



Pension Administration and Civil Service in Nigeria: A Focus on Delta State

Peace Oluwatoyin Irefin
Department of Sociology, Federal University Lokoja, Kogi State.

ARTICLE INFO

Article history:

Received: 8 April 2020;

Received in revised form:
9 June 2020;

Accepted: 19 June 2020;

Keywords

Pension Administration,
Delta State Civil Service.

ABSTRACT

This research work is on building reliable strategies for pension administration in Delta State Civil Service. The aim is to help the Nigeria civil service to build strategies for pension administration in Delta State. The paper adopted the system theory as the theoretical framework. The sources of data collection for this work are primary and secondary source. The study recommended that committees should be set up to conduct the performance of pension boards and other pension agencies also. And responsibilities should be assigned to the right people who have access to the right information concerning retirees.

© 2020 Elixir All rights reserved.

Introduction

Pension administration in Nigeria has been saddled with many problems, both in the public service and private sector. The public service operates an unfunded Defined Benefit Scheme and the payment of retirement benefits are budgeted annually. The annual budgetary allocation for pension has been one of the most vulnerable items in budget implementation in view of resource constrains. Indeed, even where budgetary provisions are made, inadequate and untimely release of funds culminate in delays and accumulation of arrears. However, current huge arrears of pension payments are only the symptom of a much deeper crisis. As the scheme is not funded, opportunity for the accumulation of investible funds is lacking. Even where funds were accumulated under some parastatals schemes, restrictive investment policies and practices sometimes limits the capacity of such funds to grow.

Also, political instability and unstable labour policies in the past had endangered massive premature retirements thus creating an unstable pensioner to-active worker ratio. In addition, inadequate delivery structures for payment and lack of a data base of pensioners have resulted in delayed payments of benefits and consequent near destitution of pensioners; adverse publicity in the media and projection of society and government as uncaring to the plight of its senior citizens. Such pecuniary problems of the former Pension Scheme in the country have resulted in insecurity and contributed to high level corruption in the active work force.

It is important to mention that an estimated outstanding pension liabilities across the country of approximately N2 trillion cannot be sustained within the Defined Benefits Pension Scheme. This led to the reformation of the Pension Scheme which culminated in the 2004 Pension Reform Act in Nigeria.

However, the Act has been enacted without much sensitization of the workers who the law directly affects.

According to Ojujoh, (2005), some important highlights of the previous Pension Act 1990, repealed by the present Act include;

- It lacked contributory provision from the employees in the public service,
- Where an employee puts in 5 years of service, he becomes qualified for gratuity payable in lump sum of money at once on retirement, to enable him rehabilitate himself and his family.
- After 10 years of service in the Public Sector, an employee becomes qualified for both gratuity and pension where such employee retires voluntarily, he is paid his gratuity in block and then starts to receive his monthly pension upon attaining 45 years old. However, where the employee is compulsorily retired before attaining 45 years of age, he starts receiving his pension immediately in addition to the paid gratuity in lump sum.

Historical Development of Pension Administration

The colonial service provided the earliest form of structured organized employment in Nigeria, The British colonial office established a pension plan for the colonial administrators and later extended it to indigenous Nigerian.

The first pension legislation in Nigeria was enacted in 1951 and was then known as the pension ordinances. Although the ordinance was promulgated in 1950, it had retrospective effect from January 1946. The colonial pension law was primarily designed for the United Kingdom officers, who were moved from post to post in the vast British Empire. The intension was to ensure that they maintained continuity of service wherever and whenever they were sent to serve. The colonial pension law made the granting of pension at the pleasure of the Governor-General. Under that ordinance therefore, pension was not an automatic right of Nigerians. It could be withheld or denied to an officer if he was found guilty of negligence or misconduct.

