

## Pay As You Go (PAYG) Pension Scheme and Employee Performance in Anambra State Local Government System (2012 - 2021)

Amara Grace Ezeanolue

Email: [amaragracy22@gmail.com](mailto:amaragracy22@gmail.com)

Prof. Emma E.O. Chukwsuemeka

Orcid Id. <https://orcid.org/0000-0002-7871-9475> Email:

[ee.chukwuemeka@unizik.edu.ng](mailto:ee.chukwuemeka@unizik.edu.ng)

Department of Public Administration,  
Nnamdi Azikiwe University Awka Nigeria

### Abstract

*This Study examined the relationship between the Pay As You Go Pension scheme and employee performance in Anambra state local government system from 2012 to 2021. The motivation for the study arose from the need to ascertain how the availability of retirement benefits inspires employee's performance and commitment to the organization while still in service. In line with the specific objectives of the study, three research questions and hypotheses were formulated and tested for the study. The study was anchored on the Deferred Wage Theory. The methodology adopted was survey design. Primary and secondary sources of data were used. A structured questionnaire instrument was administered to the respondents and the data obtained was presented using tables and mean scores and analyzed using Pearson correlation. The major findings from the study, among others are that the pay as you go pension scheme has a relationship with employees' performance in the Anambra state local government system. On the basis of the findings from this study, the study recommended, among others, that government should make adequate budgetary allocations for prompt payment of pensions and pension arrears. They should demonstrate strong support to ensure necessary political and economic support for the scheme.*

### *Journal of Policy and Development Studies (JPDS)*

Vol. 16 Issue 2 (2024)

ISSN(p) 1597-9385

ISSN (e) 2814-1091

Home page

<https://www.ajol.info/index.php/jpds>

### **ARTICLE INFO:**

#### **Keyword**

**Pension, Performance, Local Government system**

#### **Article History**

##### **Received:**

26<sup>th</sup> August 2024

##### **Accepted:**

28<sup>th</sup> October 2024

##### **DOI:**

<https://dx.doi.org/10.4314/jpds.v16i2.9>

## 1. Introduction

In organizational and human resources management, the performance of an employee is central to any discussion around profit maximization, service delivery and organizational performance and growth. Therefore, every organization, whether private or public, places huge emphasis on organizational goals attainment expressed as a function of the actual performance of the employees that are aimed at accomplishing the avowed goals of such establishment. The duties and responsibilities of employees in organizations form the basis of every employment relationship. For every employer-employee relationship, there are usually stated and implied expectations. While remuneration packages, job duties, responsibilities and performance expectations are stated, variables like career progression and job satisfaction are implied.

Employees' performance is a culmination of factors. One of such factors is availability of the right equipment and tools. Another is effective leadership, again we talk of a stimulating and challenging work environment that encourages innovation, enterprise and risk taking. Added to the aforementioned factors is an effective reward system designed to bring out the best in employees. A reward system is important for the employee performance. Rewards are considered an important tool to enhance the employee's performance in every organization and management use rewards for employees' motivations (Olori & Edem, 2017).

In the Nigerian local government system, the reward strategy is akin to what is obtainable in most public sector organizations in the country. The system is usually based on job classifications and grading where different jobs are placed on different salary scales based on various factors such as qualification, work experience, type of jobs etc. This method is carried out by first defining a number of classes or grades for jobs. Thereafter, the various jobs available in the organization are slotted into the classes based on common factors found in jobs such as degree of responsibility, abilities or skills, knowledge, duties, volume of work, and experience needed. The classes are then ranked into an overall system. Through these grades, the pay for each job is determined e.g. civil service salary structure.

For an employment career that is supposed to last over a period of 35 years before exiting or when the employee has attained the age of sixty, there is a provision for retirement benefits in the forms of pension and gratuity. A pension is usually a regular payment made by the government or by private companies or organizations to their retirees as a form of social security against old-age risks and uncertainties (Idowu & Olanike 2016). Pension is part of motivation and could help attain the psychological and emotional needs of workers because it assures them of life after retirement. A good pension scheme could determine the level of workers commitment as well as influence whether an employee will do his/her work properly. A retirement scheme is provided for employees in form of pension which can be regarded as compensation for the services rendered to the organization.

The Pension scheme has undergone several reforms in order to reposition it for better efficiency and effectiveness and to better cater for the welfare of the elderly. From the Pension Ordinance of 1951 to the 2014 Pension Reform Act, a number of modifications have been suggested and implemented including the Pay As You Go (PAYG) scheme and the contributory pension scheme. In view of the various challenges inherent in the assessment of retirement benefits and how it affects workers who see their senior colleagues go through difficulties to access their entitlements,

this study investigates the administration of Pay As You Go pension scheme and its effect on employee performance in the Anambra state local government system.

## **1.2 Statement of Problem**

The failures encountered in the implementation of retirement policies in the Nigerian public sector, especially as it relates to public sector retirees, have negative effects on retirees and their colleagues in active service who find it difficult to effectively cater for themselves after leaving the service. When those in active service observe how retirees are treated before accessing what is rightfully theirs, they become nonchalant with their jobs which affect their performance. This often lead those that are well-positioned among them to engage in unwholesome practices and corruption. They have the mindset of saving by corrupt means for their retirement days when their organizations cannot do so for them.

Meanwhile, retirement in the public service is a must for employees who have put in 35 years of service or have attained the mandatory retirement age of 60. all things being equal. When these categories of people are doubtful about adequate care at retirement, some of them pay less attention to their jobs by engaging in jobs outside their schedule. Some of them loose interest in their jobs. Some, if not properly monitored become truant. All these have negative implications on employees' performance individually and collectively.

At an average life expectancy of 54 years (WHO, 2015), many of these pensioners do not live long enough to enjoy the fruits of their labour in old age. When many active employees find it difficult to afford or access the basic necessities of life, one can only imagine the plight of pensioners, especially as their gratuities and pensions are not guaranteed under different pension schemes that necessitated the series of reforms.

