

## **Workers Involvement in Decisions about the Contributory Pension Scheme and Motivation to Retire from the Civil Services of Akwa Ibom State**

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### **Abstract**

*In Akwa Ibom State, the administration of pension and gratuity is problematic. The fund administrators are not committed to pension obligation; the administration of pension fund does not guarantee financial security to the retirees, and pension fund administration has become a thorny issue with millions of retired civil servants neglected and not properly catered for after retirement. Retirees go through tough times and rigorous process before they are eventually paid their pensions, gratuity and other retirement benefit. The study investigated the contributory pension scheme and motivation to retire from the civil services of Akwa Ibom State, Nigeria. The study sought to find out the relationship that exists between contributory pension scheme and employees' motivation to retire from civil services of the State. It determined how pension administrators' commitment to pension obligation affects motivation to retire among civil servants in Akwa Ibom State. The survey research design was adopted for the study and stratified sampling technique was used. The theoretical framework used in the study was expectancy theory and the deferred wage theory. Findings indicated that fund administrators' commitment affect motivation to retire among civil servants in Akwa Ibom State. Also that employee involvement in pension management scheme did not affect motivation to retire. The study recommended that civil servant should be encouraged to be involved in making decisions towards the management of pension scheme. Also, pension fund administrators should maintain a high level of commitment to the management of pension scheme since no reasonable civil servant will hesitate to retire when he or she is due in view of the anticipation of comfortable retirement life.*

**Keywords:** Pension, Pension Fund, Pension Scheme, Pensioner, Retirement, Contributory Pension, Motivation to Retire.

### **Introduction**

Pension consists of lump sum payment to an employee upon disengagement from active service. The Pension and gratuity plan for public servants in Nigeria states that the public officer, on completion of 35 years of unbroken service or 65 years of age for public servants shall receive pension and gratuity for their respective grades and ranks. The First Public Sector Pension Scheme in Nigeria was the Pension Ordinance of 1951, with retroactive effect from January 1, 1946 while The Civil Service Pension Scheme was established by the Basic Pension Decree 102 of 1979, the Local Government Pension Scheme was established in 1977. The National Provident Fund (NPF) was the first formal pension scheme in Nigeria established in 1961 for the non-pensionable private sector employees. The New Pension Reform Act 2004 operates an unfunded defined Benefits Scheme whereas the payment of retirement benefits was budgeted under the Pay As You Earn Benefits Scheme (Okechukwu & Ugwu, 2011).

Despite these pension policies, retirement counseling, and the often organized capacity building, pre-retirement workshops for civil servants in Akwa Ibom State, retirees are still exposed to a life of frustration, untold hardship and penury. Failure to have access to pension and gratuity by retirees from federal, state and local governments have aggravated their socio economic and psychological conditions and retirees are often left to suffer unnecessarily or die in the course of waiting for their benefits.

Motivation to retire in the civil service implies the psychological processes that can cause arousal, direction and persistence of the employee's behavior towards attaining the goal of retirement. Motivation to retire involves the drive or energy that ignites retirement behaviour, this type of behavior that is exerted are the internal and external forces that influence employee's degree of willingness and choice to engage in a certain specified retirement behavior and action (Mitchell, 2002). It relates to reasons that arouse and direct employees to choose certain behaviors over others before and after retirement.

Interests in enhancing motivational behaviour among civil servants in Nigeria is not new. Robinson (2010) stressed that the overall goal of employees' motivation to retire by organizations has always been to have a group of employees with fewer work accidents, fewer rates of ethical problems, less turnover and lower levels of absenteeism as they look towards retirement. It helps to make this group of employees feel less stress, enjoy their work and as a result, have better physical and mental health; feel committed to their organization and show less grievance. Motivation to retire may positively drive the employee to be more creative, innovative and responsive to organizational success even as he or she looks towards work disengagement.

Landy (2010) observed that motivation to retire has been a major concern to successive governments as indicated by their various reforms and efforts by industrial organizations in Nigeria. This is because one of the greatest challenges that faces typical employees throughout their working period is life after retirement. Thus, it becomes expedient that civil servants are motivated to retire since retirement concerns emotional, psychological as well as financial challenges. Retirement means the withdrawing of the individual from gainful employment or engagement in the later part of his or her life in order to enjoy a period of leisure till death. For retirement to take place, the employee must have reached the age of 65 years or has put in at least 35 years of service. Therefore, employee's motivation to retire is seen as one of the primary tasks of the civil service. Yet, reality proves that majority of civil servants are not motivated to retire. This results not only to faulty retirement planning but also heightened anxiety but retirement.

