 (16.09%)	39 (16.96%)	5 (2.17%)
3	Contributory Pension Scheme is Actually an Improvement over the Old	64 (27.83%)	117 (50.87%)	14 (6.09%)	28 (12.17%)	7 (3.04%)
4	Prefer to Save Outside Any Pension Scheme	25 (10.87%)	135 (58.70%)	27 (11.74%)	30 (13.04%)	13 (5.65%)

Source: Field Survey 2020

Table 8 above reveals that 33 (14.35%) of respondents are strongly agreed that they are participating in contributory pension scheme because it is compulsory while 118 (51.30%) of respondents agreed to this statement. This shows that given alternative way round, they will not participate in the scheme. 18 respondents representing 7.82% are strongly disagreed while 33 respondents of 14.35% disagreed but 28 (12.18%) of respondents are undecided. This implies that the respondents that are disagreed and strongly disagreed are participating because they want to participate and gains. 46 (20%) of respondents strongly agreed that the pension scheme serves as an incentive to save while 103 (44.78%) of respondents agreed, 37 (16.09%) and 39 (16.96%) of respondents are strongly disagreed and disagreed respectively while 5(2.17%) of respondents were undecided. Also, 64 (27.83%) as well as 117 (50.87%) of respondents strongly agreed and agreed that the contributory pension scheme is an improvement over the old pension scheme, 14 (6.09%) respondents are strongly disagreed while 28 (12.17%) of respondents disagreed and 7 (3.04%) of respondents are undecided on whether the scheme is an improvement over the former or not. 25 and 135 respondents representing 10.87% and 58.07% are strongly agreed and agreed to the disposition on saving outside the contributory pension scheme. This only supports the fact that majority of the respondent are participating in the scheme because it is compulsory. About 27 and 30 respondents representing 11.74 and 13.04% did not prefer to save outside the contributory pension scheme while 13 respondents of 5.65% are not certain whether they prefer to save outside or not of any pension scheme.

Table 9: Respondents view on whether attempt have been made to calculate how much to save for Retirement

Respondents	Frequency	Percentage
Yes	34	14.78
No	196	85.22
Total	230	100

Source: Field Survey 2020

Table 9 reveals that 196 respondents representing 85.22% said that they have not tried calculating how much the need to save for retirements while 34 respondents of about 14.78% said yes. This implies that majority of the respondents are not thinking of retirement

Table 10: Respondents view on Percentage of Income to be save for Retirement

Respondents	Frequency	Percentage
>5%	52	22.61
5-9%	46	20
10-14%	89	38.70
>15%	36	15.65
No Response	7	3.04

Total	230	100
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Source: Field Survey 2020

On the percentage of the income that respondents think, they should be saving for retirement, 52 respondents representing 22.61% noted that up to 5% of their income should be saved while 46 respondents of about 20% noted that they should be saving between 5 and 9%. 89 respondents representing 38.70% said between 10 and 14% of the income should be saved, 36 respondents of 15.65% said they think they should save > 15% while 7 (3.04%) respondents did not respond at all (Table 10).

Table 11: Respondent View on Level of Income that is being saved

Respondents	Frequency	Percentage
You are saving too much	30	13.04
You are saving the correct amount	108	46.96
You are saving too little	71	30.87
You are not saving enough	12	5.22
No response	9	3.91
Total	230	100

Source: Field Survey 2020

Table 11 shows that Out of 320 respondents, 30 respondents (13.04%) noted that they are saving too much while 108 respondents (46.96%) noted that they are saving the correct amount. Also 71 respondents (30.87%) noted that they are saving too little and 12 respondents, 5.22% noted that they are not saving enough while no response from 9 (3.91%) of respondents.

Table 12: Respondent Views related to if contributory pension scheme has effect on Workers' savings and Investment after Retirement

Response	Frequency	Percentage
Very strong effect	127	55.22
Strong effect	103	44.78
Minimal effect	0	0
Very Minimal effect	0	0
Total	230	100

Source: Field Survey 2020

From Table 12, 127 respondents representing 55.22% of the total respondents very strongly agreed that the contributory pension scheme has effect on savings and investment after retirement, 103 respondents (44.78%) is of the opinion that it has strong effect, while zero respondents did not indicate their opinions

Table 13: Respondents view to know if Existing Legal Framework Being Adequate in Addressing Mismanagement of Pension Funds

Respondents	Frequency	Percentage
Strongly Agreed	32	13.91
Agreed	76	33.04
Strongly Disagreed	44	19.13
Disagreed	78	33.91
Undecided	0	0
Total	230	100

Source: Field Survey 2020

From Table 13, 32 respondents representing 13.91% of the total respondents strongly agreed that the existing legal framework is adequate in addressing the mismanagement of pension fund while 76 respondents representing 33.04 % of the total respondents agreed. 78 respondents representing 33.91% of the total respondents disagreed, while 44 respondents representing 19.13% of the total respondents strongly disagreed.