With the misappropriation of pension funds, pensioners' agonies were perennially on the increase. As part of diversionary tactics, they are compelled to attend several 'verification' exercises supposedly to check the activities of fraudsters. As those in active service observe what is going on with their retired colleagues and counterparts, they ponder their uncertain future when they leave office and subsequently become demoralized. These make them experience poor job satisfaction which manifests in dwindling performance. Invariably, some workers with access to public and institutional funds resort to stealing to secure their future and that of their families.

All of these contribute significantly to the abysmal performance of the local government that have led to several call in many quarters for the scrapping of the institution as a tier of government in the Nigerian federation. From observations and discussions with workers, the key problem, therefore, is that due to the persistent failure of the old pension schemes, workers were ready to embrace anything innovative. This study investigates how the Pay As You Go pension scheme has impacted employee performance in the Anambra state local government system from 2012 to 2021.

## **1.3 Objectives of the Study**

1. Determine the nature of the relationship between the old Pay As You Go scheme and employees' performance in the Anambra state local government system.

2. Ascertain the relationship between pension and employees' retention in the Anambra state local government system.
3. Determine the effect of corruption in pension funds administration on employees' performance in the Anambra state local government system.

## 1.4 Hypotheses

Below are the research/alternate hypotheses for testing;

- 1 **H<sub>0</sub>**: Pay As You Go scheme has no relationship with employees' performance in the Anambra state local government system.
- 2 **H<sub>0</sub>**: Pension has no relationship with employees' retention in the Anambra state local government system.
- 3 **H<sub>0</sub>**: Corruption in pension funds administration has no relationship with employees' performance in the Anambra state local government system.

## 2. Review of Related Literature

### 2.1 Conceptual Review

#### 2.1.1 Conceptualizing Pension

Pension can be defined as money set aside on either a monthly or yearly basis as aids after retirement. It is a savings package where employers and employees are mandated by law to contribute a percentage sum to help support employees when they are no longer in active service (Olulu-Briggs 2023). Adams (2015) in his assessment of pension, declared that pension is the amount paid by government or company to an employee after working for some specified period of time, considered too old or ill to work or have reached the statutory age of retirement. Ayegba, James and Odok, (2013) describe the term pension as payments a person receives upon retirement, usually under pre-determined legal and/or contractual terms. Similarly, Ozor (2016) explained that pension consists of lump sum payment made to an employee upon his disengagement from active service. The reason why employers offer pension benefit is mainly to attract employees.

Pension is a tool used to manage employment. It can be applied in an organization to attain and retain certain levels of labour productivity. Armstrong (2010) affirms that pension helps employees to readjust themselves properly into the society after leaving employment. In some countries, pensions are usually extended to widows, orphans and disabled people (in the form of disability pensions). It ensures that at old age workers will not be stranded financially. It is aimed at providing workers with

security by building up plans that are capable of providing guaranteed income to them when they retire or to their dependents when death occurs.

Pension is an aspect of social security. Social security includes those measures by governments to support the citizens who are mostly in need of such assistance to have access to the basic necessities of life. Nigeria is a signatory to the global social security compact: Article 22 of the Universal Declaration of Human Rights, 1948, which states that:

*Everyone, as a member of society, has the right to social security and is entitled to the realization through national effort and international co-operation and in accordance with the resources of each state, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality.*

Thus, pension is one of the means through which certain categories of senior citizens in the country are catered for and shielded from the economic and social hardships that come with old age. Pension has thus become system that has become not only a significant multi-pillar scheme for the alleviation of poverty, principally in developing nations but also plays an important role in the countries' transformation agenda over its impact on state budgets, financial and monetary sector, productivity and infrastructural investment (Oladeinde, 2021). The researcher defined, pension scheme as a financial package legally instituted for the retirees in recognition of their meritorious service to the nation. Its purpose is to ensure that the retirees and their descendants live a joyous life.

Two major forms of pension scheme exist in the public service in Nigeria. They are:

- (i) Defined Benefit (DB), otherwise called Pay As You Go (PAYG) scheme
- (ii) Defined Contribution (DC) also known as the Contributory Pension Scheme in Nigeria. The contributory pension scheme was introduced into the country by the Pension Reform Act 2004 and Pension Reform Act 2014.

On his part, Ugwu (2009) distinguishes four main types of pension:

- i. **Retiring Pension:** Pension paid to a worker who retired after completing a fixed period of service, 35 years or attaining 60 years of age, in Nigeria.
- ii. **Compensatory Pension:** Pension granted a worker whose position has been abolished without government providing him/her an alternative.
- iii. **Superannuating Pension:** Pension given to workers that retire at the prescribed age of 60-65.
- iv. **Compassionate Allowance:** This is granted those removed from work for misconduct, incompetence or inefficiency.

Prior to 2004, Nigeria practiced the Defined Benefit Scheme (DBS). Under this arrangement, the government pays pension benefits from the consolidated revenue fund. The structure of this pension scheme is PAYG with defined benefit, indicating that it is mainly unfunded, given the fact that the benefits that were paid during a certain period were financed by the government from the consolidated fund and not the employees.

A major step to alleviate and normalize the pension scheme in Nigeria was taken in 1979 with the signing into law of this Decree known as Pension Act No. 102 of 1979. The 1979 pension scheme covers professions and bodies such as the Police, Federal and State Ministries and Departments, National University Commission, University Teaching Hospitals, Public Teaching Service, Local Governments and other parastatals of the government. It led to the promulgation of The Local Government Pension Edict which culminated in the setting up of the Local Government Staff Pension Board of 1987.

