

Perceived Influence Of Contributory Pension Scheme On Entrepreneurial Prospects Of Business Educators In Nigeria

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Abstract

The study was conducted to determine the influence of contributory pension scheme on entrepreneurial prospects of business educators in colleges of education in the south-west, Nigeria. Two research questions and two null hypotheses were raised. Descriptive survey research design was adopted in the study. The population of the study consisted of all business educators who are academic staff in all the colleges of education in the south-west, Nigeria. The instrument used in the study was a four-rating scale questionnaire known as Contributory Pension Scheme Questionnaire (CONPESNIQ). Split-half method was used for reliability correlation and the coefficient was 0.88. Research questions were answered with the use of descriptive statistical tool of frequent count, mean and standard deviation while the hypotheses were tested with inferential statistical tool of t-test. The result of the analysis showed that contributory pension scheme had significant influence on business educators' entrepreneurship prospects and that major problem confronting effective implementation of contributory pension scheme in south-west, Nigeria is lack of consequential adjustment. The study recommended among others, that for contributory pension scheme to play its entrepreneurial role, employers of labour should ensure that their mandatory 10% contribution is correctly computed and remitted to business educators' pension administrators as at when due so that funds can be made available for retired business educators for entrepreneurial and economic activities and that The pension reform act of 2014 must be constantly reviewed so that the flaws in the act can be corrected for the benefits of retired business educators and other retirees.

Keywords: Contributory Pension Scheme, Influence, Entrepreneurial Prospects, Business Educators.

Introduction

Business Educators as economic beings are always happy and full of excitement whenever they are gainfully employed with the hope that their livelihood would be financially sustained through salaries and wages. They often forget that one

day the so-called employment today would come to an end one day and individual employees would only be left to survive on pension and gratuity. According to Odukoya (2018) the word 'retirement' frightens many employed business educators, to the extent that some of them perceive it as death warrant and disaster. However, employed business educators' productivity life is not an eternal one as it would have to statutorily come to an end while the only means of survival for business educators is their pension and gratuity. Thus, pension needs to be seriously handled by all stakeholders so that business educators' old age will not be financially disastrous. Babajide (2017) opined that since employees have no other choice than to go on retirement, their dream is to make a meaningful statutory exit from an active productive life into a peaceful and enjoyable old age, otherwise known as retirement. In view of this, workers look forward to a lump sum and regular payment known as gratuity and pension in order to enable them maintain income at old age without begging for their upkeep in retirement. Odukoya (2018) affirmed that to reduce retirees' stress at old age and financial embarrassment after disengaging from work, employees must see their retirement benefits as a serious issue that must be protected and provided for while still in statutory productive engagement.

In view of this, the Nigerian Contributory Pension Scheme for public and private sectors was established under the Pension Reform Act 2004, but was repealed and replaced hereafter referred to as Pension Reform Act (2014). Section 4 of the act provides for a mandatory minimum contribution of ten and eight percent (10% and 8%) of employee's monthly total emolument by the employer and employee respectively, which made the scheme a contributory one. After disengaging from active service, business educators do not want to be idle but are willing to be more productive and contributing meaningfully to the nation's economic growth and development by engaging in entrepreneurial activities.

Abati (2020) stated that business educators are more or less entrepreneurs by the virtue of their training. However, when they get disengaged from active service, the kind of pension scheme administration and the mode of its implementation can influence how their lives after retirement will be. The author further opined that substantial number of business educators that get disengaged from active service are seen to be more active and agile by getting engaged in entrepreneurial activities like mechanized farming and animal husbandry, transportation and hotel services, physical and electronic distribution of goods and services, estate services and many more viable business ventures in order to get a good number of Nigerian youths productively engaged and reduce social vices among them. According to Kalu and Attamah (2020), putting in place viable pension scheme by business educators' employers from which business educators can draw their gratuity and pension to invest in entrepreneurial activities for economic and industrial expansion is a good omen for the nation viable economic development. Therefore, retirement benefits might be the only source of income or capital for retired business educators to get

engaged in entrepreneurial activities in retirement. However, it is upon this premise that the study aims at looking at the perception of Business Educators on the influence of Contributory Pension Scheme (C.P.S) on entrepreneurial prospects.