However, various pension and legislations have taken place. Such enactments or legislations include the following:

- Pension Act Cap. 147
- Pension (increase) Act Cap. 147b
- Pension (retired and transferred officer employed by statutory corporations) Act Cap, 148
- Widows and Orphans Pension Act as amended by Widow and Orphans Decree 1973.
- Pension (special application) Act 1960
- Pension (special provision) Act 1961
- Pension (statutory corporation service) Act 1961
- Pension Act 1964
- Pension (transferred service) Act 1965
- Police (pension) Decree 1966
- Pension (Federal Fire Service) Decree 1966
- Pension and Gratuities (War service) Decree 1966
- Pensions (increase) Decree 1972

However, in 1979, the military government promulgated a Decree no 102 known as Pension Decree 1979. The Decree then consolidated the above enactments dealing with pensions; war pension and disability benefits and gratuity for civilian employee of the public service of federation. The Decree is also used for the award of pension and gratuities in the other tiers of government (state and local government). In fact, federal government exercises exclusive power over matters relating to pension and gratuity. The Decree though promulgated in 1979 has retrospective date of 1st April, 1974.

Statement of Problem

The problem of developing effective strategy for pension administration in Delta State civil service Nigeria today is responsible for the delay in the payment of benefit, in correct record keeping and inadequate accountability of public fund.

The non-implementation of budgeted income to pensioners, delay in the payment and denial of pension accrued to pensioners, leads to pensioners protesting over non-payment of pension and non-compliance with the ethics of civil financial management.

Based on this, the researcher had embarked on this study to find out or develop effective strategy for pension administration in Nigeria.

Hypothesis

For the purpose of the study, the following hypotheses were put forward.

H₀: Are there problems that bring about poor pension administration in Delta State.

H₁: Are there no problems that bring about poor pension administration in Delta State.

H₀: The strategies for pension administration have not been efficient and effective in the Delta State civil services.

H₁: The strategies for pension administration have been efficient and effective in the Delta State civil services.

H₀: Are there challenges that hinder effective pension administration in the Delta State civil service.

H₁: Are there no challenges that hinder effective pension administration in the Delta State civil service.

Theoretical Framework

For the purpose of this research work, the human relation theory which was propounded by Elton Mayo in the year (1920) is used in explaining the development of effective strategy in pension administration in Nigeria civil service in Delta State.

There are different theories such as scientific management theory, behavioral management theory, human

relations theory and so on. The problem already identified with the scientific management theory made the emergence of another school of thought imperative. The workers who were dissatisfied with the scientific management technique resisted its use and at times even withheld their job knowledge from management to protect their jobs and pay experienced machine operators, for example slowed their machines in undetectable ways by adjusting the tension in the bells or by mis-aligning the years, workers sometimes even develop informal work rules that discourages high performance.

It is against the above backdrop that the idea of the human relations theorists became eminent. The human relation theory incorporated and extended the classical theory and became the forerunner of the behavioral science theories. By the early 1920s businessmen had begun to note some of the dysfunctional effects associated with trying to standardize workers and jobs. It becomes clear that the individual could no longer be thought of as a mere appendage to machines. Practicing managers began to realize that management might seek standard skills and standard methods but it could not expect perfect standards, and motiveless behavior from employees.

Management deal with the whole man rather than just his skills and attitude, for people want to be treated as human beings with at least some recognition given to their individual needs, wants and so on. This group therefore felt that manager must help people or workers to satisfy their natural desires to belong, to feel an important part of the unit and organization of which they are members.

Taken into cognizance of the above, the most famous study in humans were conducted in what is today known as Hawthorne study, this study helped to infer that in any work situation there are formal groups and informal groups which influence performance and work productivity. This theory (human relation) advocates for a mutual relationship or cordial relationship between the employer and employee in an organization and for the proponent of this theory it is only when there is a good relationship between the workers and management that there can be increased productivity because the employee see the welfare of its workers as number one priority because it will make them to put in their best and this will as well increase the development of a good and reliable pension scheme because the management will not want the employee to suffer after service because of the love and good relationship between them.

In a nutshell, the article will employ the human relation theory in explaining these topic because pension here means, retirement benefit paid to a retired officer by his employer for the services rendered. The pension is a welfare benefit which the employee gets and the payment is made according to hierarchy in office and by so doing it brings about efficient and effective productivity both in organization and amount or rate of welfare given to employees when retired.

