



Research Paper

Irregular Payment of Pensions and Pensioners Coping Strategies in Abia State, Nigeria

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Abstract

The study investigated the irregular payment of pensions and pensioners coping strategies in Abia State of Nigeria with a view to proffering solutions. Pension administration and prompt payment of pensioners have become a serious problem in Nigeria. In the course of conducting this research, descriptive survey research was used. Data were collected using questionnaire. The study revealed among other things that the government of Abia State has not put efficient financial control mechanism in place to ensure efficiency in pension fund management. Also, the political elites (the government) manage the political paraphernalia of the state. As such, the money meant for payment of pensions and gratuities are corruptly misused or misappropriated by the political elites and this has severe consequences on the pensioners in the form of irregular payment of pensions. This, perhaps, explains why irregular payment of pension exists in Abia State with the widespread complaints, sickness and death among retirees. Based on the findings the following major recommendations were preferred; Government should make the payment of pensions to be regular to enable pensioners plan for their retirement; All prospective retirees should be exposed to various pre-retirement counseling and business development programmes to facilitate their transition from work to retirement; Government should give workers and retirees through support in terms of loans, tax holidays for business, farms, etc they establish to cope with irregular payment or poor pension payments.

Keywords: Pensions, Pensioners, Coping, Strategies, Irregular

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I. Introduction

Pension is used to refer to the amount of money paid by a government or company to an employee after working for some specific period of time, considered too old or ill to work or have reached the statutory age of retirement. It is usually that sum paid to a retired employee until death because the employee has worked with the organization paying the sum as a form of social security and to ensure that the employees future needs are guaranteed. In recent times, pension as a form of social security against old age, poverty and other uncertainties have attracted great interest in developed and developing countries of the world. This is because scholars and policy makers in many countries of the world view it as a means of facilitating privately funded retirement income savings by an ageing workforce (World Bank, 1994; Idowu and Olanike, 2010; Odiya and Okoye, 2012). A closer look highlights the fact that pension management between countries in sub-Saharan Africa is quite different from those of the developed countries of the western world.

In Nigeria, there have been several reported cases of non-payment, delay in the payment of pension and especially, irregular payment of pensions to retirees by all tiers of government, especially some state governments. In Abia State, there exist huge arrears of pension payment with widespread complaints, sicknesses and deaths among retirees (Business Hallmark, 2019). Pension administration and prompt payment of pensioners appear to have become a serious problem in Abia State. Pensioners in Abia State are now known to ask whether they would ever have financial security after retirement which is the hallmark of service and old age. There is the constant worry about their fate after retirement in terms of their healthcare, personal needs, needs of their dependents and other members of their households. This study therefore investigates irregular payment of pensions and pensioners coping strategies in Abia State of Nigeria.

In order to avert the several challenges of poor documentation, lack of accountability, integrity, transparency, probity, fairness, impartiality, effectiveness and sustainability experienced in the past pension scheme, the Federal Government introduced a new pension scheme in 2004 to tackle the myriad of challenges that hindered these old pension scheme. Having been introduced as a panacea to the old weak pension scheme,

there was belief among employees in government offices that the new contributory pension scheme will mark some notable improvements.

However, studies and scholars have shown that the new scheme has not fully addressed the perceived challenges of the old scheme which it was put in place to address. In Abia State, retirees are being owed pension arrears of 38 months and their gratuities was last paid in the year 2001 (Business Hallmark, 2019). This has had severe consequences on the pensioners in Abia State. According to Adeniji (2007), the pitiable plight of pensioners in some selected states in Nigeria is such that requires immediate attention from Federal and State authorities. In the same vein, Ezenwile, Chidolu and Umetiti (2014) asserted that the turn of events in recent days as regards late payment or non-payment of pensions is beginning to dampen the hopes of the retirees. This has led to pensioners protesting in different states of the country over late payments and non-payments of pensions and gratuities. This constitutes the problem which this study investigates and the strategies being deployed by pensioners to survive.

II. Literature Review

Pension and Pension Reforms in Nigeria

Asuquo, Akpan and Tapany (2012) carried out a study on pension reforms and management in Nigeria. The aim of the study was to establish the influence of pension reforms on the regularity of payment of pensions to retirees and its impact on pensioners wellbeing in Nigeria generally and particularly in Cross River State. The findings from the study showed that there exists a significant relationship between regularity in payment of pensions to retirees and pensioners wellbeing in Cross River State. In Abia State, there appears to be no evidence of marked improvement in the welfare of pensioners as a result of the pension reforms. More so, that there is still the prevalence of irregular payment of pensions to retirees.

According to Alabadan, (2011), the Pension Reform Act 2004 identifies integrity, transparency and accountability among core values or founding principles for pension fund administration, this underlines the need for probity, impartiality, fairness, honesty and truthfulness in pension matters. Sadly, these features were lacking in the old pension scheme which resulted in its ineffectiveness. These features mentioned above seem to be lacking in the administration of pension management in Abia State. This manifests in lack of proper information in the payment of pensions to retirees, irregular payments of pensions and the recent nonpayment of pensions and gratuities which has resulted in a heavy backlog. This had had severe consequences on the wellbeing of pensioners in Abia State.