In view of the continuing predicament of retirees, the Pension Reform Act 2004 (PRA 2004) became necessary as the most recent legislation of the Federal Government aimed at addressing the associated problems of the old pension system. It established the Contributory Pension Scheme (CPS), a replacement of defined benefit scheme with a fully funded, mandatory defined contribution system. It was also followed by the establishment of the National Pension Commission (PenCom), to regulate and supervise all pension matters in the country (Okechukwu & Ugwu, 2011). One important aspect of the scheme is the ease of access to pension benefits while at the same time encouraging employees to save and invest. The scheme is made compulsory for all employees who have more than 3 years to retirement. It introduced contributions to be deducted from the salaries of employees. For additional comfort at old age, it introduced the concept of an employee making additional voluntary contribution and receivable benefits at retirement. Employees are expected to be involved in pension management. The scheme is contributory and fully funded, personalized and very portable. The scheme has provision for improved social security planning for the retired workers dead or alive and for their families to achieve a degree of economic security and provision of payment to help replace income lost as a result of retirement or death.

It is for this reason that this study is carried out to determine if motivation to retire among civil servant has to do with contributory Pension Scheme. The specific Contributory pension scheme variables to be considered include: Pension administrators' commitment to pension obligation, employee involvement in pension management, encouragement of employee fund investment, receivable benefits at retirement and ease of access to pension benefits and funds.

### **Statement of the Problem**

The issue of motivation to retire in the civil service has been a serious concern and has attracted enormous attention of industrial relations experts, industrial sociologists, business administrators etc. The concern is because most civil servants, who should wait eagerly for their retirement from service and have enough time to take proper care of themselves tend to see retirement day as an evil day. Negative consequences are attached to retirement by civil servants to the extent that the fear of retirement and old age sometimes results in ill health and even sudden death before their actual retirement (Ahmad, 2008). Retirement, thus implies work role detachment, loss of network of social contact and professional colleagues, reduced self-esteem, emotional instability, reduced income, relocation, health constraints etc. all these combine to negatively affect motivation to retire (Ebigide, 2013).

The views of scholars on the issue of employee involvement in pension administration and motivation to retire are mixed. Moreover, all these studies were carried out in government organizations in foreign territories. No study of his nature has been conducted among civil servants in Akwa Ibom State of Nigeria. This study will add to the existing literature either to validate the views of scholars supporting employee commitment to pension plan and motivation to retire or support the views of those scholars who do not see the merits of such relationship.

In Akwa Ibom State, long line of pensioners waiting to collect their entitlement is a common phenomenon. The inability of pensioners to cater for their families and dependents; meet their health needs and other necessities of life has negatively affected motivation towards retirement. Moreover, retirement income is not predictable and adequate. Civil servants do not receive retirement benefits as and when due. In addition, the failure of fund administrators to assist civil servants and improvident individuals by ensuring that they save to cater for their livelihood during old age and retirement ignites fear towards retirement. The cumbersome process of pension payment itself subjects pensioners in the state to untold hardship. Civil servants thus associate retirement with work role detachment, loss network of social contact, reduced self-esteem, emotional instability, reduced income, relocation, quick death etc. recipient to ransom (Imhanlahimi & Joseph, 2011).

### **Theoretical Framework**

#### **The Expectancy Theory**

Vroom (1964) created the expectancy theory for motivation which is a function of three factors – subjective value placed on the reward by the individual (valence), perceived likelihood that effort will produce an appropriate level of performance (expectancy) and the perceived likelihood that this performance will be converted into an appropriate level of reward (instrumentality). According to the VIE theory, motivation depends on individuals' expectations about their ability to perform tasks and receive desired rewards. In other words, people are motivated to work when they have the expectancy that effort leads to performance and that performance results in reward. It also assumes that individuals have different levels of satisfaction they expect to receive from rewards and each person is a rational decision maker who will expend effort on the activities that lead to their desired rewards (Muchinsky, 2000).

Schematization of VIE theory can be presented thus:

Motivation = Expectancy x Instrumentality x valence

Expectancy = “If I try, can I perform at the level necessary to get the promised reward?”

Instrumentality = “If I perform at the necessary level will I in fact get the promised reward?”

Valence = “How much do I value the promised reward?” (Malos, 2003).

Expectancy is the probability that putting effort into a task will lead to high performance. It is also called E – P expectancy. In order for this expectancy to be high, the individual must possess the ability, previous experience and necessary machinery, tools and opportunity to perform

(Samson & Draft, 2002). Instrumentality (P-O expectancy) refers to whether the performance will result in the desired outcome. It concerns the relation between performance and the reward. Valence is the value or attraction of outcomes for the individual. If the outcomes that can be reached as a result of high effort and performance are not appreciated by employees, motivation will be low. Similarly, if an employee values a reward that is offered for a special effort, he/she will be more motivated to exert effort.

