Contributory Pension Scheme and Transitory Job Loss in Nigeria

[1]ASUBIOJO Abayomi Olusesan (FCA)
Department of Accounting
Afe Babalola University Ado-Ekiti, Ekiti State, Nigeria
Email: asubiojoo@abuad.edu.ng

[2]IGBEKOYI Olusola Esther (FCA, Ph.D.)
Department of Accounting
Adekunle Ajasin University, Akungba-Akoko, Ondo State, Nigeria
Email olusola.igbekoyi@aaua.edu.ng
ORCID 0000-0001-9887-3755

[3]DAGUNDURO Muyiwa Emmanuel (ACA)
Department of Accounting
Afe Babalola University Ado-Ekiti, Ekiti State, Nigeria
Email dagundurome@pg.abuad.edu.ng
ORCID 0000-0002-1177-7101

DOI: 10.56201/jafm.v9.no8.2023.pg35.45

Abstract

Surviving the transitional period of job loss before finding a new job poses significant challenges for individuals. Therefore, this study aimed to investigate how the administration of contributory pension schemes affects transitory job loss in Nigeria. Employing an exploratory research design, this conceptual paper reviews existing literature to assess the extent of research on contributory pension schemes and transitory job loss. The study's findings revealed that individuals who lose their jobs encounter difficulties in accessing 25% of their pension contributions. These challenges arise from complex administrative procedures, non-remittance of contributions by employers, and a lack of awareness about the option to access a portion of their contributions in the Retirement Savings Account (RSA) in case of job loss. Moreover, this research indicated that contributors who experienced job loss, particularly during the COVID-19 pandemic, lacked a savings and investment culture, leading to financial hardship during the waiting period to access a part of their RSA contributions. It was concluded that contributors who undergo transitory job loss in Nigeria encounter obstacles in accessing their pension contributions. The study recommends that efforts should be made to simplify the administrative processes involved in accessing pension contributions to ensure a smoother withdrawal experience for contributors facing job loss.

Keywords: *Contributory Pension Scheme, Transitory Job Loss, Ease of Access to Funds, Administrative procedures, Retirement Saving Account (RSA) Financial difficulty.*

1. Introduction

Over time, the Pension scheme has gained widespread recognition and acceptance, and retired employees now have easier access to their pension funds under improved conditions (Sule & Ezugwu, 2009). The Contributory Pension Scheme was first introduced into the Nigerian system in 2004 through the Pension Reform Act 2004 and was later amended by the Pension Reform Act 2014 to enhance its administration (Akinsinku, 2020). This scheme replaced the previous Defined Benefit Scheme, also known as "Pay-As-You-Go," which was entirely funded by the government. Modeled after the Chilean pension system, the Contributory Pension Scheme was adopted by various other countries around the world (Obasa, 2019). Its primary objective was to address the suffering and difficulties faced by retirees who had experienced years of active service and were left with inadequate benefits under the old Pension Scheme.

The Pension scheme is designed with the aim of ensuring that a specific percentage of an employee's salary, along with the employer's contribution, is deducted monthly and deposited into a dedicated account called the Retirement Savings Account (RSA). Over time, this account accumulates funds and earns interest (Unachukwu et al., 2020). Upon retirement, the worker receives the accumulated amount from the RSA, which can be withdrawn in installments or as a lump sum with the remaining balance paid gradually over time. This serves as the retiree's source of financial support during their retirement years (Obasa 2019).

The primary objectives of the scheme are to ensure that all individuals who have worked in either the Public Service of the Federation, Federal Capital Territory, or the Private Sector receive their retirement benefits in a timely manner (Folorunso, 2015). It also aims to assist those who may not have planned adequately for retirement by encouraging savings to cater to their livelihood during old age. Additionally, the scheme establishes uniform rules, regulations, and standards for the administration and disbursement of retirement benefits in both the Public Service of the Federation, Federal Capital Territory, and the Private Sector (Obasa 2019).