Pension scheme has become acceptable in most, if not all the countries of the world. This is because there is an overwhelming justification and rationale for pension. The modality for paying pension has been fought with damning distortions and limitations or challenges in many countries especially the Less Developed Countries (LDC) with particular reference to Nigeria. The Nigeria civil service operated an unfounded defined benefit schemes and the payment of retirement benefit were budgeted annually. The annual budgetary allocation for pension was often one of the most vulnerable items in budget implementation. In budget

provision were made inadequate and untimely release of fund results in delays and accumulation of arrears of payments of provision rights.

The dehumanization and suffering of the pensioners has been widely reported in the electronic print media. Scholarly publications have also focused on the plight of pensioners regarding inadequacy, shabby and irregular payment of their pension entitlements among other problems. Ogunbameru, 1999, Elurailade 1999 and Idowu 2006, focused on the inadequacy of the payment of pension. The television stations and newspaper, have repeatedly shown or written on how pensioners, who are no longer in their prime on many occasions, queued for long hours, waiting to be attended to by the civil servants (the Punch 2005) some of them have collapsed in the process. Some other useful experience of pensioners had been reported to include offering bribe to the civil servants, so that their files could be located and processed. It is against this background that Omiumu (2001) aptly described civil servant as enemies to their retired colleagues.

Good times come and go, retirement is definite and the question therefore is “can people still live a good life after retirement”? The non-implementation of budgeted income to pensioners, and non-effective strategy for pension seems a growing problem in Nigeria economy. Some retirees are forced to continue to work throughout their life not out of choice but for lack of means of sustenance at old age. They are therefore forced to go in search of menial jobs to make ends meet, since they are not even sure of getting their pension.

Apart from the stress associated with working at old age, how relevant can individual be at age of 70 or 80 in the face of ever changing knowledge brought about by advancement in technology? Beside of what use is life without rest at old age? Even where one is willing and able to continue working, the opportunity for the elderly to continue working is declining. Pension system is designed to provide an income to those individuals who suffer a less in earning capacity due to disability or dearth of a wage earner in the family. A pension is an earning payable at a regular interval to someone who retired from a pensionable employment. It is also a promise of an employer which he grants to his employee after retirement.

Types of Pension

There are two main types of pension which include

- Defined contribution – based on how much money has been paid into your pension pot.
- Defined benefit (final salary or career average) based on your salary and how long you have worked for your employer.

Defined Contribution

These are sometimes known as money purchase pensions, they can be personal pensions arranged by you or work place pensions arranged by your employer.

The money paid in by your or your employer is put into investments by your pension provider. The amount you get when you come to take your pot depends on how much was paid in and how well the investments, have done. The value of your pot can go up or down depending on your investments.

With defined contribution pensions you decide how to take your money out.

Types of defined contribution pension.

These include;

- Executive pension plan
- Group personal pension
- Master trust pension (e.g. Nest, now pension, the people’s pension)
- Sipp (self invested personal pension)
- SSAS (small self administered schemes)
- Stakeholder pension

Define benefit (final salary or career average).

These are sometimes known as “final salary” or career average pensions. Defined benefit pensions are nearly always workplace pensions arranged by your employer.

How much you get depends on your salary and how long you’ve worked for your employer and a calculation made under the rules of your pension scheme your provider guarantees a certain amount each year when you retire.

Pension Scheme in Delta State

The pension scheme was inaugurated in 2014 known as contributory pension scheme. First introduced in Nigeria and later adopted in Delta State in 2014. The new pension scheme is to address the short comings of the pay as you go scheme by ensuring that workers in the public service and private sectors are paid their retirement benefit as at when due.

Since the inception of the scheme, a considerable amount of people who retired under the contributory pension share have been paid their retirement benefits through the various pension funds administrators (PFA).

This pension scheme was introduced in order to effectively pay retirees their pension and to alleviate the plan of pensioners and to also ensure that the slogan properly for all Delta be accomplished to make Delta, one of the top pension paid states in the country.