These three factors have effect on motivation, but for an employee to be highly motivated, all these three factors must be high. It is clear that VIE theory emphasizes the importance of rewards in employee motivation. If E - P and P - O expectancies are high, individuals will be motivated to exert effort with a reward that they value. Rewards act as a means to reach targeted performance levels or specific organizational goals. The value of a reward depends on the preference of individuals.

The expectancy theory seems to provide a suitable framework for understanding civil servants' perception of reward as a motivational tool for performance and even to retire. It also agrees with the notion that whoever involves in a work related activity does so because of what he or she expects to get out of it, during and after detachment from the work. The theory implies that employees of Akwa Ibom State Civil Service who are about to retire or expecting to retire someday value what reward awaits them on retirement by way of gratuity and pensions. The theory also implies that civil servants will be motivated to work and retire smoothly if the reward awaiting them is valuable. This means that guaranteed gratuity and pension on retirement are highly preferred by employees of the civil service and contributes to their motivation to work and to retire since valence is high.

### **The Deferred Wage Theory**

The proponents of this theory are Malaski, Capele and March (1980). According to the theory, the pension plan is a method to defer some compensation until an employee provides pension payment in exchange for current services. The deferred funds often result in individual tax savings. The employer derives immense advantage in providing a pension plan. Thus, under this theory, firms offer pension plans because of economies of scale in administrative portfolio management and other costs (Freeman, 1981). The theory argues that it is possible for the employer to receive cash flow benefits to the extent that the present value of deferred wages exceeds the required funding. The wage theory incorporates a long term or lifetime implicit labour contract between the employer and the employee that has various implications for the dual relationship. The mutuality of benefits between the employee makes the theory very unique.

Based on the theory, the contributory pension scheme is highly beneficial to both the civil servants and the government as they share responsibility over the retirement plans and savings. The civil servant has an opportunity, through the pension funds administration to maintain a huge pool or long-term funds for investment late in life. Again, owing to economies of scale, the cost of investing such funds tend to be relatively lower than if an individual civil servant were to undertake on his own account. It also implies that deferred payment translates to the payment of civil servants' benefits in form of annuity programmed withdrawals. This affords workers protection against longevity risk by pooling mortality risk across others.

Another implication of deferred wage theory for this study is that it makes the civil servant to play a key role in the pension administration. This is a potent motivation factor for retirement. The civil servant is aware of the future benefits of embarking on a compulsory saving scheme through a pension fund administration. This personal savings account imposes on the civil servant, fiscal discipline in the budgetary process. The theory affords both the civil servants and the government to be partners in the Deferred Fund Scheme.

## **Conceptual Clarifications**

### **Contributory Pension Scheme**

The Pension Reform Act of 2004 (PRA 2004) is the most recent legislation of the federal government aimed at addressing the associated problems of the old pension system, (Ugwu & Eme, 2011). The Pension Reform of 2004 in Nigeria according to Nkpoyen (2012) represents a paradigm shift in social policy from the social model of the pre 2004 era to the Anglo – Saxon contributory model that aligns with the emergent “conveyance downwards” in the global south, driven by the globalization of neo – liberalism. Agba, Ikeji and Nwosu (2011) corroborate Nkpoyen that the 2004 Pension Reform Act is a paradigm shift for the 1979 Pension Act.

The need to avert the problems associated with the old defined benefit pension scheme necessitated the establishment of the new scheme. The government clearly recognized the problems and worked towards ameliorating them (Ugwu & Eme, 2011). A committee was put in place to restructure the entire pension sector in Nigeria. The committee after extensive study of pension schemes in operations worldwide selected the Chilean model of private contributory retirement account as the best model for the new Proposed Defined Contributory Scheme. After very extensive dialogue with the civil service, the organized private sector and open session by members of the public, the former President, Chief Olusegun Obasanjo signed the Pension Reform Act into law after being passed by both houses of the National Assembly on June 25<sup>th</sup> 2004.

The New Pension Act was aimed at reversing the situation by developing a sustainable system with the capacity to achieve the ultimate goal of providing a stable, predictable and adequate source of retirement income for each participant. With the coming into force in July 2004 of the Pension Reform Act 2004, a new pension scheme was established to replace the previous DB scheme. The new scheme known as the “Contributory Pension Scheme” (CPS), as the name implies or suggest is contributory in nature.

According to National Pension Commission (2008), the key objectives of the contributory pension scheme are to:

- i. Ensure that every person who has worked in either the public service of the federation, federal capital territory or private sector receives his retirement benefits as and when due.
- ii. Assist employees' and improvident individuals by ensuring that they save to cater for their livelihood during old age and retirement.
- iii. Establish a uniform set of standard laws for the public and private sectors administration, management and payment of pension funds in the country and,
- iv. Stem the growth of outstanding pension liabilities by addressing the huge unsustainable pension deficit estimated at about Two Trillion (N2 trillion) Naira and characterized by the Pay – As – You Go (PAG) pension scheme.

