



RETIREMENT POLICY AND IMPLEMENTATION CHALLENGE IN EDO STATE CIVIL SERVICE

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ABSTRACT

It is an obvious fact that retirement is an exercise that awaits every worker, an inevitable stage that every worker must attain. But the exercise in Nigeria is one that is dreaded by all and sundry and this is borne out of the ineffectiveness and inefficiency associated with the implementation of the policy in Nigeria therefore this research examined retirement policy and challenges of implementation in civil service of Edo State. The researcher examine whether the retirement policy is properly being implemented in Edo State civil service, the paper came out and revealed that retirement is not properly implemented in the civil service in Edo State and it was recommended among other that the retiree of civil service in Edo State must come together and form organized and unified group with articulated interest and elect one who is very much recognized in terms of the level of education attained and who highly influential and also one who has the knowledge of what retirement is all about. The person must be a fellow retiree free from corruption and willing to represent the interest of the pensioners. Potential and active retiree must be enlightened in order to know all what pension entails, also provision must be made in adequate

retirement policy to be implemented in the civil service of Edo State and employee satisfaction with the pension scheme.

Keywords: Retirement, Policy, Implementation, Challenge, Civil Service.

INTRODUCTION

The inevitability of agency has made retirement a natural normal phenomenon in the world of work. The importance of work was in the fact that it determines the social and economics status of an individual and influences, philosophy, attitude, dressing, behavior and belief of an individual. However despite the magnitude of work to individuals and wellness of the society in general, work is inexhaustible to individuals, hence workers must disengage from work (retire), therefore retirement is a stage in life that is normal for any worker (public or private) that do not due in active service must undergo. The life span of an individual is divided into three phases, in which retirement is one, the first phase, period of birth up to time of schooling or training before employment. The second phase period of work, and individual at this stage engage in activities for financial reward. The third phase, the period of retirement is the point of severance from work, which falls under the ambit of disengage so that the social gerontology. Here people must disengage so that the social system will not be disrupted when an individual dies (Morgan and Kunk 2001). Owing to this inevitability, individuals prepare themselves and their dependents, providing psychological and material needs in order to ensure that the dependents have the ability to support themselves when they die, retirement is a major condition through which individuals gradually relinquish roles and position within the social milieu owing to age.

Retirement is not tantamount to redundancy neither a palliative period, but a tune of self freedom with the compulsion of work chetates in which an individual is free to spend his/her time as wished (Havighurst, 2008)). But in view of the continual increase in the number of retirees is becoming a mirage. This is because it has become cumbersome for the public and private sector met

financial commitment for retirement, as payment of benefit is dog with difficulty owing to increase in number of retirees, which is a direct consequence of increase in number of older persons in general. In an attempt to address the challenges of fiscal distress in retirement, the federal government of Nigeria introduces the pension Act of 2004. The act abolishes noncontributory pension and introduced contributory pension. Despite the pension Act, retirees still find it difficult assessing gratuity and monthly pension.

The public services operate an Unfunded Defined Benefits Schemes and the payment of retirement benefits are budgeted annually. The annual budgetary allocation for pension has been of the most vulnerable items in budget implementation in the light of resources constraints. Indeed, even where budgetary provision are made inadequate and untimely released of funds result in delays and accumulation of arrears. As the scheme is unfounded, there is no opportunity for the accumulation of indivisible founds. Even when the funds were accumulated. Pension fund administrators will siphon it thereby making it difficult if not impossible for the retirement benefit provided by the government to reach the supposed beneficiary (Amujwi, 2009).

Moreso, the administration of retirement policy in the Edo State civil service has been faced with similar challenges especially in the area of implementation. It has even come to the point that pension find administration has made retirement so miserable that many workers are afraid of retirement in the civil service. And this goes to agree with what the then president Olusegun Obasanjo said in (2004) when he noted that over the years, retirement in Nigeria society has become synonymous with suffering as if agency were a curse rather than a blessing.

METHODOLOGY

The research work explores primary and secondary sources if materials in sample random which implies the issues of retirement policy and implementation challenge in Edo State civil service in Nigeria, data from textbooks, journals, newspaper, magazines, internet and libraries were made use of.

Concept of Retirement

Public servants retiring on the grounds of age should be treated as was veterans and not as dead woods to be burnt (Ejiofor, 1987). Retirement is the final bus stop in the ascension of the ladder of private or public service. During this period, a lot of factors come into play which involve country of gains and addition during the period of service (Euzue 1998).

Whether one works for the government, a prastatals, a private concern, a non-organization, the church as a priest or a pastor or whether one work for himself/herself, one day one will eventually withdraw from these activities for very many reason to go and have a rest from the particular activities. This action or process is known as retirement for Watson (2002) retirement means a voluntary or force cessation of work in an occupation for which a person was paid on agreed wages or salary. This definition implies that a self-employ person cannot retire or is not include in the list of those who should retire.