Challenges that Hinders Effectives Pension Administration

These expectations arise from the need to have sustainable standard of living in retirement and their benefits paid as at when due. And the key challenges facing the stakeholders in the pension administration is an auctorial perspective. In broad terms, the challenges arising from different areas of pension administration include the following transitional pension management, guaranteed minimum pension, additional voluntary contributions pension protection fund and so many others.

Transitional Pension Management

The current problem that beleaguered pensioners from pay-as-you-go (PAYE) defined benefit scheme in Nigeria include, delayed or non-payment of pension entitlement, misappropriation of existing pension funds (existence of ghost pensioners). Low standard of living or high poverty incidence among pensioners due to pension increases not in line with salary inflation the economy or no pension increase at all.

Inadequate enforcement of pension regulation over (10) ten years of existence of CPS, not all state governments had enacted their pension laws to establish CPS which is a sign of regulatory weakness.

Guaranteed Minimum Pensions

The guaranteed minimum pension, which will be specified from time to time by PENCOS, is a provision for protecting all retirement savings account holders who have contributed to a licensed pension fund administrator for a number of years but have not accumulated enough to have a decent standard of living in retirement. Thus it is an income

support from the government which can be considered as a variant of social security policy – that ensure redistribution of resources to act as a safety net for pensioners.

Additional Voluntary Contributions:

There is lack of valuation of an individual member's De plan by PFA with a clear objective to measure sustainable retirement income before allowing an individual to make his/her choice of AVC. The concept of replacement ration provides an effective connection between the accumulation and deaccumulation phases of a De plan member's life cycle with the exception of tax benefit there is also no incentive for additional savings towards retirement, particularly there is a minimum guaranteed pension to be funded by the Government.

The above arises from the expectation that all return on invested funds belong to contributors (employees) except for the minimal fees/charges expected for the operators.

Pension Protection Fund:

PENCOM had been mandated to establish and maintain a fund to be known as the pension protection fund for the benefits of eligible pensioners approved or recognized under section 82(1) of PRA 2014.

The responsibility of the government in other jurisdictions is to ensure that pensioners will not have less than a certain amount to live on. And this metric is more appropriate than a percentage of total monthly wage bill of employees in the public service of the federation. On the other hand the adequacy of the pension protection fund will be tested and implemented to take effect retrospectively, thereby allowing all those who have retired since the contributory pension scheme was established in 2004 to qualify for the next level of pension in payment to be set by PENCOM.

Problems of Pension Administration

There has been a lot of problems associated with pension schemes in Nigeria. The Public service operates an unfunded Defined Benefits Scheme and the payment of retirement benefits are budgeted annually. The annual budgetary allocation for pension has been one of the most vulnerable items in budget implementation in the light of resource constraints. Indeed, even where budgetary provisions are made, inadequate and untimely release of funds result in delays and accumulation of arrears of pension and gratuities of retired workers. As the scheme is unfunded, there is no opportunity for the accumulation of investible funds. Even in cases, where funds were accumulated under some parastatals schemes, restrictive investment policies and practices sometimes have limited the capacity of such funds to grow. Also, political instability and unstable labor policies in the past had endangered massive premature retirements, thus creating an unstable pension-to-active-workers ratio.

Furthermore, poor administration, inadequate delivery structures for payment and lack of a database of pensions have resulted in delayed payment of benefits and consequent near destitution of pensioner, adverse publicity in the media and portrayal of the government and the society as uncaring to the plight of its senior citizens (the pet name for retirees). However, such inherent problems of the past pension scheme in the country have resulted in a lot of insecurity and seemed to have encouraged high level corruption in the active workforce. In the last few years, a number of pension reviews have been carried out by the Federal Government. These reviews which adjusted pensions and gratuity of retirees upwards without provision of funds to back them up

is another major problem of pension administration in Nigeria. Prior to the commencement of the new pension scheme in 2004, an estimated outstanding pension liabilities nationwide rose to the tune of N2 trillion, consequently, defined Benefits Pension Scheme cannot be sustained.