Review of Related Literature

Many employees do not want to lie idle doing nothing after retirement. As such, a good number of them do wish to get themselves established in one enterprise or another for profit making, the idea that automatically turns them to entrepreneurs. According to Chinonye (2020), one benefit retirees can enjoy as entrepreneurs is independence and pride of business ownership. With prompt payment of employees' pension and gratuity, they are in better position to own viable businesses that can make them major contributors to the Nigerian economic growth and development. In this respect, the regular drawings of pensions as provided by Contributory Pension Scheme will afford retirees a great opportunity to have vision that will enable them establish and manage their personal businesses.

Nwabufor (2018) opined that entrepreneurship creates job opportunities for the teeming Nigerian unemployed youths. This is a great benefit that entrepreneurship gives to the economy which helps to proffer solution to the most difficult problem of the Nigerian social economy. This implies that when retirees use their gratuity and pension to get engaged in entrepreneurial activities, many jobs will be created, the private sector of the economy will become robust, many unemployed individuals would be drawn out of the overpopulated labour market, the productive sector of the economy will become viable and rosy and the public sector (government) will be relieved of unemployment burden by the private sector. In this regard, contributory pension scheme provisions such as drawing retirement benefits within a definite time frame of short duration, retirees right to negotiate pension drawing within the time frame is a catalyst that can influence this prospect in most cases.

Similarly, Ifechukwu (2020) asserted that entrepreneurship brings about creativity and innovation which involves discovering new ideas and implementing them in business operations. Entrepreneurship enables entrepreneur retirees to continuously evaluate current modes and trends of business operations in order to afford them the opportunity to identify new methods and techniques of running businesses more efficiently and effectively than when they were working for people or government. Creativity and innovation entrepreneurial prospect is made possible for retirees through a great advantage of prompt drawings of their pension and gratuity wish contributory pension scheme enacted.

In addition, Makanjuola (2019) said that continuous running of privately owned businesses is contingent upon their sources of funds. In view of this, entrepreneurial activities that positively drive the private sector of the economy depend largely on the availability of fund. To this end, retirees who constitute part of the entrepreneurs in the nation's private sector depend in most cases on their pension

and gratuity. However, to be financially stress free, retirees need a pension scheme that is mostly convenient and viable in pension and gratuity administration, and of course, which must be adequate and prompt to fund private businesses and increase investments.

Observation shows that implementation of Contributory Pension Scheme in Nigeria is confronted with a number of challenges which are capable of preventing its success. To this end, Simeon (2019) submitted that one of the major problems militating against the proper implementation of Contributory Pension Scheme is non-remittance of contributory pension funds. According to the author, it is statutorily required in the pension reform form act of 2014 that both the employer and employee should make a certain percentage contribution into the employees' retirement Savings Account (RSA) as a financial provision for employees' retirement, but it is quite unfortunate that some employers will only remit the statutory employees' 8% contribution and refuse to remit their 10% contribution into the Savings Account. In fact, there are some employers who do not even remit either the employees' contributions or their own as it is being witnessed by some state Governors in Nigeria today. This practice however prevents the success of the scheme and puts employees' retirement benefits on the line.

In addition, Bamidele (2018) stated that wrong investment of Contributory Pension Funds has constituted a major challenge to the effective implementation of Contributory Pension Scheme. In his submission he stated that Contributory Pension Reform Act (2014) stipulates that employees' accumulated pension funds must be invested by pension fund Administrator for investment gain that will boost employees' financial retirement which is a good provision of the act that meant well for Nigerian workers. But the way and manner these hard-earned contributions are invested by the Pension Funds administrators is questionable and uncalled for most times. However, one cogent reason for this ugly occurrence is that a good number of these Pension Fund Administrators who are saddled with the responsibility of pension fund investment lack the required knowledge to effectively and profitably carry out the task.