The Act also consolidated all enactments on Pensions and merged pensions and gratuity scales developed for public service review commission in 1974. It can therefore be concluded that the pension Act 102 of 1979 is the foundation for all the rudimentary pension laws in the Nigerian Public service (Safana, 2020). PAYG Schemes are usually run by the state. They are contractarian in nature as the state does not need to accumulate assets in anticipation of future pension claims, but can tax the working population to pay the pensions of the retired generation.

Most state pension schemes are primarily Pay As You Go. As an individual contributor, a worker's claim to a pension is based on a promise from the state that, if he pays contributions now, he will be given a pension in the future. The terms of the promise are fairly precise, being set out in each country's social security legislation. The nature of the 'promise' can be complex: with incomplete specification of all the circumstances that may occur in the future, the outcome of the promise is dependent on future actions by the promisor. The promisee may or may not be aware of the dependence of outcomes on such future actions or the nature of the future process that the promisee will follow. Fully-funded schemes are also subject to legislative change in the taxation of assets, returns on assets and payment of benefits.

From an aggregate viewpoint, the state is simply taxing one group of individuals and transferring the revenues to another, whether viewed on an annual or a lifetime basis. State-run PAYG schemes, from this macroeconomic perspective, are little different from other income transfers, although the determinants of who pays and who receives and the incentive structure can be very different from other income transfer systems. A major implication of a PAYG system is that it relaxes the constraint that the benefits received by any generation must be matched by its own contributions. With a PAYG scheme it is possible in principle for every generation to receive more in pensions than it paid in contributions, provided that the rate of growth of total real earnings exceeds the interest rate indefinitely. This can happen when there is technological progress and steady population growth and excessive capital accumulation. Since this does not appear to be empirically relevant over the longer term, the real role of PAYG is to redistribute across generations and to share risks across generations.

During this period, workers suffered a lot because the money with which to pay them was not guaranteed. One of the challenges of the DBS as stated by Orok (2015) was that government depended on budgetary provisions from various tiers of governance for its funding. Consequent to the fact that payment of pension benefits has always been delayed, the retirees have unconsciously come to accept it as something normal and predictable (Ezenwa & Obiagwu, 2020). With the successive increases in salaries and the attendant increases in pensions, the challenge became many times magnified. In addition, the old pension scheme was weak, inefficient, and cumbersome to administer due to poor staffing. There was also the problem of poor record-keeping, accentuated by the fact that records were then mostly manually-handled. Moreover, there was the clumsy split of payment of pension between the State and Federal Governments with the associated risk of mismanagement of Federal remittances by some irresponsible State Governors.

### **Factors Affecting Employee Performance**

**Management – Subordinate Relationship:** As organizations strive for flexibility, speed and constant innovation, planning with the people and not for the people ensures a positive relationship to performance improvement. When employees are given freedom to participate in organizational decision making for example, there are high chances of having mutual trust between management and employees. Mutual trust and cooperation help to break the barriers between the two parties. The employees will not resort to strikes and work stoppages without exhausting all the available channels of resolving the dispute. Employees will be motivated because management considers them as partners in contributing to organizational success instead of being seen as mere subordinates and therefore will avoid engaging into counterproductive behaviors hence improved performance through timely achievement of organizational goals and objectives (Carrel, Kuzmits

& Elbert 2009). Additionally, (Ichniowski, Shaw and Prennushi, 2007) argues that innovative human resource management practices improve performance like use of systems related to enhance worker participation and flexibility in the design of work and decentralization of managerial tasks and responsibilities.

**Working conditions:** Although working conditions do not have a direct impact on production or output, they indeed have an indirect performance for example if the manual or mental work involved in certain jobs in a factory is tiresome, it will result into endangering not only the company property but also result into accidents which may further involve such incidents like loss of life. This might have adverse effects on the morale of the entire work force. Therefore, organizations should establish working conditions that do not affect the work force negatively by providing among other things noise free environments, adequate lighting systems, and adequate temperatures. Organizations can prevent accidents and maintain good safety records through development of a positive safety culture to ensure good working condition hence performance improvement (Newstrom & Davis, 2002).

**Reward system:** The overall aim of reward systems is to attract and retain quality human resources. When the pay conditions are perceived by the employee as equitable and in relation to their performance improvement. Organizations can use non-financial rewards like transport fee, incentive schemes to increase performance (Armstrong 2006). Additionally, organizations should adopt reward systems that are similar to the industry in which they operate or organizations can develop performance-based pay systems in order to reward employees according to the set performance standards and profitability goals. Therefore, for performance to improve, organizations need to create and maintain a sense of fairness equity and consistence in their pay structures. Employees expect that the employers will purchase their labor at a certain price.

**Health unionization:** In creating a healthy work climate, both management and workers' unions should have a united hand and in the well-being of the organizational employees. Unionizations improve the industrial relations in instances where the management allows free participation of employees in trade unions. Management and trade unions will negotiate through collective bargaining processes the conditions of workers' employment. Nilsen (2012) argued that industrial peace is a very important aspect for performance and growth of organizations. If the organization is plagued by industrial disputes and strikes, performance is bound to decrease. In other words, for overall productivity to improve health unionization should be considered and industrial disputes prevented through negotiations, reconciliation rather than confrontation.

**Team work:** This is when two or more people interact and coordinate to accomplish a specific goal and objective. When organizational members work together in teams, coordination of organizational goals and objectives becomes easier. This will lead to the teams sharing performance goals and thus lead to improving the morale of the employees which will later lead to improvements in productivity. Team works encourages open communication between employees and have compliment skills which enable them to achieve more in a specified period of time as compared to when the individual is working alone hence creating synergy. Additionally, Stoner (2016) argues that employees in teams often unleash enormous energy and creativity reduces boredom because teams create a sense of belonging and affiliation hence increase in employee's feeling of dignity and self-work. However, teams have the potential to be productive but the degree of performance depends on the relationship between management and the working

team. Therefore, support from management enhances performance of teams and performance improved in general.