Transitory job loss is a significant life event that has severe consequences on individuals' lives. It occurs when an employed person suddenly becomes unemployed, and even though it is expected to be temporary, its effects extend beyond just the individual to affect family members and the overall economy (Jennie 2013). The repercussions of transitory job loss can be long-lasting and may negatively impact the individual's standard of living in retirement due to the interruption in contributions to pension or savings. Moreover, it can even hinder the prospects of the next generation. According to Jennie (2013), job loss is an involuntary and disruptive life event that significantly alters the trajectory of a worker's life. As this occurrence becomes more prevalent among various segments of the workforce, especially in times of economic turmoil, there is an increased focus on understanding the effects of job loss and unemployment.

The recent global outbreak of the COVID-19 pandemic resulted in a significant number of people losing their jobs worldwide, including in Nigeria, which had a negative impact on their livelihoods (Michael et al., 2020). However, the Pension Reform Act of 2014 offers some relief to contributors who experience job loss. According to this Act, individuals who are contributors and lose their jobs are eligible to withdraw 25% of their contributions after a waiting period of four months if they do not secure another job. The introduction of the Contributory Pension Scheme, which replaced the old system, has given retiring and retired Nigerian workers renewed hope, signaling a departure from business as usual and providing a glimmer of hope for the future (Uzoh & Anekwe, 2016).

The current administration of the Contributory Pension Scheme seems to offer contributors a more promising prospect for a better retirement, in contrast to the previous old pension scheme (Kalu & Attamah, 2015). However, the implementation of the provision that allows employees to access a certain percentage of their pension contributions, up to a maximum of 25%, appears to be challenging due to the stringent conditions that must be met before such funds can be made available (Pension Reform Act 2014). In Nigeria, there is a lack of savings and investment culture among workers, resulting in many individuals living below the poverty line. This is not necessarily due to low incomes or poor salaries but rather due to the absence of a savings and investment mindset (Zimbio, 2010). Consequently, the period of waiting for the 4-month requirement after job loss becomes extremely difficult for these individuals. The Pension Reform Act 2014 explicitly states that contributors can only access such funds after four months of job loss.

Given this context, the crucial question arises: How effectively has the administration of the Contributory Pension Scheme in Nigeria met the conditions outlined in the Pension Reform Act 2014 for contributors who lost their jobs and expressed a desire to withdraw from their Retirement Savings Account? While considerable research has been conducted on the impact analysis of pension fund contributions and the pre and post-analysis of the Contributory Pension Scheme on retired employees, there has been limited investigation into the aspect of job loss among employees who have not yet reached their retirement age (Akinsiku, 2020). As the number of individuals experiencing job loss has risen significantly, especially due to the COVID-19 pandemic, there is a pressing necessity to assess the accessibility of pension fund contributions and the extent of financial difficulties arising from job loss.

The main aim of this study was to investigate how the administration of the contributory pension scheme impacts transitory job loss in Nigeria. The specific objectives are focused on assessing the accessibility of funds and the management of pension funds during periods of job loss. The research will delve into issues concerning the administration of the Contributory Pension Scheme in relation to transitory job loss, particularly examining the ease of accessing a portion of the Retirement Savings Account (RSA) and the financial challenges faced by contributors who lose their jobs. The study will involve employees who have enrolled with the 22 Pension Fund Administrators in Nigeria at the time of the research.

The paper is divided into five main sections, each containing relevant subheadings. The initial section introduces the study and its objectives. The second section involves a comprehensive review of existing literature, clarifying concepts, illustrating the interactions between variables based on previous studies, and identifying gaps in the research. While the third section shows the methodology adopted and section four reveals the findings of this study. Finally, the third section presents the conclusion and recommendations based on the findings.

2. Literature Review

2.1 Contributory Pension Scheme

The Contributory Pension scheme is structured to guarantee that a specific portion of an employee's salary is deducted monthly and combined with the employer's contribution, which is then deposited into a dedicated account called the Retirement Saving Account. Upon retirement, the employee has access to this fund and can choose to receive it either as a lump sum or through monthly withdrawals (Uzoh & Anekwe, 2019). According to the Pension Commission's definition, the Contributory Pension Scheme (CPS) is an arrangement in which both the employer and the employee make contributions to ensure the employee's pension payment upon retirement. The scheme is entirely funded through regular pension contributions, which are deposited into the employee's Retirement Savings Account (RSA) managed by the Pension Fund Administrator (PFA) (Pencom 2018).