Other objectives of the Contributory Pension Scheme are enumerated by Agba, Ikeji and Nwosu (2011) and Nkpoyen (2012) as follows:

- To promote labour mobility and minimize incentives for early retirement and effective management of pension funds.
- To ensure that pensioners are not subjected to untold suffering due to insufficient and cumbersome process of pension payment. According to Aminu (2004), the contributory Pension Scheme would address the pension deficit of the past in Nigeria with an asset of N1.7 trillion across the federation.

### **Elements and Structure of the Contributory Pension Scheme**

The elements structured in the contributory pension scheme are provided in section 9, sub section 1 of the Pension Act 2004 as follows:

- i. In the case of the public service of the federation and federal capital territory, an

employee shall make monthly contribution of a minimum of 7.5 percent employee's total emolument (which includes basic salary, housing and transport allowances) into his retirement savings Account.

- ii. The military employee shall contribute 2.5 per cent while the employer shall contribute 12.5 per cent of the employee's total monthly emolument into the Retirement Savings Account.
- iii. In other cases, a minimum of 7.5 per cent shall be contributed by the employer and a minimum of 7.5 per cent by the employee (Pension Reform Act 2004, Nkpoyen, 2012, Agba, Ikeji & Nwosu, 2011). Others are that:
  - Every employee contributor is expected to open a Retirement Savings Account in his or her name with a Pension Fund Administrator of choice, into which all contributions and returns on investment are paid.
  - The Retirement Savings Account is similar to a Bank Account except that the employee cannot withdraw from it until after retirement.
  - The fund should be invested by the Pension Fund Administrator and statement issued to the employee on monthly basis.
  - The Retirement Savings Account remains with the Pension Fund Administrator of the employee's choice even if he or she changes and effective performance. The public must be regularly enlightened and adequately kept abreast of developments in the pension industry by the commission and administrators. The government must also continuously monitor the operations of pension and conduct external checks to get rid of excesses, with proper monitoring of pension fund administrator for effectiveness and with pension fund administrators' commitment to fulfill their obligations to pensioners and retirees; employees will be motivated to retire from service without fear of insecurity during retirement.

### **Employee Involvement in Decision Making of Pension Management and Motivation to Retire**

Employee involvement is the extent to which employers allow or encourage employees to share or participate in organization decision making. The notion of participation or involvement in decision making process and hence ownership of the decision became prominent since the Tennessee Valley Authority Project of the 1930s in the United State of America (Imhanlahimi and Joseph, 2011). According to them, participation or involvement in decision making or management has since grown to be accepted as a useful concept in development studies and organizational practice. It has since been effectively contrasted by the management or administrative principles of the classicists, that decision making is the purview of management. Imhanlahimi and Joseph further assert that decision making is a complex phenomenon, such that inputs into it are so enormous that management alone cannot afford to provide nor process the vast amount of information required for effective decision making. Employee involvement in pension management is the key component of the contributory pension scheme that would enhance retirees confident and protection that he is secured as he is going into retirement.

Littlejohn (1983) posited that involvement or participation in decision making regarding pension requires a team approach (of both management and employees), to arrive at the most rational decision which can elicit legitimacy and acceptance. Imhanlahimi and Joseph (2011) asserted that for the contributory pension scheme, the involvement of workers would mean their involvement in the decision making process regarding the establishment, types, nature, operations, benefits, regulations, information dissemination, grievance procedure etc. with all these, workers would experience a sense of purpose, pride, acceptance, ownership, defense and protection in the scheme and be motivated towards retirement.

Rue and Holland (1989) asserted that ultimately, all decisions made by strategic managers must

be interpreted and implemented through many individuals throughout the organization. If this process is to be successful, the individual must not only understand the decision but also must accept them. A good way to get individuals to understand and accept a decision is to involve them in strategic management process. For workers to be properly motivated to retire, they need to be involved in management of their pension fund. The primary responsibility for determining corporate strategy usually rests with some combination of these: managements, the board of directors and corporate level planners. However, this does not mean that other levels in the organization cannot and should not participate in the process.

Rue and Holland (1989) opined that actively involving the next lower level management does not alter who is ultimately responsible but does generate additional input, ensure consistency and foster employee motivation and commitments. Nwagbara (2004) contended that workers' participation or involvement has been a subject of heated controversy, while some commentators are against workers' participation or involvement, some others support it. Worker participation in decision making in organization is regarded as desirable for numerous reasons, which according to Nwagbara (2004) are that:

1. Participation enables workers to become involved in the organization and conditions of their work.
2. It is a means of promoting the satisfaction and personal development of individual workers.
3. It is a means of extending democracy from the political arena to the industrial sphere.
4. It gives workers the opportunity to have greater say in decision making at work.
5. It is a means of increasing efficiency.
6. It creates a community of interest between employer and employees thereby furthering the long term prospect of the enterprise.
7. It is a means of improving industrial relations.