## **2.2 Effects of Pension Benefits on: Employee Performance, Productivity, Efficiency, Effectiveness and Staff retention.**

**Pension Benefits and Employee Performance:** Performance is a measure of results achieved by individual, group, and organization. Organizational performance is defined as a continuous and action oriented with focus on improving performance by using objective, standards, appraisal, and feedback (Ababneh, 2008). Employee performance is a measurement of how well or how poorly an employee conducts the required job duties and how promptly they meet their targets, contribute to organizational goals and achieve success. Organizations adopt performance measurement because it creates accountability, provides feedback to operations, and result in more effective planning, budgeting and evaluation (Ammons, 2011). Organizational performance is conducted to support decisions concerning whether program or project should be continued, improved or curtailed. The traditional approach to performance measurement is based on productivity measures including such measures as service inputs and outputs (Holmes, Pineras, & Kiel, 2006)

**Pension Scheme, Efficiency and Employee Motivation:** In the academic literature, efficiency is defined in many ways, but a common definition is the attainment of lower cost of production for higher profit margin. Workers commitment to organizational goals entails the level of job involvement. It includes internal work motivation and the willingness of an employee to invest personal effort for the sake of the organization. It involves attitudes towards organizational goals or objectives. Commitment is positive and consistent attitude towards organizational goal that are produced by exchange consideration. Employees' commitment could also be influenced by the level of job involvement or the responsibilities of the worker. Commitment is also tied to how well an employee is motivated. Motivation here entails the process of influencing employees' behaviour towards the attainment of organizational goal (Dhameji & Dhameji, 2009). Motivation includes meeting the psychological, financial and emotional needs of workers. Pension is part of motivation and could help attain the psychological and emotional needs of workers, because it assures them of life after retirement. In each of these cases, pension retirement incentives promote efficiency and productivity by encouraging individuals with diminished capacity to retire. A good pension scheme could determine the level of workers commitment as well as influence whether an employee will do his/her work properly. According to Sule & Ezugwu (2009), good pension guarantees employee's comfort and commitment to the organization during his/her active years. The efficient performance of an organization is dependent very much on the internal performance of the organization's resources.

**Pension Scheme and Employee Effectiveness:** Effectiveness is the extent to which an organization realizes its goal. Oz (2002) defines effectiveness as the degree to which a goal is achieved. According to Robbins and Coulter (2013), effectiveness is doing the right things to achieve organization goal. To achieve performance effectiveness, there is need for human resource training, Eze, (2010) opines that:

*Research evidence clearly indicates that there exists a strong correlation between employee training and his superior performance in the workplace. Training is a learning process that involves the acquisition of skills, concepts, rules or attitudes to increase the performance of the employees on their jobs. It may also be defined as process of designing*



*and implementing programmes at the individual group or organization levels with the objectives of performance improvement.*

In today's highly competitive world, organizations ignore employee training and development to their own peril. This is because the ever-dizzying changes in the technological, economic, social and political affairs of the modern world soon renders acquired skills, knowledge and attitudes obsolete. An organization's output performance is directly related to the motivation and performance of its human resources.

**Pension and Workers Retention:** There is a significant positive relationship between pension and workers turnover/retention. Staff retention also refers to the necessary measure put in place by management of an organization to encourage workers to remain in the establishment for a maximum period of time. Delay in payment of salaries and fringe benefits to workers even after retirement is negative behavioral consequences among employees in Nigeria. This is responsible for low morale among workers and workers ineffectiveness in most organizations.

Workers attitude to work and the goal attainment of any organization is tied to various degrees on staff motivation and retention. For instance, workers in the hospitality industry in Nigeria are always moving to where good condition of service exists and where their future is protected after retirement. There is a linear relationship between salary, payment of benefits, promotion, career development, worker-hours and labour turnovers. There is high labour turnover in the medical sector in Nigeria and that the movement of medical personnel especially to USA and UK is not unconnected with payment of benefits including retirement benefits. A high staff turnover rate in a particular department or in a particular category of staff can indicate poor performance on the part of the employer. Also, a high turnover rate of clerical staff may indicate that management practices do not assist in providing for career progression, personal development or training opportunities.

**Pension Scheme and Workers Attitude Towards Retirement:** The absence of good pension scheme in the past was largely responsible for the psychological, physiological and economic problems among retirees in Nigeria. It is expected that retirees receive certain benefits such as gratuity and pension. Gratuity here is the worker's entitlement as soon as he/she makes exit from active service; while pension is the regular payment to a retiree until his or her last days on earth. Most often gratuities and pension are not paid as and when due; consequently, retirees cannot afford school fees for their children, pay house rents or take care of other necessities of life.

The provoking thought of facing life after retirement creates psychological and emotional abnormally among workers especially those who are approaching retirement age. While retirement remains luxury in developed countries in Nigeria workers are always afraid of financial insecurity after retirement. The social insecurity makes retirement unattractive to workers in Nigeria (Jonathan, 2009). Workers who are in the payroll of government cannot fend for themselves, not to talk of when they are retired. The fear of uncertainty after retirement is also responsible for age falsification among civil servants in Nigeria. Retirement in Nigeria also goes with social isolation and poverty; consequently, retirees even at very old age look for employment or jobs to maintain themselves. This scenario shows that the meager amount received by pensioners before the introduction of the contributory pension scheme was grossly inadequate to sustain a retiree and his/her family.

## 2.4 Theoretical Framework

The study is hinged on Deferred Wage Theory (Malaski, Firend & Capelli, 1981-1982 & March 1980). The theory takes pension and related plans as forms of deferred payment, by which part of the salaries or wages that could have been paid to employees are saved for them to be paid at retirement. The plan has advantages in that the saved money is free from taxes and is often invested in other businesses. Meanwhile, studies have shown that such deductions like certain category of taxes are invisible and, therefore, not felt by the person making the sacrifice.