Retirement is a significant milestone in life and as such needs for thought and planning. According to Prince (2004), with the creation of social security a financial incentive or pension was made available in older workers to encourage younger workers take encourage younger workers, take their place, thus stimulating economic growth and progress. Oniye (2004) it is an indication of the concluding stage of the occupational cycle at which certain material, vocational and experimental achievement are expected of the retiree.

According to Akinade (1993) these include personality conflicts among colleagues or with a persons boss employer or with a persons, spouse, frequent transfers by employers, feeling of being unwanted intense unhappiness and dissatisfaction in work place. Disclof (2003), included technological obsolescence, cyclonical unemployment and relocation of major firms, as some other reasons for voluntary retirement of the part of some other people. Also according to Alutu (1999), it is important to note from the onset that among the various categories of workers in labour force in Nigeria, the workers approaching retirement and the retired should be our great concern. Again Oniye (2001), retirement generally implies the terminal cassation, relaxation or

change in one's economic activity, social/legally prescribed for workers in later life.

Akanbade (1993) retirement is a given stage of life when one leaves an occupation which one had been involved in for a considerable length of one's working life.

Oniye (2001) went further to assert that retirement in the opinion of experts is an inevitable stage of ageing where the individual gradually disengages from the main stream of active work/social life and is eventually replaced by a younger person in most cases.

Origin of Retirement in Nigeria

The practice of working to earn a wage as a means of existence is a relatively new phenomenon in most developing countries, particularly, African countries like Nigeria. Before the colonization of the African continent, most Africans engaged in subsistence agriculture on their available vast and virgin farm land. A few engaged in cattle rearing or some form of cottage industry like weaving or blacksmithing. The African people were mostly self-employed; the idea of working for another person, no matter his status in the society, and even for payment was considered degrading because it was associated with slavery, with the colonization of the continent things began to change, the colonial masters needed local labour to run their administration and to develop the infrastructure that would facilitate the exploitation of the natural and agricultural resources of the territory as these were needed in the industries back home. The people were therefore forced against their will to work for payment for their colonial government for instance Lord Frederick resorted to a policy of forced labour with pay in order to secure sufficient labour needed for railway/road construction in Nigeria in 1918 through the forced labour policy was discontinued in the 1930's for a number of socio-economic reasons, the institution of wage employment had by then become established fostered by a number of social and economic factors operating at that time. The foundation for the present labour laws and practices in the continent was thus laid by the colonial administrators, thus the practice whereby workers in the modern sector

of the economy are granted annual or periodic leave away from their work as well as formal retirement from active work originated from the colonial period.

Retirement and Pension Policy in the Public Sector

During retirement a retiree a retiree public officer usually receive certain benefit in firm of gratuity and pension, gratuity is the sum total lump paid to a worker on existing from the service either through withdrawal or retirement, while pension is the sum of annuity paid periodically, usually monthly to a public servant who disengage from service after attaining a specified age limit usually 65 years or 35 years of active service, in other words, gratuity and pension are postemployment benefits, these benefit are designed to prevent a sudden sharp drop in the financial capacity and living standard of the worker as would happen with the stoppage of his monthly salary and allowances after disengagement. The lump sum of gratuity he is paid is meant to enable the retiree finance any post-retirement endeavor of his choice while the pension replaces the monthly salary the retiree gets while he was still in active service. In this way, the retiree having spend a substantial part of his productive life working to earn a living earn in his old age, that is at retirement, sustain and maintain a standard of living comparable to what he was used to while in the active service. The major statues and statutory regulations for the management and administration of public service pension currently in force in Nigeria include;

- (i) Pension Decree No. 102 of 1979
- (ii) Armed forces pension Decree No 103 of 1979
- (iii) Local government staff pension board edicts enacted by the various state government pursuant to a presidential directives of 1987.

The pension Decree No. 102 of 1979. The pension Decree No. 102 of 1979 which took retrospective effect from 1st April 1974 is the main legal instrument governing public service pension scheme of the various parastatals or organizations including, government institution of higher learning as well as research institutes operating the university salary structure (USS) scale are also

governed by the decree retirement benefits are paid on suitable bases because funds are always available to defray and pension obligation that falls due.

Objective of the Pension Reform Act of 2004

- (1) To ensure that every person who worked in either the public service of the federation. Federal capital territory or privates sector receives his retirement benefits as and when due.
- (2) To assist individuals by ensuring that they save to later for their livelihood during old age and thereby reducing old age policy
- (3) To ensure that pensioners are not subjected to untold suffering due to inefficient and cumbersome process of pension payment.
- (4) To establish a uniform set of rules, regulations and standards for the administration and payment of retirement benefits for the public service of the federation, federal capital territory and private sector, and
- (5) To stem the growth of outstanding pension liabilities.