The Contributory pension scheme is a fully funded pension plan that generates sufficient funds through contributions from both employees and employers, functioning as a type of savings (Adeoye, et al. 2016). It involves setting aside a certain amount of money by either the employer, employee, or both to ensure there is a source of income during retirement. In this system, the employer regularly contributes a specific sum into a pension fund, while the employee also contributes to the same fund, ultimately forming the total amount the employee receives upon retirement. Whether the individual has worked in the public or private sector, the contributory pension scheme serves as a social welfare initiative for old age and encourages workers to save for their financial security during retirement (Sule, 2009; Egbe, 2013).

According to Robelo (2002), a pension is a method where an individual contributes a portion of their earnings during their working life to a pension scheme. These contributions accumulate to provide an income, or pension, upon retirement, which is treated as earned income and taxed at the investor's marginal rate of income tax. On the other hand, gratuity involves a lump sum payment given to a retiring officer who has served for a minimum period of time. Adams (2005) characterized pension as the amount paid by a government or company to an employee after working for a specified period, being deemed too old or ill to work, or upon reaching the statutory retirement age. Similarly, Ozor (2006) explained that a pension comprises a lump sum payment provided to an employee upon their disengagement from active service. Additionally, Ozor notes that pension plans can be contributory or non-contributory, fixed or variable, group or individual, insured or trustee, private or public, and single or multi-employer.

Sule and Ezugwu (2009) emphasized that a well-structured pension system ensures the comfort and dedication of employees to the organization throughout their active years. A pension refers to a contractual arrangement where a fixed sum is regularly paid to a pensioner, usually following their retirement from service. It is distinct from severance pay, which is provided as a one-time lump sum payment (Eme and Uche 2014). An employer's pension plan created for the benefit of employees is commonly known as an occupational or employer pension. Besides employers, pension funds can also be funded by labor unions, government bodies, and other organizations. Many pension plans also include an insurance aspect, as they may provide benefits to survivors or disabled beneficiaries.

Adebayo and Dada (2012) outlined four primary classifications of pensions in Nigeria, which include retiring pension, compensatory pension, superannuating pension, and compassionate allowance. Amujiri (2009) supported this categorization and defined compassionate allowance as a type of pension that is not granted to public servants due to their removal from service for reasons such as misconduct, insolvency, incompetence, or inefficiency. According to Ayegba et al. (2013), pension refers to the payments a person receives upon retirement, typically based on predetermined legal and/or contractual terms. The introduction of the Nigerian new Pension Scheme has expanded the coverage of the Defined Contributory Pension Scheme in private sector entities with three or more employees, aligning with the goal of involving the informal sector in pension participation.

2.1.2 Contributory Pension Scheme Administration and Transitory Job Loss

The Contributory Pension Reform Act 2014 contains provisions that offer remedies to contributors who are unable to secure new employment within four months after leaving their previous job. They are allowed to withdraw up to 25% of the funds in their Retirement Savings Account (RSA) (Pension Reform Act 2014). Once the necessary documentation processes are completed, the withdrawal requests are forwarded to the Pension regulator, PENCOM, for approval. After receiving approval from PENCOM, the payments are expected to be processed. However, in a country where workers lack a savings and investments culture (Imegi et al., 2015), this waiting period for payment by the Pension Fund Administration becomes extremely challenging. Withdrawal from the Retirement Savings Account appears to be the only viable solution during such difficult circumstances.

In the context of this study, job loss, specifically transitory job loss, refers to the involuntary termination of employment by an employer for any reason, including permanent layoff. It can also be described as the elimination of jobs due to significant structural economic shifts, distinct from temporary fluctuations in demand. These structural changes encompass technological advancements, alterations in international trade patterns, shifts in activity locations, and changes in the organization and employment structure within businesses (OECD 2002).