Inherent in the plan is an implicit contract of labour between the employer and the employee, whereby the employer works and as a consideration is paid as wages/salaries and the one for his old age saved for him (Logue, 1979). This theory is relevant to the present study and applicable in the sense that the Pay As You Go pension scheme – an aspect of a deferred wage or salary is the right of every employee on pensionable employment when the employee retires from active service. Thus, it is our belief in this study that pension is not merely a social safety net for senior citizens, but the inalienable right of retirees especially in the public sector.

## 3. Methodology

### 3.1. Research Design

The study adopted survey research design. Survey design is one in which a group of people or items is studied by collecting and analyzing data from only a few people or items considered to be representative of the entire group. It specifies how such data will be collected and analyzed. This method will be chosen for data collection, because it enables the researcher to solicit for information that might not be available on the pages of the text book.

### 3.2 Population of the Study

The population is made up of 184 senior local government staff in Anambra Central Senatorial Zone comprising Anaocha Local Government Area, Awka North Local Government Area, Awka South Local Government Area, Dunukofia Local Government Area, Idemmili North Local Government Area, Idemmili South Local Government Area and Njikoka Local Government Area, from Grade level 12, who have stayed up to 15 years in the Local Government System and are pensionable.

**Table 3.1 Population of the Study**

S/No	LGA	Population
1	Anaocha LGA	25
2	Awka North LGA	25
3	Awka south LGA	30
4	Dunukofia LGA	25
5	Idemmili North LGA	27
6	Idemmili South LGA	25
7	Njikoka LGA	27
	Total	184

**Source: Research Data 2022**

### 3.3 Sample Size Determination

The researcher studied the whole population of 184, hence, there would be no need for sample.

### 3.4. Method of Data Collection

Data for the study was collected from primary source. The primary data was generated through the use of structured questionnaire to elicit required information. Copies of the structured questionnaire was administered and the participants were placed on objective response for each statement on a likert scale. A 5-point Likert scaled questionnaire was used in collecting relevant data for the study; it was arranged ranging from Strongly Agree (5), Agree (4), Undecided (3), Disagree (2) and Strongly Disagree (1).

### 3.5 Method of Data Analysis

The data gathered from the survey was analyzed using Statistical Package for Social Science (SPSS) version 20. Descriptive statistics was used for mean and correlation coefficient analysis was used to test the hypotheses. This is in a bid to establish the nature of relationship that exists between the dependent and independent variables. The level of significance used was put at 5 percent interval reliability. The test of hypothesis was addressed through the application of Pearson Product – Moment Correlation analysis. A 5-point Likert scale assigned numerical values of Strongly Agree (5), Agree (4), Disagree (3), Strongly Disagree (2) and Undecided (1) were used.

$$\text{Mean } [\chi] = \frac{5+4+3+2+1}{5} = 3.0$$

**Decision Rule:** A cut point of 3.0 was adopted as the criterion mean. This implies that any mean score that is 3.0 and above was considered as Agreed/Accepted while mean score below 3.0 was considered as Disagreed.

## 4. Data Analysis

### 4.1 Data Presentation

Data obtained from Part B of the questionnaire were analyzed in line with the research questions and the hypotheses and were presented in the tables below. A mean value of 3.0 was taken as a criterion to judge the mean for the items in the respective sections. Therefore, any item in the instrument which has a mean equal to or higher than 3.0 was regarded as agree while items with less than 3.0 was regarded as disagree.

**Table 4.1: Respondents' responses to items in the variable, Pay As You Go pension scheme  
N = 162**

S/N	QUESTIONS	$\sum fx$	X	DECISION
1	Paucity of funds is a major challenge to the administration of pay as you go pension scheme.	526	3.25	Agreed
2	The lack of expert pension fund administrators under this pension scheme does not help pensioners to get value for their retirement earnings.	646	3.99	Agreed
3	The pay as you go pension scheme does not encourage workers to contribute to their retirement savings.	658	4.06	Agreed
4	Access to pension funds under the pay as you go pension scheme is cumbersome and lead to unnecessary delay.	575	3.55	Agreed
5	The documentation process under the pay as you go pension scheme is also cumbersome and discouraging.	609	3.76	Agreed

**Source: field survey, 2022**

Table 4.2.1, deals on respondents' responses to issues relating to the pay as you go pension scheme. The respondents in this table, agreed to all of the five statements in this subsection. The respondents were of the view that paucity of funds is a major challenge to the administration of pay as you go pension scheme. A pension scheme where the government bears the sole responsibility for the welfare of the retirees will over time becomes a burden that might be too heavy for the government alone to bear, as manifested in this question. The respondents in the second statement also agreed to the second statement that the lack of expert pension fund administrators under this pension scheme does not help pensioners to get value for their retirement earnings.

Also, the idea that the pay as you go pension scheme does not encourage workers to contribute to their retirement savings was also the case which makes access to pension funds under the pay as you go pension scheme cumbersome and lead to unnecessary delay. The last statement that the documentation process under the pay as you go pension scheme is also cumbersome and discouraging received a favorable response. In all, the challenges identified in the old pension scheme as accentuated by the respondents formed part of the major reasons for the need to reform the administration of pension fund in the Nigerian public sector.

