

The Effect of the Contributory Pension Scheme on Employees' Performance

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Abstract : Pension is a post retirement benefit paid to employees after retirement to cushion the effects of severance from monthly emoluments. It serves the dual purpose of providing financial succour to retired employees as well as motivating employees currently in service to greater performance on duty. However, the scheme, as operated in Nigeria, is prone to some pitfalls such as delayed and irregular payments, inadequate budgetary provisions, employee sufferings and deaths arising from the rigors of verification exercises, among others. This necessitated the replacement of the old scheme with the contributory pension scheme through an enabling law in 2004. The implementation of the new scheme has its own challenges especially in connection with administration. These challenges pose a fundamental problem of establishing a nexus between pension benefits and work performance which represent the focus of the study. The study objectives were to: determine the effect of contributory pension scheme on employees' performance. The study population consisted of National Universities Commission recognized public and private universities in the South West Nigeria. Multi-stage sampling method involving stratified sampling and systematic sampling was used in selecting 359 respondents while data were collected through questionnaire administration. The procedure for analyzing the data included descriptive statistic, normal distribution test and cross-tabulation (gamma coefficient). The findings of the study showed that the existence of the scheme positively enhances employees' performance as indicated by normal distribution test with Z-score (10.169) which is greater than the table value (1.96) at 0.05 level. The study concluded that the scope for enhancing employee current job performance can be quite elastic if future retirement benefits are guaranteed through proper and efficient administration and management of the contributory pension scheme. The study recommended that certain factors such as employers' commitment which account for different levels of confidence between public and private universities should be looked into in order to improve confidence across board while the provisions of the scheme as they affect the PFAs should be properly monitored to ensure compliance.

Keywords : pension, retirement, performance, employees, benefit

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