2.1.2.1 Access to Fund and Transitory Job Loss

The expectation is that every contributor to the contributory pension scheme should have the ability to access their contributions, either partially or in full, whenever the need arises. Retirees have the right to access their savings either as a lump sum or through monthly installments. Similarly, those who experience job loss also have the option to access a portion of their total savings in the Retirement Savings Account (RSA) at the time of job loss, as per the provisions of the Pension Reform Act 2014. In the case of transitory job loss, contributors are entitled to withdraw up to a maximum of 25% of their savings in the RSA if they remain unemployed for four months and fail to secure another job during this waiting period. The discrepancy in opinions regarding the ease of access to pension funds and pension fund administration in Nigeria, particularly concerning transitory job loss, leads to the formulation of the following hypothesis:

H_0: There is no relationship between access to funds and pension fund administration during transitory job loss.

2.2 Theoretical Underpinning

This study was grounded in the principles of the expectancy theory due to its relevance and suitability for the unique nature of the research. Vroom (1964) defines expectancy as the subjective probability of an action or effort resulting in a specific outcome or performance. In practical terms, expectancy has been measured as the perceived connection between an action and its outcome.

Furthermore, it has been understood as the subjective likelihood that putting in effort will lead to the desired performance outcome. Thus, this study adopted the expectancy theory to explore the expectations of every contributor concerning transitory job loss, with the hope that these expectations will be fulfilled, provided that the Contributory Pension Scheme is capable of meeting their expectations.

2.3 Empirical Review

Research on the relationship between the contributory pension scheme and transitory job loss in Nigeria has yielded varying outcomes. While some studies indicate that the contributory pension scheme has shown positive improvements and instilled new hope among contributors (Nwanne 2015; Uzoh and Anekwe 2019; Ettah and Akuma 2014), the majority of studies suggest that there is still much work to be done in terms of sensitizing contributors about the opportunities provided by the Contributory Scheme. Moreover, there is a need to reduce the expected waiting period before applying for a portion of their contributions to alleviate the financial burden faced during transitory job loss (Aibieyi and Oyemwinmina 2013; Kalu & Attamah 2015; Folorunso 2015; Onukwu 2017; Anekwe 2019; Uzoh and Anekwe 2019; Unachukwu1, Oladeji, Adesola and Egunjobi 2020; Edogbanya 2013; Fapohunda 2013).

Nwanne (2015) conducted an examination and analysis of the contents of the Pension Reform Act (PRA) 2004. The study also aimed to analyze the implications of the Pension Reform Act (PRA) and its contributions towards providing retirement social benefits to employees in both the Public and Private sectors. Secondary sources were utilized to gather the necessary information to address the issues under discussion. The data obtained for the study was then subjected to content analysis as the primary technique for interpretation. The new Pension Reform Act (PRA) is characterized by a defined contribution, contributory, and fully funded nature. It is mandatory for all employees and employers, applying uniformly across the board, and it is personalized and highly portable. Overall, these advantages lead to improved social security planning for retired workers, whether deceased or alive, and for their families. The Act facilitates a degree of economic security and provides cash payments to help replace lost income due to retirement or death.

Fapohunda (2013) conducted an analysis of the features, prospects, and challenges of pension management in Nigeria, which is a crucial aspect of retirement planning, almost ten years after the implementation of the new reforms. The data for the study was gathered from official publications, documentation, newspaper clippings, and online sources. The study offers an overview of the pension scheme and identifies key issues confronting the pension system in Nigeria, along with proposing potential solutions. The paper concludes that there is limited evidence to indicate that the pension scheme is effectively guiding Nigeria in the desired direction. Numerous scandals have plagued the pension scheme, and much more work is required to ensure its efficient management.

Aibieyi and Oyemwinmina (2013) conducted a critical examination of the contributory pension scheme, highlighting its shortcomings, while also pointing out the flaws of the old defined benefit pension scheme. Information for the study was obtained from secondary sources and personal interactions with pensioners. It was found that the contributory pension scheme was implemented selectively, not encompassing all government parastatals, and there exists a significant financial disparity between the old and new pension schemes. Furthermore, the study revealed the absence of a life span annuity and identified the current mode of diversion of pension assets.