**Table 4.2.2: Respondents' responses to items in the variable, Corruption N = 162**

S/N	QUESTIONS	$\sum fx$	X	DECISION
6	The lack of digitalization in the administration of pay as you go pension scheme made the system susceptible to corruption.	467	2.88	Disagreed
7	The existence of too many files can lead to easy falsification of the employment records of employees and pensioners.	574	3.54	Agreed
8	The issue of ghost workers and ghost pensioners are also a common feature of the pay as you go pension scheme.	593	3.66	Agreed
9	Underpayment of pensioners as a result of deliberate miscalculation of pension benefits is also commonplace under the pay as you go pension scheme.	635	3.92	Agreed
10	The corruption in the pay as you go pension scheme led to it being discarded by many public sector organizations.	651	4.02	Agreed

**Source: field survey, 2022**

The issue of corruption has remained endemic in the Nigerian public sector, including the local government system. The issues in table 4.2.2 above centers on corruption with respect to the pay as you go pension scheme. The respondents disagreed to the first statement but accepted the rest. Their pattern of response showed that the issue of corruption in pension administration particularly and the Nigerian public sector in general is as a result of both systemic and human factors.

In the first statement, the respondents disagreed to the assertion that the lack of digitalization in the administration of pay as you go pension scheme made the system susceptible to corruption. A few of the respondents we discussed with in the process of field data gathering contends that if the people in charge have integrity and the fear of God, there would be transparency and accountability irrespective of the system in place. The respondents however, did not totally overlook the role that work systems play in aiding or taming corruption.

The seventh statement that the existence of too many files can lead to easy falsification of the employment records of employees and pensioners, was accepted as well as the idea that the issue of ghost workers and ghost pensioners are also a common feature of the pay as you go pension scheme. All of these are attributed to human factors, aided by the non-digitalization of the pay as you go pension scheme. This accounts for the acceptance of the next statement that underpayment of pensioners as a result of deliberate miscalculation of pension benefits is also commonplace under the pay as you go pension scheme. The last statement that corruption in the pay as you go pension scheme led to it being discarded by many public sector organizations was also accepted by the respondents.

**Table 4.2.3: Responses to items in the variable, Employees' Retention N = 162**

S/N	QUESTIONS	$\sum fx$	X	DECISION
11	The idea of pensionable employment is a motivating factor that guarantees employees' retention.	701	4.33	Agreed
12	Pension does not guarantee employees' retention as much as a fat paycheck does.	459	2.83	Disagreed
13	Many employees will prefer pensionable employment no matter the remuneration package.	567	3.5	Agreed
14	There is a significant positive relationship between pensionable employment and low employees' turnover in organizations.	610	3.77	Agreed
15	Many of the employees in my organization are not thinking of leaving because the pensionable nature of the employment gives them a sense of job security.	572	3.53	Agreed

**Source: field survey, 2022**

Table 4.2.3 contains question items on the sub variable of the study that deals on employees' retention. The retention of employees is important in personnel management and administration as it helps to reduce incidences of high employees' turnover and brain drain in organizations. The first statement looks at pension as a motivating factor for employee's retention. The respondents agreed that the idea of pensionable employment is a motivating factor that guarantees employees' retention.

The idea in the second statement was rejected as the respondents do not agree that pension does

not guarantee employees' retention as much as a fat paycheck does. From the discussion with some of the respondents, they argued that pension is a more guaranteed form of social security than a fat paycheck. According to them, the idea of pension creates a sense of job security and social stability, hence is a motivating factor for employees' retention.

To corroborate the above assertion, the respondents in the third statement agreed that many employees will prefer pensionable employment no matter the remuneration package. The implication is in the next assertion that there is a significant positive relationship between pensionable employment and low employees' turnover in organizations. On a final note, many of the respondents believe that many of their colleagues are not thinking of leaving because the pensionable nature of the employment gives them a sense of job security. By implication therefore, the responses of the respondents to the statements in the table shows that there is a significant positive relationship between a good pension scheme and employees' retention in organizations. This will further be interrogated in the test of the hypotheses later in this chapter.

**Table 4.2.4: Responses to items in the variable, Employees' Performance N = 162**

S/N	QUESTIONS	$\sum fx$	X	DECISION
16	Cumbersome documentation process for pension purposes affects employees' performance in the organization negatively.	535	3.3	Agreed
17	A well implemented pension scheme is a morale booster for employees to give their all in the service of the organization.	640	3.95	Agreed
18	Pensionable employment instils confidence in the employees on the organization's commitment to their welfare and future.	566	3.49	Agreed
19	The performance of an employee is a function of his or her skills and knowledge only.	462	2.85	Disagreed
20	Experience of pensioners rub off on the commitment level of current employees either positively or negatively.	603	3.72	Agreed

**Source: field survey, 2022**

The fourth sub variable in this study, which is on employees' performance, was captured in table 4.2.4 above. Respondents' agree that cumbersome documentation process for pension purposes affects employees' performance in the organization negatively. The respondents also agreed to the suggestion that a well implemented pension scheme is a morale booster for employees to give their all in the service of the organization. Also, it was accepted that pensionable employment instils confidence in the employees on the organization's commitment to their welfare and future.

The last two statements followed a mixed response pattern. Thus, while the respondents disagreed to the assertion that the performance of an employee is a function of his or her skills and knowledge only, they accepted the views in the last statement that the experience of pensioners rub off on the commitment level of current employees either positively or negatively. This goes to show that the way and manner that the pension system is being administered affect not just the retirees and pensioners, but their younger colleagues still in active service.

### 4.3 Test of Hypotheses

The hypotheses for this study were tested using the Pearson product moment correlation coefficient. test is an inferential statistic and a non-parametric technique used as a tool for establishing the degree of association between two variables. The results of the returned questionnaires were captured on Microsoft Excel and then exported to Statistical Packages for Social Science (SPSS) for analysis and interpretation. Data used for the test were obtained from the responses of respondents to various questions in the questionnaire item that relate to the various hypotheses. A 0.05 level of significance was adopted for the study.

#### Hypotheses One

**H<sub>0</sub>:** Pay As You Go scheme has no relationship with employees’ performance in the Anambra state local government system.

**H<sub>1</sub>:** Pay As You Go scheme has a relationship with employees’ performance in the Anambra state local government system.