Amusan and Ajibola (2018) opined that major flaw that Contributory Pension Scheme has, is lack of consequential adjustment. In non-contributory scheme, consequential adjustment of retirees' monthly pension is always carried out in correlation with the trends or changes in the economy but unfortunately, this is lacking in contributory pension scheme because retirees are only entitled to draw their calculated contributions as gratuity and pension for a number of specified years with no consideration for economic crisis. However, as soon as the savings account is exhausted, it is all over for the retirees, implying that employees are on their own for the rest of their days on earth. This is a major flaw that must be addressed in the act.

Statement of the Problem

According to Pension Reform Act (2014), both the employer and employee are mandated to contribute 10% and 8% of employee's total monthly emolument respectively on monthly basis and pay such into the employee's Retirement Savings Account (R. S A). The expectation is that Pension Reform Act (2014) will bring sanity to the pension administration in Nigeria. However, It is worthy to note that if the new scheme provisions are ignored and improperly implemented as a result of factors enumerated by Bamidele (2018), such as wrong investment of contributory pension funds, non-remittance of pension funds by employers, fraudulent computation of retirement benefits, exercising government veto power to divert pension accumulated funds in the name of borrowing for infrastructural development, economic crisis and many more, it is possible that the scheme and its subscribers may run into problems that may affect entrepreneurial activities of business educators negatively.

Simeon (2019) problems may arise from faulty implementation of contributory pension scheme might include; delay in payment of workers' pension and gratuity, loss of pension accumulated funds of business educators into wrong investment windows by inexperienced pension administrators. Another problem might be demotivation of business educators while still in the active service when they discovered that their compensation at retirement is on the line due to mismanagement of pension funds. The mismanagement of pension funds might be caused by business educators' employers or pension fund administrators, or government as in the recent efforts of the Nigerian Government to borrow the funds for infrastructural development. The study therefore is aiming at providing solutions to improper implementation of Pension Reform Act (2014) and suggest ways by which the scheme improper implementation can be maximally reduced or totally curbed.

Purpose of the Study

The study aims at examining the perceived influence of contributory pension scheme on business educators' entrepreneurial prospects. Specifically, the study sought to:

1. examine the influence of Contributory Pension Scheme on business educators' entrepreneurial prospects as perceived by business educators.
2. identify challenges confronting proper implementation of Contributory Pension Scheme as perceived by business educators.

Research Questions

The following research questions guided the study.

1. To what extent does Contributory Pension Scheme influence business educators' entrepreneurial prospects?
2. What are the challenges confronting proper implementation of Contributory Pension Scheme in Nigeria?

Research Hypotheses

The following hypotheses were formulated and tested at 0.05 level of significance.

Ho₁: There is no significant difference between the mean responses of business educators in Federal and State colleges of education on the perceived influence of Contributory Pension Scheme on business educators' entrepreneurial prospects.

Ho₂: There is no significant difference between the mean responses of male and female business educators on the challenges confronting Contributory Pension Scheme in Nigeria

Methodology

The design used for this study is descriptive survey. The population of the study constituted all business educators who are academic staff members of the 12 government owned colleges of Education in the South – West, Nigeria totaling 200 in number. The instrument used for data collection in the study is a researcher developed structured questionnaire titled 'Contributory Pension Scheme Influence Questionnaire' (CONPENSIQ) designed by the researcher to elicit information from the respondents. The instrument was divided into two sections; namely, sections A and B. Section A provided demographic data of respondents while the B section was sub – divided into two sections that were referred to as clusters A and B. The questionnaire was also designed using a modified four likert rating scale as follows: Strongly Agreed (SA) 4 Points, agreed (A) 3 Points, disagreed (D) 2 Points, Strongly Disagreed (SD) 1 Point. The instrument was validated by three senior business education lecturers in the department of business and entrepreneurship education in the Faculty of Education, Kwara State University, Malate, Kwara State for vetting. Split-half method of instrument reliability was adopted and statistically tested through the application of Spear man Rank Order correlation method which determined the reliability co-efficient of the instrument at 0.83 and 0.80 respectively for clusters A and B. The questionnaire was administered on respondents by the researcher and a research assistant. The two formulated null hypotheses were tested using inferential statistical tool of two tailed t-test at 0.05 level of significance.