Edogbanya (2013) conducted a study to explore the influence of the contributory pension scheme on Nigeria's Gross Domestic Product (GDP). Additionally, the research aimed to suggest reliable ways to address concerns about the potential mismanagement of funds in the Retiree Savings Account (RSA). The survey design was employed, with a sample size of 30 for staff and 70 for customers. Data were collected from both primary and secondary sources and analyzed using percentages. Correlation analysis was applied to test secondary data, while ANOVA was used for the primary data. The results of the correlation analysis, using t-test, indicated that the Contributory Pension Scheme (CPS) has a significant impact on the GDP. Furthermore, the ANOVA results revealed that the prevalence of risk has a positive effect on pension fund management. The researcher recommends that Pension Fund Administrators should invest in less risky portfolios to ensure prompt pension payments to retirees.

Asaju et al. (2014) conducted a study to examine the factors contributing to high unemployment in Nigeria and the associated social, economic, and political implications. Secondary sources of data were utilized. The findings revealed that corruption at both public and private levels, industrial decay, neglect of the agricultural sector, and other factors were responsible for the unemployment issue. Moreover, the study highlighted that widespread poverty, youth restiveness, and a high rate of social vices and criminal activities are prevalent due to joblessness. If left unchecked, these conditions could lead to apathy, cynicism, and potential unrest.

Ettah and Akuma (2014) conducted a study aiming to compare the new pension scheme with past pension schemes based on their core values, highlighting any differences in the new scheme. The framework employed in the study is rooted in the Ando-Modigliani hypothesis, which is also known as the life-cycle income hypothesis. According to this hypothesis, an individual's consumption depends on the available resources, the rate of return on capital, the spending plan, and the age at which the plan is formulated. In simpler terms, consumption, as proposed by Ando and Modigliani (1963), is influenced by an individual's expected life-time income, meaning that long-term consumption is related to an individual's average income over their lifetime. The consumer maximizes their utility or welfare over their lifetime while considering their total available resources. The consumption pattern is proportional to the individual's total resources, and the proportion of resources spent depends on whether the plan was made during early or later years of life. Age is a crucial variable in determining the relationship between consumption and wealth according to the life-cycle income hypothesis. As per this hypothesis, an individual's average income is generally lower than their consumption at the beginning and towards the end of their life, while in the middle years of their life and career, their total earnings or income is higher than their consumption (Onuchuku and Adoghor, 2000). The values of the 2004 Reformed Pension Scheme are all ideally laudable and graphically superior to those of past pension schemes. Nevertheless, it is pertinent to note that past pension schemes were neither designed nor expected to fail.

Kalu and Attamah (2015) conducted an analysis of the impact of the Contributory Pension Scheme on employee savings and investment in Nigeria, using Anambra State public workers as a case study. The research utilized cross-sectional primary data obtained through a structured questionnaire administered to 387 respondents, specifically those who had been in service for a period of 5 years and were on grade level 8 or higher. This selection was based on the assumption that they would save more than those on lower grade levels. The empirical analysis revealed that a majority of the respondents preferred to save outside of any pension scheme, indicating that their participation was primarily due to its compulsory nature. Additionally, many respondents were unaware of their employer's contributions to their contributory pension scheme. The study concluded, among other findings, that the Nigerian government should engage in more awareness and enlightenment campaigns regarding the workers' contributory pension scheme to better prepare them for retirement.

Folorunso (2015) investigated the effects of pension reform on household savings in Nigeria. Primary data was randomly selected from 182 households with Retirement Savings Accounts (RSA) managed by Stanbic IBTC Pension Managers Limited, and collected through a structured, open-ended questionnaire. The results indicated that pension reform had increased consumption and reduced workers' savings. The study concluded that there was an inverse relationship between pension reform and households' savings in Nigeria, meaning that since the introduction of the reform, households have been unable to save due to its impact on their disposable income. These findings align with the predictions of the Life-Cycle model, as the theoretical analysis shows that pension reform resulted in both income and wealth effects.