#### Correlations

		PAYG	Employees’ Performance
PAYG	Pearson Correlation	1	.732
	Sig. (2-tailed)		.044
	N	162	162
Employees’ Performance	Pearson Correlation	.732	1
	Sig. (2-tailed)	.044	
	N	162	162

The result of the correlation coefficient for hypothesis one, as displayed using SPSS version 22 indicates that the Pearson Product Moment Correlation Coefficient is 0.732 showing that the pay as you go pension scheme has a significant positive relationship with employees’ performance in the Anambra State Local Government system.

**Decision Rule:** From the computation above, the probability value at 0.044 is less than 0.05 significant level. Therefore, we reject the null hypothesis and accept the alternative hypothesis by concluding that the pay as you go pension scheme has a relationship with employees’ performance in the Anambra state local government system.

#### Hypotheses Two

**H<sub>0</sub>:** Pension has no relationship with employees’ retention in the Anambra state local government system.

**H<sub>1</sub>:** Pension has a relationship with employees’ retention in the Anambra state local government system.

#### Correlations

	Pension	Employees’ Retention

Pension	Pearson Correlation	1	.756
	Sig. (2-tailed)		.043
	N	162	162
Employees' Retention	Pearson Correlation	.756	1
	Sig. (2-tailed)	.043	
	N	162	162

The result of the correlation coefficient for hypothesis two, as displayed using SPSS version 22 indicates that the Pearson Product Moment Correlation Coefficient is 0.756, showing that pension has a significant positive relationship with employees' retention in the Anambra state local government system.

**Decision Rule:** From the computation above, the probability value at 0.043 is less than 0.05 significant level. Therefore, we reject the null hypothesis and accept the alternative hypothesis which states that pension has a relationship with employees' retention in the Anambra state local government system.

### Hypotheses Three

**H<sub>0</sub>:** Corruption in pension funds administration has no relationship with employees' performance in the Anambra state local government system.

**H<sub>i</sub>:** Corruption in pension funds administration has a relationship with employees' performance in the Anambra state local government system.

#### Correlations

		Corruption	Employees' Performance
Corruption	Pearson Correlation	1	.622
	Sig. (2-tailed)		.039
	N	162	162
Employees' Performance	Pearson Correlation	.622	1
	Sig. (2-tailed)	.039	
	N	162	162

The result of the correlation coefficient for hypothesis three, as displayed using SPSS version 20 indicates that the Pearson Product Moment Correlation Coefficient is 0.622 showing that



corruption has a significant positive relationship with employees' performance in the Anambra state local government system.

**Decision Rule:** From the computation above, the probability value at 0.045 is less than 0.05 significant level. Therefore, we reject the null hypothesis and accept the alternative hypothesis by concluding that corruption in pension funds administration has a relationship with employees' performance in the Anambra state local government system.

This chapter presents a summary of the research findings, make conclusion from the findings and propose appropriate recommendations.

## **5. Findings, Conclusion and Recommendations**

1. Pay As You Go Pension scheme has a relationship with employees' performance in the Anambra state local government system.
2. Pension reforms has no significant positive relationship with service delivery of pension administrators in the Nigerian Federal Civil Service.
3. Corruption in pension funds administration has a relationship with employees' performance in the Anambra state local government system.

### **5.2 Conclusion**

There is no gainsaying that Nigeria blue and white-collar workers dread retirement, due to the fact that they do not know what the future would hold for them, since the implementation of the various pension schemes appears not to have yielded the desired efficiency and effectiveness in the administration of retirees' benefits. When our senior citizens suffer untold hardship as a result of inefficiencies and lack effectiveness in the pension fund administration, it gives the younger ones in active service less motivation because they will feel that the same fate awaits them on retirement, thus impacting negatively employees' performance. In the light of the above, we recommend the following

### **5.3 Recommendations**

1. Government should make adequate budgetary allocations for prompt payment of pensions and pension arrears. They should demonstrate strong support to ensure necessary political and economic support for the scheme.
2. Pension administrators should exhibit transparency and effective management of the pension scheme and also enlighten the workers on when and how to submit documents for retirement so that their pension could be processed on time.
3. The structure of the pension scheme should be suitable enough to attract and retain competent employees. Also, the Anambra state government should help its local government system to migrate to the contributory pension scheme.

### **References**

Ababneh, R. (2008). A Comprehensive Performance Evaluation of the Jordanian Customs Department, Using the Balanced Scorecard, *Jordan Journal of Business Administration*, 4.

- Adams, R. A. (2015). *Public Sector Accounting and Finance*, Lagos Corporate Publisher venture.
- Akhakpe, I., Fatile, J.O. and Igbokwe-Ibeto, C.J. (2012). Delivering efficient public service in Nigeria through better performance management frameworks, *International Journal of Social Sciences and Humanities Review*, 3(I):182-195.
- Al-Ahmadi, H. (2009), Factors affecting performance of hospital nurses in Riyadh region, Saudi Arabia, *International Journal of Health Care Quality Assurance*, 22(1):40-54.
- Ammons, D. (2011). *Municipal Benchmark*, 2nd ed., Oaks: Sage Publication, Thousand.
- Armstrong, M. (2010). *Handbook of Performance Management, An Evidence-based Guide to Delivering High Performance*, 4th edition, London, Kogan Page, e-Book.
- Awotokun, A. M. (1996). The local government system and the autonomy questions. *The Quarterly Journal of Administration*. 9 (4): 85- 96.
- Ayegba, O. James, I & Odok, L. (2013), „An Evaluation of Pension Administration in Nigeria“, *British Journal of Arts and Social Sciences* Vol. 15, No. 11, Pp. 97 -108.
- Byars, L. L. and Rue, L. W. (2010). *Human Resource management*, New York: The McGraw-Hill.
- Carrell, R. M., Kuzmits, F. E. & Elbert, N. F. (2009). *Personnel: Human Resource Management*. Columbus: Merrill Publishing Company.
- Chukwuemeka E, (2017) *The substance of Public Administration (A Compendium)*, Enugu, Professor's Press.
- Dhameji, S. K. & Dhameji, S. (2009). *Industrial Psychology*, New Delhi: S. K. Kataria and sons.
- Etuk, E. (2022). Unending Reforms of the Nigerian Pensions Act: The dilemma of the pensioners, *Beijing Law Review*, 13, 264-277. Doi: 10. 4236/blr.2022.1322017.
- Eze, F. O. (2010). *Human Resources Management, Strategy, Theory and Applications*. Enugu: Chaneks Enterprises Nigeria.
- Ezenwa, C. & Obiagwu, O. (2020). Pension Reform Act 2014 and Challenges of Pension Administration in Nigeria. *Global Journal of Arts, Humanities and Social Sciences*, 8, 18-29
- Federal Republic of Nigeria (1999). *Constitution of the Federal Republic of Nigeria*. Abuja: Federal Government press.
- Federal Government of Nigeria, (1988), *Implementation Guidelines on the Civil Service Reforms*. Lagos: Federal Government Printer.
- Federal Government of Nigeria, (1988), *Technical committee report on the application of civil service reform in the local government services*. Lagos: Federal Government Printer.