4.5 Test of Hypotheses

To carry out this study successfully, three (3) hypotheses formulated in the previous section of this research work shall be examined by subjecting them to statistical test with the aid of chi square distribution at $P < 0.001$ level of significance to determine the validity or otherwise of the hypothesis. This is computed using the formular:

$$X^2 = (O-E)^2/E$$

Where:

Ho: Null hypothesis

Hi: Alternative hypothesis

O = Observed frequency from the respondents.

E = Expected Frequency.

X^2 = Chi-square statistics.

P = Probability Ratio.

Decision Rule: Decision rule has it that Ho (Null Hypothesis) should be rejected and H₁ (Alternative Hypothesis) accept if the calculated value is greater than or exceeds the critical value otherwise; do not reject the null hypothesis Ho.

Hypothesis 1

Ho: Contributory pension scheme do not have impact on workers saving

Using the chi-square (X^2) Method for Computation

Responses	O	E	O-E	(O-E) ²	$\frac{(O-E)^2}{E}$	X^2	P
YES	155	115	40	1600	13.91	27.82	<.001
NO	75	115	-40	1600	13.91		

Source: Field Survey 2020.

From the calculations above, chi-square (X^2) calculated value of 27.82 is greater than chi (X^2) critical value of 3.34 at $P < 0.001$ level of significance. Thus, H₀ is rejected and H₁ is accepted. Therefore, Contributory pension scheme have impact on workers savings.

Hypothesis 2

Ho: There is no problems hinders effectiveness of Contributory pension scheme

Using the Chi-square (X^2) Method for Computation

Responses	O	E	O-E	(O-E) ²	$\frac{(O-E)^2}{E}$	X^2	P
YES	135	115	20	400	3.48	6.96	<.001
NO	95	115	-20	400	3.48		

Source: Field Survey 2020.

From the calculations above chi(X^2) calculated value of 6.96 is greater than chi (X^2) critical value of 3.34 at $P < 0.001$ level of significance. Thus, H₀ is rejected and H₁ accepted. Therefore, there is problems hinders effectiveness of contributory pension scheme.

Hypothesis 3

Ho: Government is insensitive towards efficiency of contributory pension scheme

Responses	O	E	O-E	(O-E) ²	$\frac{(O-E)^2}{E}$	X^2	P
YES	145	115	30	900	7.82	15.64	<.001
NO	85	115	-30	900	7.82		

Source: Field Survey 2020.

From the calculations above, chi (X^2), calculated value of 15.64 is greater than chi (X^2) critical value of 3.34 at $P < 0.001$ level of significance. Thus H₀ is rejected and H is accepted. Therefore, Government is sensitive towards efficiency of contributory pension scheme.

5. Conclusion and Recommendation

This works focus on role of contributory pension scheme on employees' savings in Nigeria, using ten local governments in Osun State as a case study. This research work adopted survey approach and the questionnaires were distributed across local government

in Osun west, Osun State. The questions in questionnaire cover socio-economic and demographic variables such as sex, age, income, educational level etc. The questions related to objectives, research questions as well as hypotheses were not left out. The researchers used the simple random sampling technique to select respondents across the ten (10) Local Government in Osun West Senatorial District. The findings of this research reveals that majority of the respondents prefer to save outside any pension scheme while others do not know how to calculate how much they need to save for retirement. This reason is as a result of the fact that the workers find it difficult to entrust their future in the hands of the pension fund administrators in addition to low savings from their salaries. The findings from the work show that contributory pension scheme have impact on workers saving, there is problems hinders effectiveness of Contributory pension scheme, also government is sensitive towards efficiency of contributory pension scheme. The study therefore concludes that Government should create more awareness on contributory pension scheme to encourage and educate employees on the scheme as most workers are ignorant of its existence. Also, Pension Fund Administrator (PFAs) should be transparent and accountable in their dealings with their clients through regular update of their customers' account status. Finally, PENCOM as a regulatory agent should take proactive corrective measures on licensed operators whose situations, actions or inactions jeopardize the safety of pension assets as lay down by the PENCOM establishing laws.

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