Factors Attributable to Poor Pension Management in the Delta State Civil Service

Poor Record Keeping

Poor record keeping has been the bane of Nigerian-public scheme. Many pension departments at the federal, state and local government level have no up to date records of retirees whether they are living or dead. This in turn makes it impossible for them to determine their actual pension benefit obligation; at any particular time. It has been discovered that most government pension department are not computerized.

Incident of Ghost Workers:

Because of poor record keeping their have being reported cases of ghost pensioners in all the tiers of government. Corrupt officers take advantage of administrative lapses to perpetuate fraud on a massive scale -to the detriment of both the government and the pensioners. This in turn undermines the ability of the government to pay benefits in future.

Low Quality Man Power

Many government pension department managed not by staff specifically trained for pension scheme. In the same view, members of trust of government parastatal are hardly conversant with the rudiments of pension scheme administration.

Non-Actual Valuation of the Scheme

The Nigeria civil scheme has never at any level been subjected to any actual valuation. This explains why it is almost impossible to determine its current status, extract amount needed to meet all pension obligations, growth rate of membership of the scheme, level of funding required to sustain this and future prospects of the scheme. All these makes planning for the efficient running of the scheme an arduous task.

Non-Taxation of Pension Benefits: Despite the hyper-Inflationary situation in Nigeria, which has been on the decades now, pension payable for retiree are not inflation indexed. Pensioners are now getting some relief only because of the recent pension harmonization exercise.

Inadequate Pension Benefits

Until recently when computation of pension started to be based on total emoluments as against basic pay public service pension were very measure. Many public servants relapse into destitution immediately after retirement with many falling sick and prematurely. This situation rebates the very concept of a pension scheme.

Low Worker Morale in Pension Departments

Pension departments in the public services are often not provided with the required working tools and necessary infrastructures. The staff of these departments are often not fully motivated, often times, to the point of frustration. Many become fraudulent because of this situation; these problems affect their attitude to work and the image of the department they work for.

The Udoji Pension Reform

The public service review commission (1972 - 1977) widely known as Udoji commission was a mile stone in the annals of the Nigeria public service because of its comprehensive review work and land mark recommendations encompassing all levels of government. The commission

recommendation with respect to pension scheme in the public service were based on the following principles,

➤ Payment of pension or gratuity should be seen as a deferred pay.

➤ The vesting of pension rights in the employee. These means pension benefits for which a public servant qualifies are his, by rights and therefore cannot be withheld, reduced or otherwise tempered with.

➤ Payment of pensions and gratuities shall be charged on the paid out of the money voted for that purpose by government a non-contributory, pay-as-you-go arrangement.

➤ All public sector schemes should be modified to promote mobility of labour within the public services.

➤ All persons who comes within the umbrella of the pension Act circulars, standard directors and rules (refer to above) should be eligible for same retirement benefits.

➤ The private sector companies should continue to run their individual pension schemes.

➤ Strengthening and recognition of the National provident fund as autonomous body to carry out its responsibilities.

➤ Whenever new salary scales are approved, there should be corresponding change in retirement benefits.

It is worthy to note that the Udoji commission, in what is described as a long-term consideration, also recommended that a national pension plan should as resources and capacities be allowed. Specifically, the commission said; we propose a National plan as a goal towards which the nation could move as resourceful and capacities allow such a plan should be tailored to economic and social realities and have the necessary flexibility to adapt.

Data Presentation and Analysis

In presentation of data, it is necessary to analyze the test question in the questionnaire used for this study. Response from the general information on section of the questionnaire indicate that 400 (four hundred) sample size and the population of 3,000 (three thousand) and out of the 400 questionnaire that was given out, three fifty was returned and fifty was not returned and the researcher made use of three fifty questionnaire in carrying out the work.

Data Presentation

Table 1. Questionnaire Distribution and Collection

Options	Respondent	Percentage (%)
No of questionnaire distributed	400	100%
No of questionnaire returned	350	87.5%
No of questionnaire not returned	50	12.5%

Source: Field Survey 2017

Table 2. Sex Distribution of Respondents

Options	Response	Percentage (%)
Male	200	57.1%
Female	150	42.9%
Total	350	100%

Source: Field Survey 2017

The above table (table 2) shows the sex distribution of the respondents 57.1% of the respondents are male and 42.9% female.