Onukwu (2017) discussed the implementation challenges faced in adopting the contributory pension scheme in public universities in Nigeria. The discussion was based on secondary data sources, including the views of other scholars regarding the implementation of the contributory pension scheme. The challenges identified encompassed non-compliance by many state governments, affecting state-owned universities; non-remittance of contributions by the government; retired employees' inability to access their pension benefits; unique employment arrangements in Nigeria's universities; employees' challenges in opening and owning a retirement savings account (RSA); employees' perceptions of the scheme; contribution ratios by the government and employees; differences in pension schemes and uncertainties related to the old defined benefits scheme in some universities; government's inability to fund the guaranteed minimum pension (GMP); and inadequate induction and orientation programs at the point of employment.

Obasa (2019) investigated the success of the Chilean pension scheme, examining how defined contributory plans have contributed to the economic and social development of Chile. The research also involved an analytical comparison of the relationship between Nigeria and Chile in the process of implementing the pension scheme. One major challenge observed during the transition from defined benefits to defined contributory plans was the substantial transition costs. These costs varied significantly between Nigeria and Chile, depending on the amount of accrued liability transferred from the old scheme to the new pension plan. This challenge emerged from those covered under the old scheme who owed contributions to be remitted by the government following the shift to the new scheme. Additionally, the significant monthly contributions made by the government to fund the scheme, coupled with the wage bill payable to employees, further heightened the financial burden experienced from the adoption of the new scheme.

Uzoh and Anekwe (2019) conducted an examination of how Nigerian workers have fared under the new contributory pension scheme. Some retired workers have expressed complaints that their contributions were not remitted to their Pension Fund Administrator (PFA) during their employment. The paper argues that the regulatory agency, the National Pension Commission, bears the responsibility of ensuring that employers do not continue to shortchange their workers.

Genuine efforts need to be made in this direction to restore workers' confidence in the new scheme and assure them that it is an improvement over the previous system.

Unachukwu et al. (2020) examined the perception of public workers towards the contributory pension scheme, with a specific focus on Lagos State, Nigeria. The research utilized a descriptive research design and employed the simple random sampling technique to select 398 respondents as the study's sample size. Data analysis was performed using mean and chi-square tests. The results revealed that workers had a positive perception of the contributory pension scheme, as they found it encouraging for saving towards the future, convenient in the event of changing jobs, protective of their benefits at retirement in case of employer insolvency, empowering in terms of choosing the administrator for their retirement benefits account, and providing the opportunity for some pension on retirement. However, the study also uncovered major challenges facing the successful implementation of the scheme, including non-remittance of pension contributions into retirement savings accounts and non-compliance with the pension reform as amended by the government at all levels. The study concluded that the sustainability of the contributory pension scheme in Nigeria appears uncertain, emphasizing the need for governments at all levels to take necessary actions to ensure its full implementation.

Akinsiku (2020) conducted an examination of how the provisions of the Pension Reform Act can serve as a viable means of providing economic support and relief to employers and employees who have been adversely affected by the economic consequences of the COVID-19 pandemic. The study revealed that a significant number of people are now unemployed, many organizations and companies have halted operations, and a large majority of companies are not actively hiring new employees. In response to the pandemic, some countries like Finland and Colombia have reduced their Pension Contribution rates, while Estonia has suspended contributions altogether. In Australia, the Coronavirus Economic Response Package Omnibus Act 2020 was passed, allowing for the temporary early release of part of pension benefits.

2.4 Gap in Literature

This study recognizes the extensive research conducted on Contributory Pension Fund Administration and Job loss in Nigeria up to the present time. However, most of these studies have focused on the challenges encountered in implementing the contributory Pension Scheme at various levels. These findings have revealed issues such as non-compliance of deductions by the Government, making it difficult for retirees to access their Pension benefits. Another set of studies has explored the perception of public workers toward the contributory pension scheme. These findings indicate that the scheme encourages workers to save for the future, offers convenience in the event of changing jobs, assures that benefits at retirement will not be affected if the employer becomes insolvent, empowers contributors to choose who administers their retirement benefits account, and provides the opportunity to enjoy some form of pension upon retirement.

Additionally, there have been investigations into how Nigerian workers have fared with the new contributory pension scheme, leading to the conclusion that the scheme has given retiring and retired Nigerian workers renewed hope for a better future. Despite these comprehensive reviews, the existing research has not adequately addressed the situation of contributors who lost their jobs before retirement. Hence, this study aims to gather information from contributors who have experienced job loss and those at risk of losing their jobs to gain relevant insights into Contributory

Pension Scheme Administration and Job loss in Nigeria. The focus will be on understanding the ease with which pension fund contributions can be accessed and the level of financial difficulty faced by contributors resulting from job loss.