The contributory pension scheme was seen as a panacea for the problems of the defined benefit scheme and with it, there was hope that retiree's welfare will be enhanced due to accountability and transparency mechanisms put in place by the new scheme. Retirees can now plan their lives based on the prompt and regular payment of their lump sum and pensions. But from the study carried out by Anazado, Ezenwile, Chidolu and Umetiti (2014), the above perceived major benefit of the contributory pension scheme is not really the case. They discovered that the turn of events in recent days as regards late payment or nonpayment of pensions is beginning to dampen the hopes of the retirees. This has led to pensioners protesting in different states of the country such as Ogun State where they protested over nonpayment of retirement benefits for more than ten months. The situation in Abia State is more worrisome, more so, that the protest of the pensioners have not yielded any improvement. A situation where the retirees have not been paid gratuity since 2011, and the pensioners are being owed more than thirtyeight (38) months pension arrears.

According to Ogbu (2012), pension in the public sector had witnessed the following challenges:

- a. Poor Funding.
- b. Weak Administration
- c. Inadequate Framework.
- d. Political Challenge.
- e. Poor Contribution
- f. The challenges of benefit adequacy and compliance.
- g. Political Instability and Unstable Labour Policies:

Adetunde, (2019) revealed that despite the fact that civil servants in Lagos State planned for retirement, they still experience some challenges due to the delay in the commencement of payment of gratuity and their monthly pension. Retired civil servants in the study areas therefore took to trading, care giving task etc. They also live more frugal and quiet lifestyles to stay afloat.

III. Methodology

The survey research design was adopted for this study. Survey research method is a qualitative design where structured questionnaires are given to respondents to elicit information from them. It is a descriptive technique. The population of this study is drawn from the population of retirees in the Seventeen (17) Local

Government Areas in Abia State. Questionnaires were used to extract information from the respondents. The study adopted the qualitative descriptive method and percentages in analyzing data collated.

There was no predetermined ratio as to distribution of the questionnaires based on the respondent's awareness of having information on when their pensions are paid each month. The researcher adopted the accidental method of instrument administration considering availability and willingness of the retirees to participate in the exercise.

IV. Results

Table 1: Sex of Respondents

Sex	Frequency	Percentage
Male	234	60%
Female	156	40%
Total	390	100%

Source: Field Survey, 2021.

Table 1 shows that a total of 390 questionnaires were distributed across the retirees from both state ministries and local government retirees. Out of this total, 234 (60%) of the respondents are males while 156 (40%) respondents are females. The table shows a good representation of both males and females in a proportion that is not very domineering.

Table 2: Marital Status Of Respondents

Marital Status	Frequency	Percentage
Married	200	51%
Single	0	0%
Separated	30	8%
Widow	78	20%
Widower	82	21%
Total	390	100%

Source: Field Survey, 2021.

Table 2 shows that 200 (51%) of the total respondents indicated that they are married. None of the respondents indicated to be single. 30 (8%) of the respondents indicated have been separated. 78 (20%) respondents are widow retirees while 82 (21%) respondents are widowers.

Table 3: Government Organization Worked For Before Retirement

	Frequency	Percentage
State Ministry	220	56%
Local Government	170	44%
Total	390	100%

Source: Field Survey, 2021.

Table 3 shows 220 (56%) of the total respondents worked with the state ministries before they retired while 170 (44%) of the total respondents worked with the local government areas before their retirement. This shows a good representation of fairly proportionate mix of both state ministry retirees and local government retirees.

Table 4: Years of Service Before Retirement

How many years did you work before retirement	Frequency	Percentage
10 - 14	42	11%
11 - 19	56	14%
20 - 24	98	25%
25 - 30	84	22%
31 - 35	110	28%
Total	390	100%

Source: Field Survey, 2021.

This table shows that 42 (11%) of the total respondents worked for 10-14 years before their retirement, 56 respondents which is 14% of the total respondents worked for 15-19 years before retirement. 98 respondents which total 25% of the total respondents worked for 20-24 years before they retired. 84 respondents which is 22% of the total respondents worked for 25-30 years before retirement and 110 respondents which is 28% of the total respondents worked for 31-35 years before they retired.

Table 5: Highest Educational Qualification at Retirement

	Frequency	Percentage
FSLC	70	(18%)
SSCE	68	(17%)
NCE	54	(14%)
BSC	120	(31%)
Post Graduate	78	(20%)
Total	390	(100%)

Source: Field Survey, 2021.

Table 5 shows that a total of 70 (18%) respondents retired having FSLC as their highest educational qualification. 68 (17%) respondents retired having SSCE as their highest educational qualification. 54 (14%) respondents have NCE as their highest educational qualification at retirement. 120 (31%) respondents which is 31% of the total respondents retired having B.Sc and equivalent as their highest educational qualification. 78 (20%) respondents retired having M.Sc, Ph.D and other post graduate qualifications. The table shows that those with B.Sc were more in number at retirement.