Table 3. Age Distribution of Respondents

Options	Response	Percentage (%)
30	110	31%
31 – 40	90	26%
46 – 59	150	43%
Total	350	100%

Source: Field Survey 2017

The above table (3) shows that 31% of the respondents are of the age bracket 30 years, 26% are 31 – 40 years, and 43% are within the age bracket of 46 – 59 years.

Table 4. Marital Status

Options	Response	Percentage (%)
Single	150	42.9%
Married	200	57.1%
Total	350	100%

Source: Field Survey 2017

The above table shows 42.9% of respondents are single while 57.1% are married.

Table 5. Educational Qualification

Options	Response	Percentage (%)
WASC/GCE	60	17.1%
OND/NCE	100	28.6%
HND/B.Sc	120	34.3%
M.A/M.Sc/MBA	70	20%
Total	350	100%

Source: Field Survey 2017

The above table (5) shows that 17.1% of the respondents have WASC/GCE qualification, 28.6% have OND/NCE, 34.3% have HND/B.Sc qualification while 20% have M.A./M.Sc/MBA qualification.

Table 6. Position of Respondents

Options	Response	Percentage (%)
Senior Manager	50	14.3%
Supervisor	200	57.1%
Officer	100	28.6%
Total	350	100%

Source: Field Survey 2017

The above table (6) shows that 14.3% of respondents were senior manager, 57.1% of respondents are supervisor while 28.6% are officers.

Table 7. Are budgeted incomes to pensioners implemented?

Options	Response	Percentage (%)
Yes	180	51.5%
No	170	48.5%
Total	350	100%

Source: Field Survey 2017

The response from the above table show that 51.2% of the respondents agreed that the budgeted income to pensioners are implemented while 48.5% disagreed.

Table 8. Is there a significant effect on pensions as a result of non-payment of pension?

Options	Response	Percentage (%)
Yes	200	57.1%
No	100	28.6%
Neutral	50	14.3%
Total	350	100%

Source: Field Survey 2017

From the above table it show that the constituting of all respondents with 57.1 agree, that there is effect on pensions as a result of non-payment of pension, 28.6% respondents are not in agreement while 14.3% are neutral.

TABLE 9. Was there any delay in payment of pension?

Options	Response	Percentage (%)
Yes	190	54.3%
No	100	28.5%
Neutral	60	17.2%
Total	350	100%

Source: Field Survey 2017

The above table shows that 54.3% of the respondents are of the opinion that payment of pension are delayed while 28.5% of the respondents show they are of the opinion that

there is no delay in the payment of pension and 17.2% had neutral concerning the delay of pension.

Table 10. Can a more effective and efficient strategy for pension administration be ensured?

Options	Response	Percentage (%)
Yes	316	90.2%
No	20	5.8%
Neutral	14	4.0%
Total	350	100%

Source: Field Survey 2017

The above table shows that 90.2% agree that more efficient and effective strategy can be ensured, while 5.8% respondent was of the opinion that no improvement can be made in the administration of pension and 4.0% have a neutral opinion that there can be improvement in the strategy of administering pension.

Table 11. Can an effective strategy of pension administration be related to inadequate accountability of public funds.?

Options	Response	Percentage (%)
Yes	200	57.1%
No	50	14.3%
Neutral	100	28.6%
Total	350	100%

Source: Field Survey 2017

Table shows that 57.1% are of the opinion that inadequate accountability of public funds can be related to non-effective and efficient strategy of pension administration. However, only 14.3% are not of the opinion that effective strategy of pension accountability of public funds while 28.6% are neutral.

Test of Hypothesis

In testing the hypothesis, chi-square formula was applied.

Chi-square formula

$$X^2 = \sum \frac{(o_i - e_i)^2}{e_i}$$

O = Observed frequency

e = Expected frequency

∑ = Summation

In this research work three hypotheses were tested. Testing was done using chi-square statistic to provide premises for rejecting or accepting the hypothesis.