RQ 1: To what extent does contributory pension scheme influence business educators' entrepreneurship prospects?

Table 1

Mean and Standard Deviation of responses on the influence of contributory pension scheme on of Business Educators' Entrepreneurship Prospects

	N	Mini	Maxi	Mean	STD
1. Prompt payment of pension and gratuity as provided by contributory pension scheme affords business educators to own their personal enterprises after retirement	200	1	4	1.80	.665
2. Prompt pension drawings and entrepreneurship profit maximization affords business educators opportunity to accumulate wealth	200	1	4	1.91	.689
3. Entrepreneurship enables business educators pursue their interest and actualize their business dreams even after retirement	200	1	4	1.85	.751
4. Being an entrepreneur affords business educators opportunity to enjoy flexibility schedule of duty	200	1	4	1.93	.665
5. Earlier retirement of business educators enables them draw their pension earlier in life and affords them an opportunity to own personal businesses that gives them self-esteem and fulfilment	200	1	4	2.06	.734
6. Entrepreneurship financed through business educators' pension and gratuity has positive impact on the economy by improving peoples' standard of living.	200	1	4	1.93	.694
7. Entrepreneurship financed through business educators' pension and gratuity provides more jobs for the unemployed.	200	1	4	2.02	.669
8. Business educators' entrepreneurship endeavours are capable of developing the nation's economy through an increased corporate tax	200	1	4	1.71	.605
9. Entrepreneurship enables retired business educators use their ideas revenue and initiative to enlarge the private sector of the economy after retirement through personal business establishments.	200	1	4	1.85	.640
10. Playing mandatory social responsibility roles by entrepreneur business educators develops the nation's economy by making them economic contributors.	200	1	4	1.91	.639
Valid N (listwise)	200				
Weighted Average mean / standard deviation	1.89 / 0.75 respectively.				

Mean and Standard Deviation of Business Educators' Entrepreneurial Prospects The mean and standard deviation in Table 1 revealed that there are 10 items representing business educators' Entrepreneurial Prospects and all the items recorded high levels of mean score. For more clarity, the item that said that Earlier retirement of business educators enables them draw their pension earlier in life and affords them an opportunity to own personal businesses that gives them self-esteem and fulfilment recorded the highest mean score of 2.06 and Standard Deviation of 0.734 This result showed that the item that opined that earlier retirement of business educators enables them draw their pension earlier in life and affords them an opportunity to own personal businesses that give them self-esteem and fulfilment is the main characteristic representing business educator's entrepreneurial prospect.

RQ 2: What are the challenges affecting proper implementation of contributory pension scheme in Nigeria?

	N	Mini	Maxi	Mean	STD
1. Wrong investment of pension funds by pension funds administrators will prevent the attainment of the scheme's investment goal.	200	1	4	1.91	.560
2. Inadequacy of investment windows in Nigeria will prevent contributory pension scheme from attaining its investment objectives	200	1	4	1.91	.542
3. No-remittance of pension funds by business educators' employers stands against the successful implementation of contributory pension scheme.	200	1	4	1.94	.631
4. Fraudulent computation of business educators' pension and gratuity is a problem to the contributory pension scheme effective implementation	200	1	4	1.76	.731
5. Government veto power to divert pension funds to infrastructural development in the name of borrowing can pose problem to effective contributory pension scheme implementation.	200	1	4	1.88	.812
6. National economic crisis like inflation stands a very good chance of preventing maximum attainment of contributory pension scheme's goals.	200	1	4	1.89	.686
7. Right of business educators to draw 70% of their pension funds as gratuity after retirement is a problem that puts their survival on the line in their old age.	200	1	4	1.84	.719
8. Intent delay in payment of pension and gratuity of business educators by their pension administrators is an infringement on their right and problem to the scheme.	200	1	4	1.86	.588
9. Inadequacy of economic infrastructure like non interrupted power supply, good road network and security would prevent pension funds investment opportunities, hence, posing a problem to the scheme's proper implementation and goal attainment.	200	1	4	1.92	.672
10. Lack of consequential adjustment in business educators' pension as it reveals by contributory pension scheme is a major flaw and problem to the scheme's goal attainment	200	1	4	1.98	.709
Valid N (listwise)	200				