- Federal Government of Nigeria (1979). *Constitution of the Federal Republic of Nigeria*. Lagos: Ministry of Information.
- Federal Republic of Nigeria, (1976), *Guidelines for local government reforms*. Kaduna: Government Printers.
- Gbite, B (2006): "Understanding Pension Fund Investment Guideline" *This Day Newspapers*, IBTC Wealth Management Series, Nigeria.
- Hassana A. K (2008). Pension fund hits 4.4bn. Abuja, *Daily Trust Newspaper Report* available online at <http://allafrica.com/stories/20080240987>
- Holmes, J, Pineres, S. & Kiel, D. (2006). Reforming Government agencies Internationally: Is there a role for the balanced scorecard? *International Journal of Public Administration*.
- Ichniowski, C., Shaw, K. & Prensushi, G. (2007), The effects of Human Resource Management Practices on Productivity: A Study of Steel finishing. Lines. *American Economic Review* 87, 3, 291-313.
- Idowu, K. O. (2010). Pension Reform and Public Workers' Welfare in Nigeria, Paper Presented at the *Asia-Pacific Regional Meeting of Economic Association*, Hong Kong.
- Idowu, K. O. & Olanike, F. K. (2016). Pension and Pension Reform in Nigeria: *An international journal* 15, 11-24.
- Jonathan, G. (2009). Nigeria, the fear of retirement, *Daily Trust Newspapers Online*.
- Kunle, A. & Iyefu, A. (2014). Why pension scheme fails in Nigeria. Abuja. *Thisday online* <http://www.globalaging.org/pension/world/2004/Nigeria.html>.
- Lawal, T & Oladunjoye, A (2010). Local government corruption and democracy in Nigeria, *Journal of Sustainable Development in Africa, Clarion University of Pennsylvania, Clarion, Pennsylvania*. ISSN: 1520-5509, 12 (5): 227-235.
- Newstrom, W. J. & Davis, K. (2002). *Organizational Behaviour: Human Behavior at Work*. 11th Ed. McGraw-Hill/Irwin.
- Nielsen, N. H. (2012). Job content evaluation techniques based on Marxian Economic. *World at Work Journal* 11, 2, 52-62
- Ola, R. & Tonwe, D. (2009), *Local Administration and Local Government in Nigeria*, Lagos: Amfitop Books
- Oladeinde, O. (2021). Political Economy of Pension Reforms in Nigeria: Evaluating the Institutional Trajectory and roles of International Policy Advisor. *International Journal of Developing and Emerging Economies*, 9,48-63.

- Olori, W. & Edem, A. (2017). 'Intrinsic Reward Strategies and Employee Performance in Nigeria's Microfinance Industry.' *International Journal of Economics and Business Management*. 3 (3): 46 – 52.
- Olulu-Briggs O. (2023), Pension Assets Investments in the Nigerian Economy, *Saudi Journal of Economics and Finance*, 7(3): 115-125.
- Oviasuyi, P. O., Idada, W. & Isiraojie, L. (2010). Constraints of Local Government in Nigeria. *Journal of Social Science*. 24 (2): 81 – 89
- Ozor, E. (2016). Review of factors that slow down the processing of retirement benefits. *A paper presented at the workshop organized by the Institute of Chartered Secretaries and Administrators of Nigeria*, Held at Modotel, Enugu between 14th and 16th May.
- Robbins, S. P. & Coulter, M. (2013). *Management*, 7th ed., Prentice-Hall, Inc., Upper Saddle River, New Jersey.
- Safana, A.I. (2020). *Pension Administration in the Judiciary*. The role of National Judicial Council. In the National Judicial Institute Conference for Directors of Finance, Internal Auditors and Procurement Officers of the Judiciary.
- Sule, K. O. & Ezegwu, C. I. (2009). Evaluation of the application of contributory Pension scheme on employee retirement benefits of quoted forms in Nigeria. *African Journal of Accounting, Economics, Finance and Banking research*, vol. 4. No. 4.
- Taiwo, O (2006), *Pension reform matters arising*. PWC Newsletter publication available online at <http://www.pwc.com/exweb/pwcpublications.nsf/docid>
- Toye, O (2006), *Pension Plans Fails and Elderly Becomes Beggars*, Lagos, inter press services.
- Ugwu, J. (2009), Strategies for Local Government Management in Nigeria. *Being an unpublished M.Sc. Thesis submitted to the Department of Political Science and Public Administration, University of Benin*.
- Wikipedia (2022), [https://www.familysearch.org/en/wiki/Anambra\\_State](https://www.familysearch.org/en/wiki/Anambra_State)