Table 6: I Can Always Say When My Pensions Will Be Paid Each Month

	Frequency	Percentage
Agree	0	0%
Strongly Agree	0	0%
Disagree	56	14%
Strongly Agree	334	86%
Total	390	100%

Source: Field Survey, 2021.

Table 6 shows that none of the respondents agreed to know when their next pension is paid each month. 56 (14%) respondents disagreed showing that they do not know when their next pension was to be paid each month. 334 (86%) respondents which strongly disagreed that they do not know when their next pension is to be paid each month. The table indicates that the total 390 respondents do not know when their pension is to be paid each month. This also shows how irregular the payment of pensions is in Abia State.

Table 7: Are You Currently Doing any of the Following?

	Frequency	Percentage
Farming	312	80%
Trading	254	65%
Contract	232	59%
None	78	20%

Source: Field Survey, 2021.

Table 7 shows 312 (80%) respondents indicated that they are currently engaged with farming, that is 80% of the total respondents. 254 (65%) are currently engaged with one form of trading or the other. 232 (59%) respondents are currently engaged with some sort of contract work, while 78 (20%) respondents are not doing anything at retirement but totally depends on their pensions. The table shows that some of the respondents engage in farming and maybe trading or contract at their retirement. 80% of the respondents are currently engaged in farming, trading or contract. This is because the pensioners are not being paid, so they have to find a way to cope so as to meet up with their responsibilities. The 20% that are not engaged currently may be as a result of ill health or old age.

Table 8: How Do You Cope with Irregular Payment of Pensions

I now cope with farming whether pensions are paid or not	Frequency	Percentage
Agree	40	10%
Strongly Agree	42	11%
Disagree	198	28%
Strongly Disagree	110	51%
Total	390	100%
I now do contracts and it helps me cope whether the pensions are paid or not		
Agree	110	28%
Strongly Agree	144	37%
Disagree	46	12%
Strongly Disagree	90	23%
Total	390	100%
I now cope with my trading whether pensions are paid or not		
Agree	70	18%
Strongly Agree	58	15%
Disagree	112	29%
Strongly Disagree	150	38%
Total	390	100%

Source: Field Survey, 2021.

Table 8 shows what the pensioners do to cope with irregular payment of pensions. Results from the study indicate that 82 (21%) respondents agreed that they do farming to cope. However, 298 (79%) respondents disagreed to farming being what they do to cope with their transportation challenges. The study further revealed that 128 (33%) of the total respondents agreed that they do trading to cope with their transportation challenges while 262 (67%) of the total respondents disagreed that they do trading to cope with transportation challenges. Since 67% is more than 33%, we therefore, did not accept trading as their coping strategy in meeting up with their transportation challenges. The study also revealed that 136 respondents which is 35% of the total respondents disagreed that they do contract to meet up with transportation challenges, while 254 respondents which is 65% of the total respondents agreed that they do contract and it helps them meet up with their transportation challenges. Since 65% is higher than 51% which is our acceptance level, we therefore accept and establish that the pensioners now do contracts to cope with their transportation challenges.

V. Discussion, Conclusion and Recommendations

Study showed that 220 (56%) percentage of the respondents retired from state ministries while 170 (44%) retired from LGA. Also 234 (60%) were males while 156 (40%) were females. The study also revealed that 360 (92%) of the total respondents now engage in trading to meet up with responsibilities of their dependents; 262 (67%) also use trading as a coping strategy to meet up with community responsibilities. Furthermore, the study reveal that 348 (89%) of the total respondents agreed that the non-payment of pensions has serious impact on the pensioners in regard to their health, food and accommodation. The study further showed that 254 (65%) of the total respondents engage in contract as a coping strategy to meet up with their transportation challenges. Also 254 (66%) of the total respondents now plan their expenditure based on their engagement in trading. Conclusively, the study shows that:

1. The pensioners find it difficult to plan their expenditure due to irregular payment of pensions.
2. There is a prevalence of irregular payment of pensions in Abia State.
3. Pensioners cope by engaging in trading and farming to meet up with their responsibilities.

Retirement in Nigeria is not a pleasant phase in life. The situation in Nigeria and especially Abia State is much worrisome. This is becoming worse as it is gradually progressing from irregular to non-payment of pensions and gratuities for years. However, the government adopts the recommendations made below and engages the coping strategies explored, retirement will become exciting, delightful, thrilling, rewarding and something to look forward to having prepared for it.

Recommendations

1. Government should make the payment of pensions to be regular to enable pensioners plan for their retirement.
2. All prospective retirees should be exposed to various pre-retirement counseling and business development programmes to facilitate their transition from work to retirement.
3. Government should give workers and retirees through support in terms of loans, tax holidays for business, farms, etc they establish to cope with irregular payment or poor pension payments.

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