Function of the Commission

The Pension Reform Act 2004 establishes the National Pension Commission (PENCOM) as the body to regulate, supervise and ensure the effective administrative of pension matters in Nigeria, the function of the commission include;

- (1) Regulation and supervision of the scheme established under the Act.
- (2) Issuance of guidelines for the investment of pension funds
- (3) Approving, licensing, regulatory and supervising pension fund administration, custodians and other institutions relating to pension matters as the commission may from time to time determine.
- (4) Establishing standards, rules and guidelines for the management of the pension funds under the Act.
- (5) Ensuring the maintenance of a National Data Bank on all pension matters.
- (6) Carrying out public awareness and education on the establishment and management of the scheme.

- (7) Promoting capacity building and institutional strengthening of pension fund administrations and custodians.
- (8) Receiving and investigating complaints of impropriety levelled against any pension fund administrator, custodian or employer or any of their staff or agents.
- (9) Performing such other duties which in the opinion of the commission, are necessary or expedient for the discharge of its function under the Act

Power of the Commission

The commission shall have the power

- (1) To formulate, direct and oversee the overall policy on pension matter in Nigeria.
- (2) Fix the terms and conditions of service including remuneration of the employees of the commission
- (3) Request or call for information for information from any employer or pension fund administrator or custodian or any other person or institution on matters relating to retirement benefit.
- (4) Establish and acquire offices and other premises for the use of the commission in such locations as it may deem necessary for the proper performance of its functions under the Act.
- (5) Change and collect such fees, levy or penalties for the management of the pension fund under the Act

The National Pension Commission (PENCOM). The Pension Reform Act 2004 has established pencom to regulate, supervise and ensure the effective administration of pension matters in Nigeria, the commission will achieve the above by ensuring that payment and remittance of contributions are made and beneficiaries of retirement saving accounts are paid as at when due.

Monitoring and Transitional Challenges

The Act took effect in 2005 without any period of adjustment from the old provisions. This is a challenges for the commission because it takes time to learn

and master a new system. Most of the licensed PFAS and custodians would challenges. The commission in terms of how their affairs are monitored and evaluated. Also, the commission roles although spelt out by the Act would be tested by the reality of practice. The issues of contribution evasion is a paramount challenge because some employers would want to evade the scheme by not been registered or not register all of their employers portraying some as contract workers or belonging to other categories that may be considered as non-workers (Oyedele, 2007). Also implementing sanctions to erring agencies by the commission would bring out whether the commission is actually internally strengthened to deliver the needed oversight function. It is mandated by the Act to perform.

Corruption

Again, in a country where corruption has eaten deep into the public and private sectors. It is false to think that the regulatory body like pensom could check fraud in PFAS. To this extent, hundred of millions being ranked in on a monthly basis could be devoured by these private individuals managing pension and or in collaboration with PENCOM officials, moreover, in a country where business are dying as a result of collapsed infrastructure. It will not be easy for PFAS to invest these monies and may therefore run into overheads cost as a result of administrative and other costs, which may eventually collapse the scheme.

Conclusion

The research revealed that the administration of retirement policy in Nigeria public sector and university of Nigeria in particular has with it a lot of implementation challenges, ranging from corrupt practices on the part of policy implementing who engage in reducing the benefits accruable to retirees and delay in the payment of the benefits of retirees, the income of retiree berely comes, and when it dues it is reduced that it hardly meets their basic needs in relation to the economic situation of the country.

Also, retirees and potential retiree live in palpable fear and are ignorant of how what is payable to them are arrived at. This is as a result of lack of enlightenment on the part of government and it is believed that the reason for this anomaly is to create room for government officials to find a loophole of temporary with the benefits of retirees. Based on this, retirees dread the days of retirement as it draws near and are willing to do anything to extend their days in active service. However, for all these to be repositions and the objective of the policy to be achieved, the policy needs urgent review and the committees will be made of government representatives, retirees, representative private sector representative and as well as PFAS representatives.

Recommendations

The following recommendation are as follow;

- i. The retiree in the civil service must come together and form organized and unified group with articulated interest and elect one who is very much recognized in terms of the level of education attended and who highly influential and also one who has the knowledge of what retirement is all about. The person must be a fellow retiree free from corruption and willing to represent the interest of the pensioners.
- ii. The retirees when organized must put up a struggle against the government and the administrator. It must not necessarily be a violent struggle but a non-violent one that will enable them agitate for their rights.
- iii. Government shall as a matter of urgency constitute a committee that will see to the review of the policy and re-address salient areas of the scheme.
- iv. Potential and active retirees must be enlightened in order to know all that pension entails
- v. Provision and adequate retirement policy to be implemented in the state civil service and employee satisfaction with the pension scheme.

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