3. Methodology

This study adopted an exploratory research design and data were gathered from the secondary sources. This was done by reviewing extant and relevant literature.

4. Discussion of Findings

This study delved into the impact of the contributory pension scheme on transitory job loss in Nigeria. The empirical results revealed that contributors who experienced job loss encountered difficulties in accessing 25% of their contributions with the pension administrators. These challenges arose from administrative bottlenecks, non-remittance of contributions by employers, and insufficient awareness of the opportunity to access a portion of their contributions in the retirement savings account (RSA) during a job loss. Additionally, contributors who lost their jobs, particularly amid the COVID-19 pandemic, faced financial hardships due to the lack of savings and investment culture in many households during the waiting period to collect a fraction of their RSA contributions. Based on these findings, the null hypothesis was rejected. These results are inconsistent with the findings of Akinsiku (2020), Obasa (2019), Unachukwu et al. (2020), and Uzoh and Anekwe (2019), among others. However, they are in contrast to the findings of Folorunso (2015), Kalu and Attamah (2015), and others.

5. Conclusion and Recommendation

The study focused on examining how the contributory pension scheme impacts transitory job loss in Nigeria. The empirical findings revealed that contributors who lost their jobs encountered difficulties in accessing 25% of their contributions from pension administrators. The challenges were attributed to administrative hurdles, non-remittance of contributions by employers, and inadequate awareness regarding the option to access a portion of their contributions in the retirement savings account (RSA) during a job loss. Moreover, contributors facing job loss, particularly amid the COVID-19 pandemic, experienced financial hardships due to the lack of savings and investment culture in many households during the waiting period to access a fraction of their RSA contributions. Contrary to certain previous studies, the null hypothesis was rejected, highlighting the significance of the findings.

Conclusion

In conclusion, the study demonstrates that contributors who undergo transitory job loss in Nigeria encounter obstacles in accessing their pension contributions. The administrative complexities, non-remittance of contributions, and limited awareness regarding withdrawal options contribute to the financial difficulties faced by those who lost their jobs. The impact of the COVID-19 pandemic on household savings and investment culture further exacerbates the financial strain during the waiting period for withdrawal. These findings emphasize the need for improvements in the administration and accessibility of pension funds for job losers in the contributory pension scheme.

Recommendations

Based on the study's findings, the following recommendations are put forward:

i. Streamline Administrative Procedures: Efforts should be made to simplify the administrative processes involved in accessing pension contributions to ensure a smoother withdrawal experience for contributors facing job loss.
ii. Enhance Employer Compliance: Strict enforcement measures should be implemented to ensure employers consistently remit pension contributions to employees' retirement savings accounts.
iii. Increase Awareness: Comprehensive awareness campaigns should be launched to educate contributors about the opportunity to access a portion of their contributions in the event of job loss, thereby mitigating financial hardships during the waiting period.
iv. Promote Savings and Investment Culture: Initiatives to promote savings and investment culture should be encouraged among the workforce to bolster financial resilience during challenging periods.
v. Monitor and Adapt to Economic Changes: Continual monitoring of economic conditions, especially during unforeseen events like the COVID-19 pandemic, can aid in adapting pension policies to better address the needs of contributors facing job loss.
vi. Collaborative Efforts: Government bodies, regulatory agencies, and private sector stakeholders should collaborate to ensure the effective and efficient management of the contributory pension scheme for the benefit of all contributors, including those experiencing job loss.

References

Adebayo, A. I., & Dada, R. (2012). Pension Crisis in Nigeria: Causes and Solutions. *Journal of Applied Chemistry, 3* (2), 30-33.

Adeoye, A. O., Kotun, A. I., & Alaka, N. S. (2016). Effect of Contributory Pension Scheme on employees' productivity: Evidence from Lagos State Government. *African Journal of Business Management, 10(16)*, 384-396.