Hypothesis One

Hypothesis H₀: Are there problems that bring about poor pension administration in Delta State.

No of Options	O _i	∑i	O _i - e _i	(O _i - e _i) ²	$\frac{(O_i - e_i)^2}{\sum i}$
Yes	200	116	-16	9.1	0.07
No	100	116	84	4	0.03
Neutral	50	116	-66	8.1	0.06
Total	350				0.16

Decision Rule: If X² calculated is greater than X² critical value reject the null hypothesis and accept the alternative hypothesis, while if X² calculated is lesser than critical value you accept the null hypothesis and reject the alternative hypothesis.

$$D.f = n - 1$$

$$= 3 - 1 = 2$$

$$X^2 = \text{Critical value is } 5.991$$

Decision: Since X² calculated is lesser than X² critical value, we accept the null hypothesis, which state there, are there problems that brings about poor pension administration in Delta State

Hypothesis Two

Hypothesis H₀: The strategies for pension administration have not been efficient and effective in the Delta State civil services.

No of Options	O _i	∑i	O _i - e _i	(O _i - e _i) ²	$\frac{(O_i - e_i)^2}{\sum i}$
Yes	160	116	-44	6.6	0.05
No	100	116	-16	4	0.03
Neutral	90	116	-26	5.7	0.04
Total	350				0.12

Decision Rule: If X² calculated is greater than X² critical value reject the null hypothesis and accept the alternative hypothesis, while if X² calculated is lesser than critical value you accept the null hypothesis and reject the alternative hypothesis.

$$D.f = n - 1$$

$$= 3 - 1 = 2$$

$$X^2 = \text{Critical value is } 5.991$$

Decision: Since X² calculated is lesser than X² critical value, we accept the null hypothesis, which states that the strategies for pension administration have not been efficient and effective in the Delta State civil service.

Hypothesis Three

Hypothesis H₀: Are there no challenges that hinder effective pension administration in the Delta State civil service?

No of Options	O _i	∑i	O _i - e _i	(O _i - e _i) ²	$\frac{(O_i - e_i)^2}{\sum i}$
Yes	200	116	84	9.1	0.07
No	100	116	-16	4	0.03
Neutral	50	116	-66	8.1	0.06
Total	350				0.16

Decision Rule: If X² calculated is greater than X² critical value reject the null hypothesis and accept the alternative hypothesis, while if X² calculated is lesser than critical value you accept the null hypothesis and reject the alternative hypothesis.

$$D.f = n - 1$$

$$= 3 - 1 = 2$$

$$X^2 = \text{Critical value is } 5.991$$

Decision: Since X² calculated is lesser than X² critical value, we accept the null hypothesis, which states that, are there no challenges that hinders effective pension administration in the Delta State civil service.

Summary of Findings

The purpose of this study is to find out the intrinsic and extrinsic causes of poor pension administration in the Nigeria civil service. A retirement income system is supposed to perform two important tasks. The first is to ensure that elderly people have income high enough to allow them live in dignity no matter what their circumstances were during their working years. The second is to maintain a reasonable relationship so that there is no drastic reduction in a person's standard.

Neither one of these objectives is being fully met as lots of pensioners today lives in abject poverty. Many workers with average income experience sharp drop in their standard of living when they retire. However, holistic change is required in order to create a framework that will enable consumers have greater financial security at old age. The findings of this research were drawn mainly from information gotten from chapter two (literature review) and chapter four of this research.

In chapter two, various literature in connection with the strategy adopted in administering pension especially in the Nigeria civil service were reviewed as well as literature relating to the statement of problem in chapter one later reviewed in chapter two. In chapter four responses were arranged, tallied into frequencies and equally tabled. These responses were later converted to percentages and interpretations and findings were on the data collected, also, was the use of chi-square test analysis to test data collected.

The following represents the major findings of this study from the perception of respondents to the delay in payment of pension. 54.3% agreed that there is a delay in payment of pension while 28.5% did not agree that there was a delay in payment of pension. 17.2% were neutral regarding if there was a delay in pension payment.