Weighted Average mean / standard deviation 1.90 / 0.68 respectively.

The mean and standard deviation indicated that there are 10 items representing business educators' perceived challenges of Contributory Pension Scheme. All the items recorded high levels of mean score but of all the perceived challenges, lack of consequential adjustment in business educators' pension as it reveals by contributory pension scheme policy recorded the highest mean score of 1.98, and Standard Deviation of 0.709 which serves as a major flaw and problem to the scheme's goal attainment.

Testing of Hypotheses

H₀₁: There is no significant difference between the mean responses of business educators in Federal and State colleges of education on the perceived influence of Contributory Pension Scheme on business educators' entrepreneurship prospects

Table 1 Summary of t-test analysis of influence of contributory pension scheme on business educators' Entrepreneurial Prospect.

Federal college of Education	66	1.45	0.04	198	0.60	1.96	Accepted
State College of Education	134	2.94	0.76				

The independent samples t-test presented in table 1 indicates that t-calculated value of 0.60 is less than t-critical value of 1.96. Therefore, once the t. critical value is greater than t. calculated value. at 0.05 level of significance of two-tail test at alpha level, the tested null hypothesis was not rejected. It can therefore be affirmed that contributory pension scheme significantly influenced business educators' entrepreneurial prospects. This means that entrepreneurial prospects enjoy by business educators such as creation of job opportunities, immense contributions to economy, comfortable life after retirement, business pride of ownership and many more are made possible by contributory pension scheme.

H₀₂: There is no significant difference between the mean responses of male and female business educators on the challenges confronting Contributory Pension Scheme in Nigeria.

Table 2: Summary of t-test analysis of challenges confronting Contributory Pension Scheme implementation in Nigeria as perceived by business educators.

Gender	N	Mean	SD	Df	t. cal.	t. crit	Decision
Male	66	1.44	0.06	198	0.47	1.96	Accepted
Female	134	2.91	0.13				

Source: Author's Field Survey, 2023

Table 2 above reveals that t-calculated. value of 0.47 is less than t-critical value of 1.96. Therefore, since t. critical value is greater than t. calculated value. at 0.05 level of significance of two-tail test at alpha level, the tested null hypothesis was accepted. It can therefore be inferred business educators do not differ in their perception about the problems confronting the implementation of contributory pension scheme in Nigeria. By implication, it means that identified challenges of contributory pension scheme such as non-remittance of pension fund by business educators' employers, wrong investment of pension fund by pension fund administrators, lack of consequential adjustment and many more are problems confronting result oriented contributory pension scheme implementation in Nigeria.

Discussion of findings

The study discovered that contributory pension scheme has great influence on business educators 'Entrepreneurial Prospects. This was confirmed by the submission of Ifechukwu (2020) who asserted that entrepreneurship brings about creativity and innovation which involves discovering new ideas and implementing

them in business operations. Entrepreneurship enables entrepreneur retirees to continuously evaluate current modes and trends of business operations in order to afford them the opportunity to identify new methods and techniques of running businesses more efficiently and effectively than when they were working for people or government. Creativity and innovation entrepreneurship prospect is made possible for retirees through a great advantage of prompt drawings of their pension and gratuity wish contributory pension scheme enacted.