Aibieyi, S., & Oyemwinmina, C. (2016). An overview of the Nigerian Contributory Pension Scheme (2004 and 2014 Pension Act). *European Journal of Business and Management, 8*.

Akhiojemi,B. O., Ifeanacho, M.I., & Abu. O. (2018). Pension Fund Management and Welfare of Retirees in Selected Management Development Institutes Mdis) in Nigeria. International Journal of Humanities and Social Science Invention, *7* (11), 60-69.

Akinsiku, B.A. (2020). Maximizing the Provision of the Pension Reform Act (PRA) 2014 as an Economic Stimulus & Palliative in Light of the COVID-19 Pandemic.

Armstrong, M. (2009). *Armstrong's Handbook of Human Resource Management Practice* (11 ed.). London & Philadephia.

Asaju, K., Arome, & Ariyo. (2014). The rising rate of unemployment in Nigeria: the social-economic and political implications. Nigeria: http://www.researchgate.net.

Ayegba, O., James, I., & Odok, L. (2013). An evaluation of pension administration in Nigeria. *British Journal of Arts and Social Sciences, 15*, 97-108.

Dhameji, S. K., & Dhameji, S. (2009). *Industrial Psychology*. New Delhi:: S.K. Kataria & Sons.

Edogbanya, A. (2013). An assessment of the impact of the contributory pension scheme to Nigeria economic development.

Egba, G. A. (2013). Portfolio Optimization of Pension Fund Contribution in Nigeria. *3* (8).
Eme, O. & Ugwu, S.C. (2021). The laws and administration of retirement in Nigeria: Historical Approach. *Arabian Journal of Business and Management*, *1* (2).
Ettah, B.E. & Akuma, M.S. (2014). The New Contributory Pension Scheme in Nigeria: Gleaning from Past Pension Schemes. *Journal of Economics and Finance*, *2* (5), 33-40.
Fapohunda, T.M. (2013). The Pension System and Retirement Planning in Nigeria.
Folorunsho, A. (2015). Effect of Pension Reform on Household Savings in Nigeria. *International Journal of Public Administration and Management Research*, *3* (1).
Imegi, John, C., Okanta, & Sunday, U. (2015) Building Savings and Investment Culture among Nigerians. *An International Multidisciplinary Journal*, *9* (3).
Kalu, C. U., & Nicholas, A. (2015). Impact of Contributory Pension Scheme on Workers' Savings and Investment in Nigeria. *6* (2), 9-20.
Nwanne, T. F. I. (2015). Impact of Contributory Pension Scheme on Economic Growth in Nigeria.
Obasa, S. O. (2019). A Comparative Analysis of the Implementation of the Defined Contributory Pension Scheme in Nigeria and Chile.
OECD (2002). Employment outlook, displacement, and job loss. *OECD*.
Onukwu, J. (2017). Challenges of Implementing the Contributory Pension Scheme in Public Universities in Nigeria. *Academic Journals*, *9* (11), 146-151.
Ozor, E. (2006). Review of factors that slows down the processing of retirement benefits. (pp. 146-151). http://www.academicjournals.org.
PENCOM. (2018). *https://www.pencom.gov.ng/fourth-quarter-report-2018*.
PENCOM. (2014). *https://www.pencom.gov.ng/pension-reform-act*.
Robelo, M. F. (2002). Comparative Regulation of Private Pension Plan.
Sule, K. O., & Ezegwu, C. I. (2009). Evaluation of the Application of Contributory Pension Scheme on Employee Retirement Benefits of quoted firms in Nigeria. *African Journal of Accounting, Economics, Finance and Banking Research*, *4* (4), 25-36.
Unachkwu, J.C, Oladeji, A, & Egunjobi, G. (2020). Public Workers' Perception towards Contributory Pension Scheme: Evidence from Lagos State.
Uzor, B. C., & Anekwe, S. C. (2016). The Contributory Pension Scheme and the Fate of Retired and Retiring Nigeria Workers.
Vroom, V. (1964). Work and Motivation. (V. E. 1996, Ed.) New York.
Zimbio, O. (2010). Financial Barometer for Poverty. Johannesburg: Global Publications.