As to whether there is a significant effect on pensions as a result, non-payment of pension 57.1% agreed that there is a significant effect while 14.3% were neutral about a significant effect. Only 28.6% refused that there is a significant effect on pensions. The perception of respondents to whether a non-effective and efficient strategy of pension Administration could be related in adequate 57.1% of the respondents in agreement while 14.3 disagreed 98.6% were neutral.

The respondent's perception to non-implementation of budgeted income to pensioners had a total of 51.4% agreeing that budgeting income to pensioners were not implemented while 48.5% disagreed that budgeted income to pensioners were not implemented.

From the chi-square test analysis as to whether non-effective and efficient strategy for pension administration be linked to poor pension governance. The chi-square test analysis proved that non-effective and efficient management can be linked to poor pension governance.

Test 2: The strategies for pension administration have not been efficient and effective in the Delta State civil service.

Conclusion

Based on the findings of the study, the following conclusion has been made. The system of pension administration in Nigeria civil service is one that is non-effective and efficient as it does not ensure a proper standard of living is met after retirement. Retirement in Nigeria civil service have little or no expectation concerning financial benefits as the norm concerning payment of pension entails delay in the payment of pension and in some cases denial. These brings about significant drop in the standard of living for people who may not have made alternative and do not have trusted relations to assist them financially.

Recommendations

After a careful analysis on the different responses collected from questionnaires and interview, some recommendations were made, the recommendations made includes that of how the new pension will be effected.

- Committee should be set up to audit the performance of pension boards and other pension bodies.

- Responsibilities should be assigned to the right people and the must have access to the right information concerning retirees and their overall performance should be subjected to right performance review.

- Retirees should be solely dependent on pension after retirement, no matter how effective the strategy adopted in the administration of pension fund is alternate plans should be made from day one of start of one's working years. This could include setting aside a percentage of one's salary in anticipated retirement.

- Government should put in place legal legislative instrument that would ensure that the reform would be implemented over an infinite horizon (long term) such that it would align with political economy of the country and enjoy the support from subsequent government.

- Also necessary framework and good governance should be put in place to ensure that the image pool of funds generated would be effectively and judiciously invested to develop infrastructures and transform economy.

References

- Agu A. (2008). *Research Methodology*. Onitsha Najutel Nigeria Ltd.
- Ajibola, O. (1989). *The Review of the Civil Pension Scheme*. Lagos. Prudent Printing Press.
- Ajakemo, B. C. and Aroh, E. C. (2003). *Public Service System in Nigeria*, Enugu, Nigeria; Cheston Agency Ltd.
- Bayliss, S. (2000). *Holistic Approach to Pension Income Reform USA: United Middle Press*.
- Benucci, J. (2000). *Public Employee Retirement Administration Commission*, New Jersey: Perac Communications.
- Bayliss, S. (2000). *Holistic Approach to Pension Income Reform*, New York: United Middle Press.
- Funso, O. (2006). "Pension Funds Management: An Imperative for a Secured Future", *Journal of Management Science*, Vol. 2, No. 1.
- Nweke, A. (1999). *Pensions and Other Retirement Benefits in Public and Private Sectors in Nigeria*. Enugu: -Zeblytho Enterprise.
- Ogoebunam, F.E. (2006). *Pension Administration Guideline*, Awka: Micro Printing Press.
- Onwuchekwa, C. I. (1995). *Personnel Management* Awka: Goshen Publishers Enterprises.
- Ubaka, C. li, (2000). *Public Sector Accounting and Finance*. Enugu: New Life Publications.
- Uzoma, P. A. (1984). *Pension Schemes in Nigeria*. Lagos: Gentle Press. Pension Act Cap. 147 Laws of Nigeria 1958. Pension Act No. 102 of 1979 (Cap. 346 of the Laws of the Federation of Nigeria, 1990).
- Public Service Review Commission (Udoji Commission) Main Report 1974. The New Pension Reform Act, 2004.