Nkpoyen (2002) noted that involving employees in decision making will alleviate organizational problems associated with alienation. Employees' involvement allows individuals self-expression, commitment and recognition of his ability to take part in decision concerning which he might have valid or useful contribution to make. Workers' motivation to retire, according to Nkpoyen could be influenced by his involvement in taking decision regarding his pension fund management.

According to Therauf (1977) cited in Agba, and Ushie (2010), involvement or participation fosters "ego expansion or self-control and hence intrinsic satisfaction". Miklos (1967) cited in Nkpoyen (2002) agree with Therauf (1977) that an individual who ideologies with an organizational goal and accepts it as his own, the achievement of that goal becomes a source of satisfaction and heightened commitment. Therauf and Miklos both agree that if workers are satisfied in their pension scheme due to their involvement in decision making, the motivation to retire will be high. Thus, involvement is associated with satisfaction and commitment which are themselves products of motivation. Also self-esteem, job satisfaction and cooperation with management also improve (Daris, 1967 cited in Nkpoyen, 2002). That is why Brun and Gee (2009) asserted that employee involvement in decision making concerning their retirement benefits is a remarkable encouragement to them.

The primary aim of participatory decision making is for organizations to benefit from perceived motivational effects of increased employee involvement (Brends, 2001). Hence, Buddroel, Griffin and Hesketh (2006) assert that most potential retirees would likely feel pleasant of being involved in the retirement decision. Put another way, many prospective retirees may think they would be happier if they take active part in decision affecting the workforce (Helman, Ruth,

Copeland, Vandiehei and Salisbury, 2008).

According to Beehr, Tetazet, Nelson and Farmer (2000), altering the decision context provides countless opportunities for policy makers, financial planners, retirement counselors and prospective retirees to improve retirement decision making. This research by Beehr and associates demonstrates why it is important for policy makers to pay careful attention to the way choices are framed or presented as this aspect of the decision are not inconsequential. Steinheider, Bayeri and Wuestewaid (2006) assert that employee involvement in decision making techniques has been shown to have a wide array of organizational benefits. These benefits, according them include workers' commitment to the organization as well as willingness to disengage from the service of the organization.

Oyedele (2010) commented that although involvement of employees in pension management has inherent benefits and potentials, it also has some disadvantages as concerns motivation to retire. In involvement, employees are particularly devoid of knowledge that it needs to run the pension scheme. Employees may come up with grudges against the company or amongst themselves which could negatively affect their attitude. Oyedele (2010) and Robert and Holland (1994) stated that allowing employees to participate in organization decision making arena could turn out to be counterproductive. Sometimes, employees may not be dedicated in giving their best for the organizations which could in turn affect motivation to disengage from the organization due to age. Steinherder, Bayeri and Wuesteward (2006) stressed that participation of employees in the pension scheme may not be to their advantage because they may have conflicting interests. Overall, such divergent interest could negatively affect their motivation to retire. Employees may become confuse on what to expect during post retirement years. It may induce negative attitude towards retirement.

Steinheider et al (2006) stressed that one of the problems of employee involvement in pension plan which may affect motivation to retire is communication complexity. More lines of communication and the potential for inconsistent decision making are disadvantages with employee involvement in pension plan. When more employees have input and decision making ability, more communication is necessary. Pension fund managers may have a hard time monitoring and filtering decision and activities with employee involvement. Moreover, often times employee decisions are abandoned in support of management plans. This makes employees indifferent in participating in pension decision plans.

Levine (1999) stated that employee involvement in pension scheme plan can raise satisfaction. However, participation may not always work in pension plan to motivate workers to retire because:

- (a) Employees may be less informed than managers and the premises upon which they make their decisions may be different. The rewards motivating workers to share their ideas on the pension scheme may be larger than the value of the ideas themselves.
- (b) Once becoming committed to a decision, employees may be reluctant to change it especially if it is to their benefit and this may run counter to management actions.
- (c) Not everyone has strong desire for creativity and achievement or they satisfy these sufficiently during retirement years, that is, off the job.
- (d) Participation is time consuming and if decisions are made by groups, reaction to changing environments may be particularly slow in implementation.
- (e) Cohesive, participative groups may unite against pension scheme managers.
- (f) Involvement may result in setting unachievable goals which management could exploit to its advantage.
- (g) At the end, it is often management's decisions that are implementation while employees right themselves to fate.