This outcome was also supported by Makanjuola (2019) asserting that continuous running of privately-owned businesses is contingent upon their sources of funds. In view of this, entrepreneurial activities that positively drive the private sector of the economy depend largely on the availability of fund. To this end, retirees who constitute part of the entrepreneurs in the nation's private sector depend in most cases on their pension and gratuity. However, to be financially stress free, retirees need a pension scheme that is mostly convenient and viable in pension and gratuity administration, and of course, which must be adequate and prompt to fund private businesses and increase their investments.

The study supported and affirmed virtually all problems confronting effective implementation of contributory pension scheme in Nigeria as perceived by business educators such as non-remittance of contributory pension funds. This was asserted by Simeon (2019) by submitting that one of the major problems militating against the proper implementation of Contributory Pension Scheme is non-remittance of contributory pension funds. This is because it is statutorily required in the pension form act of 2014 that both the employer and employee should make a certain percentage contribution into the employees' retirement Savings Account (RSA) as a financial provision for employees' retirement, but it is quite unfortunate that some employers will only remit the statutory employees' 8% contribution and refuse to remit their 10% contribution into the Savings Account. In fact, there are some employers who do not even remit either the employees' contributions or their own as it is being witnessed by some state Governors in Nigeria today. This practice however prevents the success of the scheme and puts employees' retirement benefits on the line.

Bamidele (2018) stated that wrong investment of Contributory Pension Funds can constitute a major challenge to the effective implementation of Contributory Pension Scheme. In his submission he stated that Contributory Pension Reform act (2014) stipulates that employees' accumulated pension funds must be invested by pension fund Administrator for investment gain that will boost employees' financial retirement which is a good provision of the act and meant well for Nigerian workers. But the way and manner these hard-earned contributions are invested by the Pension Funds administrators is questionable and uncalled for most times. However, one cogent reason for this ugly occurrence is that a good number of these Pension Fund Administrators who are saddled with the responsibility of pension fund investment lack the required knowledge to effectively and profitably

carry out the task. This problem was affirmed by this study with 1.91 and 0.56 mean and standard deviation scores respectively which are one of the highest means and standard deviation scores revealed in the analysis.

Amusan and Ajibola (2018) opined that major flaw that Contributory Pension Scheme has, is lack of consequential adjustment. In non-contributory scheme, consequential adjustment of retirees' monthly pension is always carried out in correlation with the trends or changes in the economy but unfortunately, this is lacking in contributory pension scheme because retirees are only entitled to draw their calculated contributions as gratuity and pension for a number of specified years with no consideration for economic crisis, and as soon as the savings account is exhausted, it is all over for them, implying that employees are on their own for the rest of their days on earth. It is a major flaw that must be addressed in the act. The opinion of Amusan and Ajibola (2018) was supported by the findings in the study by identifying that major problem confronting effective implementation of Contributory Pension Scheme is lack of consequential adjustment with the highest mean and standard deviation value of 1.98 and 0.709 respectively.

Conclusion and Recommendations

The study is hereby concluded that contributory pension scheme has significant influence on business educators' entrepreneurial prospects and proper implementation of the pension scheme has a number of challenges militating against its success in Nigeria. However, the following recommendations are made as solutions to the identified problems in the study.

1. For Contributory Pension Scheme to play its entrepreneurial role, employers of labour should ensure that their mandatory 10% contribution is correctly computed and remitted to business educators' pension administrators as at when due so that funds can be made available for retired business educators' entrepreneurial and economic activities.
2. The pension Reform Act of (2014) must be reviewed so that the flaws in the act can be corrected. For instance, the issue of lack of consequential adjustment should be re-addressed and corrected for the benefits of retired business educators and other retirees.
3. The Pension fund administrators that are saddled with the responsibilities of investing pension funds for more financial yields must be trained so that the issue of investing in wrong investment windows can be addressed for positive results.
4. Borrowing of contributory pension funds by government for whatever reason should be stopped so that pension administrators would have enough accumulated funds for viable investment for maximum financial yields for retired business educators.

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