### **Employee Fund Investment and Motivation to Retire**

The new pension scheme is fully funded, based on individual accounts that are privately managed by pension fund administrators with pension funds assets held by pension fund custodians. Under this system, the employees contribute a minimum of 7.5 per cent of their basic salary, housing and transport allowances. Employers contribute 7.5 per cent in the case of the public sector. Employers and employees in the private sector are expected to contribute a minimum of 7.5 per cent each. An employer may select and contribute on behalf of the employees such that the total contribution is not less than 15 per cent of the basic, salary, housing and transport allowances of the employees (National Pension Commission, 2008).

According to the National Pension Commission (2005), an employer is obliged to deduct and remit contributions to a custodian within 7 days from the day the employee is paid his salary while the custodian notifies the pension fund administrator within 24 hours of the receipt of contribution. Contribution and retirement benefits are tax exempt. The contributions are deducted immediately from the salary of the employee and transferred to the relevant retirement savings account. By so doing, the pension funds exist from the onset and payments are expected to be made when due.

Idowu (2006) stated that one of the benefits of the contributing pension scheme is that it encourages employees to compulsorily save funds for investment. The fact that pension funds are privately managed by pension fund administrators (PFAs) and pension fund custodians (PFCs), serve as savings benefits of the contributory pension scheme and ginger employees to retire to a life of satisfaction (Danlang 2008). According to Danlang, pension funds administrators (PFAs) have been duly licensed to open retirement savings account for employees, invest and manage the pension funds in fixed income securities listed and other instrument as the commission may from time to time prescribe, maintain books of account and all transactions relating to the pension funds managed by it, provide regular information on investment strategy to the employees or beneficiaries and pay retirement benefits to employees in accordance with the ware housing of the pension funds assets that a significant relationship exist between the contributing pension scheme and employee to retire since it has the objectives of assisting individuals to save in order to cater for livelihood during old age. Moreover, one of the salient features of the contributing pension scheme is for additional comfort at old age, and to motivate employees towards contented retirement life (Lagos State Pension Refund Law, 2007).

### **Ease of Access to Pension Benefits and Motivation to Retire**

Ease of access to pension benefits is one of the fundamental objectives of the contributory pension scheme. This commitment is expressed in the scheme's strong desire to care for retirees. Orifowomo (2016) stated that for the employees preparing to retire from service, the knowledge of delay in pension benefit could lead to embarrassing circumstances typified in inability to pay rent, inability to pay children school fees, poor dietary intake that might result in malnourishments, inaccessibility to adequate and proper medicare, inability to meet with maturing social and financial obligations. These could result in negative attitude towards retirement.

Ahmad (2008) stated that ease of access to pension benefits is positively linked with motivation to retire. This implies that the workers on retirement have the right to enjoy health and safety as well as the right to be managed fairly just like someone in employment. He stressed that where accessibility to pension is not assured on retirement, workers may prefer to work than to retire leading to low motivation towards retirement. On the other hand, employees are likely to be positively motivated towards retirement when pension are regularly paid and enough to take care of their welfare needs during retirement.

Access to pension benefits relates to motivation to retire in that such employees will embrace better welfare benefits to protect and ensure their financial security as well as provide pay for the time they are not working. Dostal and Cessey (2007) stated that the contributory pension scheme has inbuilt employee welfare plan and benefits which serve to motivate employees towards positive retirement outlook. Dostal and Cessey observed that because employees have access to pension funds with ease, it is possible for employees to experience an enhanced wellbeing. They have easy access to pay and that forms an important part of total reward package.

Lee, Lee and Lum (2008) argued in support of accessibility to pension benefits for retired employees; that pension benefits such as healthcare programmes and insurance are generally motivators for employee retirement. Such pension benefits could assist retirees meet up with child care needs and a ready source of financial assistance. The essence of pension services is to enable employees cater for their post requirement needs. Marsh and Kleiner (2004) assert that the relationship existing between accessibility to pension benefits and motivation to retire is positive. The employees preparing for retirement life are given full assurance that there is sufficient provision for their appropriate standard of living. Pension benefits are means of recognizing employee's performance through some kind of compensation.

The contributory pension scheme has the potential to provide protection to employees and retirees against medical expenses for themselves and their families; to provide protection against loss of income in the event of death, disability. The scheme is attractive to retirees because it provides retirement income that is accessible, helps them make sound retirement investments etc. according to Giri (2004), ease of access to pension benefits implies accessibility to welfare services by retired employees. Such benefits that are accessible and available are meant to sustain retiree's health, economic condition and social status. Giri stressed that employees are motivated to retire because of the conviction that they will experience improved standard of living and make their out of work life better still. Retirement life becomes less frustrating and more meaningful. Expectations of pension benefits help employees preparing for retirement concentrate more on their jobs.

Akeni (2009) confirmed the existence of a significant link between pension funds accessibility and motivation to retire by employees. Pension benefits accessibility is seen as an important and valuable element of the contribution pension scheme. He maintained that employers historically see the pension scheme as a moral obligation to provide a standard of post retirement living for employees especially for those with long service. The logic also extends to providing pensions arrangements for dependents of a current or retired employee's death.

Dostal and Ceesey (2007) reported that the contributing pension scheme has the advantage of ensuring easy access to pension funds whenever it is due. This is a source of motivation for employees to retire. They agreed that the contributory pension scheme demonstrates that the employer has a long interest of employees at heart. Their views harmonized with Bernan (2006) that access to retirement pension as part of social welfare provision is becoming a vital tool for motivating employees to retire. Interestingly, these scholars' suggestions were simply based on foreign formal organizations studied.

### **Contributory Pension Scheme in Akwa Ibom State**

Akwa Ibom state is one of the richest states in the south-south geo-political zone and in deed, among the 36 states of the federation with monthly allocations and internally generated revenue status, yet the government cannot be said to have put a formidable pension structure for its civil servants, unlike states like Rivers, Delta and Edo that have moved closer to the implementation of the CPS in their domain, Akwa Ibom which ought to have been a leading light in the welfare

scheme of its civil servants is taking a back seat. The researcher's investigation revealed that the bill on CPS is undergoing legislative process but the state is yet to enact law on the scheme that would serve as a guide to the implementation of the scheme and has not established a pension bureau either for the state or local government employees. While other states considered to be getting huge allocations in the zone have already crossed the CPS implementation threshold, Akwa Ibom State is lagging behind in the registration of its employees with PFAs as directed by the law and is yet to commence remittances of contributions for employees of the state and has not deemed it necessary to institute the mandatory group life insurance policy for the employees to reduce the incidences of financial agony of families of deceased staff when death or permanent misfortune occurs.

According to a publication on the Daily Independent Newspaper (2021), the state's status on compliance with the Contributory Pension Scheme as provided by the Pension Reform Act 2014 as amended is still at a near zero stage as the government has failed to act on it or pressures the State House of Assembly to expedite action on the passage of pension bill into law. The state is also yet to open a retirement benefit bond redemption fund account with the Central Bank of Nigeria or the pension fund administrator (PFA). It has not also commenced the funding of the accrued rights and institutes a group life policy for employees.

Although the State's Commissioner for Finance, Akan Okon, agreed that CPS is the way to go, noting that it guarantees better future for pensioners as it will not only stem the tide of misappropriation of funds, but also facilitate quick payment of retirement benefits, which has been a major challenge to pensioners, some of whom are compelled to wait for years to get their entitlements, unfortunately, the state government, in 2013, pulled out of the contributory pension scheme which was hitherto implemented in the state public service and opted for the definite pension system. This amounted to paying back to respective workers, funds that were so far saved under the scheme. Also, recently, there has been battle between the state government and the next of kins of dead pensioners over unpaid gratuity in the court. The state governor addressed them to keep calm as alert will be entering into the account of respective individuals. While stressing the need for workers to embrace the scheme which would avail them enormous benefits, the commissioner also added that it would, on the other hand, relieve government of outstanding pension liabilities.

It is expected of a democratic government to take responsibility for safeguarding the wellbeing of the people and anchor the sustenance of demonstrable development but the case of Akwa Ibom state contributory pension scheme has not been properly managed and implemented even though the government has unfolded plans to reintroduce the Contributory Pension Scheme (CPS), with a view to ensuring sustainable administration of the programme. The State's Commissioner for Finance, Akan Okon, who dropped the hint in Uyo recently, while fielding questions from newsmen in his office, stated that the administration has constituted a committee to put in place an efficient structural framework for the smooth implementation of CPS in the state's public service. According to him, the pension reform Act 2014 authorizes states and local governments to adopt the contributory pension scheme, pointing out that Akwa Ibom remains the only state in Nigeria not operating the system. Okon, who explained that workers' old retirement scheme has added financial burden on the state, more so with the current inadequate funding saga currently assailing the states, said the scenario has further spurred the urgent need to adopt the contributory pension scheme (Daily Independent Newspaper, 2021).

There has been torment, hunger, depression, frustration and unnecessary delays over unpaid pensions and gratuity among pensioners in Akwa Ibom state civil service. In an interview, most of the respondents like one Mrs. Agatha Udoh, while giving an overview on the issue, lamented

that they are faced with continuous filling of forms and long queue with the expectation that soon their gratuity and entitlement will be paid but the reverse is always the case. She also stated the trauma experienced while waiting by most pensioners. She stated that most of them cannot take care of themselves properly as they cannot afford the hospital bills when they are sick. One Mr. Oton opined that he is subjected to malnutrition as he eats anything he sees for survival and not what he likes.

The implication is that the defined contributory pension scheme operating in Akwa Ibom State does not promote effective living, or provide medical care and services vis-à-vis cannot ideally provide the retirees with decent accommodation, balance diet, good access to medical service, and cannot to a high extent provide household with good quality education as well as the payment of other utility bills.

### **Discussion of Findings**

Retirement planning in Akwa Ibom State civil service is fraught with many challenges. This affects the motivation to retire negatively. For Akwa Ibom State civil servants who are specially challenged by low levels of income and savings and huge family and social responsibilities, retirement can be a source of frustration. Some of the social issues that negatively affect employee's motivation to retire in Akwa Ibom State civil service include the size of the family, polygyny, additional responsibilities of the extended family and inadequate access to medical facilities. Other issues that affect motivation to retire negatively include work role detachment, reduced self-esteem, and loss of social network of professional colleagues. Also Nigeria does not have a social security system that takes care of the aged, the young unemployed and the disabled, meaning that all these categories of people constitute an additional responsibility on the workers' resources (IBTC Pension Managers, 2008).

Bisong (2011) stressed that Akwa Ibom State civil service appeared not to have sufficiently addressed the issue of energizing the employees to positively embrace retirement. Retirement has become a permanent nightmare. Jonathan (2009) observed that retirees' plight in Akwa Ibom civil service is worsened by the fact that they are owed several months pension arrears with no hope for immediate payment. Fear and anxiety has thus become a constant companion of the civil servants in the state preparing for retirement. Failure to properly motivate civil servants to retire may be responsible for a lot of socio economic and psychological problems that affect not only themselves but the society in general. This is observed as a means of motivating employees towards retirement, the government provides pensions on retirement in old age. Work organizations have also adopted the strategy of counseling employees awaiting retirement so that they can look towards post retirement life positively.

Bassey (2011) asserted that non-involvement of civil servants in pension management plan has affected their motivation to retire in a significant dimension. Participation in pension management among civil servants in Akwa Ibom State does not follow a team approach that involves employees to foster legitimacy and acceptance. This lack of involvement has not enhanced civil servants' confidence and protection that they are secured as they go into retirement. Additionally, the civil servants are not encouraged by pension funds custodians to save funds for investment. Employees in the state perceive this as depriving them of additional comfort at old age and are thus not motivated towards contented retirement life. Bassey (2011), further stressed that retirees often experience high level of disappointment because of lack of easy access to pension benefits. The thought of delay in benefits could result to embarrassing circumstances in post-retirement period such as inability to meet financial obligation, satisfactory health needs etc. thus, lack of ease of access to pension benefits could be a source of demotivation of civil servants towards a comfortable retirement life in Akwa Ibom State.

The pension schemes for the civil servants in Akwa Ibom State appeared not to have provided adequate plans to positively induce employees' retirement. So far, the pension policies seem unable to ensure the betterment of retired civil servants especially in the area of social and medical care, bearing in mind that poor health care and need for health care are major problems of retirees. This defect in pension policies may be responsible for employee's negative perception of old age and retirement. It may further be an indication that the pension schemes in Akwa Ibom State are largely weak and inefficient in terms of motivating employees to retire. Although these may not only be observed in Akwa Ibom State but also the entire Nigerian civil service. The nature and content of pension policies may be responsible for employees' low morale towards retirement (Okechukwu & Ugwu, 2011).

### **Conclusion**

Although the contributory pension scheme allows the funds administrators to become more committed, encourages employee fund investment, ensures ease of access to pension benefits and sensitizes civil servants on receivable/potential benefits prior to retirement, which should makes the scheme an attractive device for smooth retirement of civil servant, the reverse appears to the case in Akwa Ibom State as the study revealed that employees in the state were not involved in pension management scheme which affected their motivation to retire from civil service in Akwa Ibom State.

It was also discovered that the level of fund administrators' commitment to pension management affected the employees' motivation to retire; that pensioners wait a very long time before the payment of their pension which made them to live in penury without being able to solve their needs; and that employees were not allowed to make decisions towards the contributory pension scheme.

### **Recommendations**

1. Fund administrators should maintain their high level of commitment to management of the pension scheme since no reasonable employee will hesitate to retire when they are due.
2. Civil servants should be encouraged to be involved in making of decisions towards the management of the pension scheme since it could facilitate better pension management.
3. Civil servants should be encouraged to see the fund investment as beneficial compulsory savings for post-retirement activities.
4. Since ease of access to pension benefits is positively linked with motivation to retire, pension fund administrators should put in place appropriate measures to ensure that retire civil servants have access to their funds.
5. Civil servants should be sensitized by government and non-governmental organizations to the receivable/potential benefits of the contributory pension scheme. This will help to ginger proper attitude towards retirement.

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