Conceptualizing Contributory Pension Scheme Implementation and Job Commitment of University Lecturers in Nigeria

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Abstract: This paper examined the concept of contributory pension scheme as it relates to lecturers' job commitment in the university system. It adopted the Social Exchange Theory by George Casper Homans in 1958 and a review of other scholars' findings on pension scheme implementation. It established a link between the CPS implementation procedures and the indices of university lecturers' job commitment. The paper recommended among others that it is important for employees to see clearly the reward process at work. Concrete acts must accompany statements of intent since lecturers have expectations for good pension package after many years of service to the university.

Keywords: Pension scheme, implementation, job commitment.

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Introduction

The concept of pension can be traced to primitive work environment when man was encouraged to put some savings aside for the future when he may not be able to work again. In most part of the world, pension is accepted as payment for employees who have spent their active years in serving the people. Therefore, the idea of pension originated from the traditional system or society of man saving for the rainy days. In recent practices, individuals are encouraged to set some money aside to take care of themselves and their dependents when they are retired or disengaged from monthly paid job. In the views of Olurankinse and Adetula (2010), it is maxim for anyone who fails to plan for the rainy day is simply getting ready to be swept off when the rain comes. Pension could be considered the sum of money paid regularly by employers to former employees as a result of attaining a certain fixed age, years of service, due to sickness, disability or widowhood.

Pension is a plan for the rainy days after retirement, an arrangement to provide people with income when they are no longer active. It is a plan by an employer to provide their employees with an income when they are no longer working. Fajana (2002) opines that it is natural that after working for a long period of time, the law of diminishing return will set in and the employee's output will fall below expectation. He added that at this stage it becomes absolutely necessary for the employee to stop working. But the question being asked here is that, what becomes the fate of the retired employee who has spent most of his working life toiling for the university and the employer? Should retired employee be abandoned to die of hunger due to loss of income arising from his retirement? It is in the response to this question that the concept of pension emerges. Iwu (2016) mentioned that pension is the periodic payment granted to an employee for services rendered, based on contractual legal enforceable agreement, paid by an employer at the agreed time of termination of employment. It is a form of retirement plan by the employer for the employees for the later periods of their lives. Pension can be defined as a regular monthly payment which is received by a retired person called a pensioner for the duration of his life. The payment, should ideally commence from the date of retirement.

In a formal employment, retirement is seen as giving up or being caused to give up one's employment on reaching pensionable age (Chartered institute of personnel Mgt of Nigeria, 2007). The new Universities (Miscellaneous Provisions) (Amendment) Act, 2012, limits the tenure of principal officers of universities to a single term of five years, while increasing the compulsory retirement age of staff in the professorial(Academics) staff and non-academic staff in...
Nigerian universities to 70 and 65 years respectively. The Nigeria labour law and the Act establishing many public universities in Nigeria equally provides for voluntary retirement which could be prompted by various factors such as desire by a university staff to look for greener pasture, unhealthy condition of employee, desire to set up one’s own business. However, there are compulsory retirement induced by the employer for whatever reason, pension of the employee who is no longer receiving salaries is very vital to his survival.

Pension scheme is designed to ensure that a periodic payment is granted to an employee for services rendered based on contractual legal enforceable agreement by an employer at the agreed time. It encourages employees to be more committed in pursuit of the organizational goals with the hope that there is a reward after years of active service.

Historically, pension in Nigeria can be traced to a prolonged struggle between employees and employers. The agitation of workers brought about the privilege of receiving gratuity and pension in Nigeria when the colonial government first legislated on pension for public servants in 1951. The Nigerian workers and university employees have therefore experienced various pension administration, schemes and regimes. The first pension legislation in Nigeria was that of the British colonial administration in 1951 known as the Pension ordinance. It was followed by the National Provident Fund of 1961 which was established by an Act of Parliament. There was the Pension Act of 1979 and the Armed Forces Pension Act No. 103 of 1979 enacted retrospectively to take effect from 1974. The Nigeria Social Insurance Trust Fund (NSITF) was also established in 1993 to provide social security for both government and private sector employees. The inability of these pension scheme to address the plight of employees gave birth to the contributory pension scheme. The scheme was enacted into law in 2004 and subsequently amended in 20014. It is a form of pension plan where the employee and the employer contribute certain percentage of the employee's salary into a fund. The employee is expected to access these contributions at retirement. It is expected to increase the commitment of employees to their employers.

Consequently, the contributory pension scheme was introduce in the university system to ensure that lecturers at retirement can access their retirement benefits. It is intended to increase job performance and ultimately commitment of employees in the university system. Its effective implementation will surely increase the involvement of employees. This discussion is therefore concerned with the link between contributory pension scheme implementation and university lecturers job commitment.

Meanwhile, it is proper to note that the Nigerian university lecturers are specifically employed to perform the job of teaching, research and community service. How well these functions are performed is dependent on their commitment to the job. The dedication of an individual to the organization's cause, or belief, and a willingness to get involved in everyday activities of the organization is referred to as job commitment. It can also be seen as the regularity at work, attendance at meetings, promptness in discharging assigned duties and responsibilities towards achieving set objectives. It is how an individual brings energy and initiative to everyday job. Job commitment is the exercise of true loyalty toward one's organization. It represents the extent to which an employee develops an attachment and a feeling of allegiance to his job. It is also the extent to which work related activities expected from employees are performed and how well those activities are executed by them. It could be seen as the degree to which an individual executes his or her roles in an institution with reference to certain specified standard set by the institution. The three characteristics of commitment include: employee’ belief in and acceptance of the organization goals and values; willingness to exert dedicated efforts on behalf of organization; strong desire to maintain organization membership (Mowday et al., 1992).

Job commitment of the university lecturers can therefore be measured in terms of willingness to accept responsibilities, effectiveness and efficiency on the job, willingness to accept corrections, punctuality to lectures, submission of course outlines, willingness to supervise students for project, attendance and contributions in committee meetings, promptness in preparing students examination results, willingness to carry out student's advisory and mentoring role, research publications and number of community development activities.

The Problem

There are serious concerns about the level of job commitment of Nigeria university lecturers in recent time. A close look at the attitude of some lecturers in the university system today will reveal lack of commitment and serious bitterness in the performance of their jobs. The willingness to accept responsibilities of teaching and submitting of students' examination scores, course outlines as at when due is no longer common. Lecturers are no longer punctual to classes. Students are often seen seated in lecture halls waiting for their lecturers for a long time even after the scheduled time. It seems not an offence for lecturers to miss their classes or come late to class. The compilation and submission of students’ examination scores appears an insurmountable task in the universities today. Meanwhile, some students are often seen complaining of inadequate attention from their supervisors.

The implementation of reward policies especially the pension policies have a way of increasing the commitment of employees. The observed and reported sufferings of pensioners in Nigeria today have further declined the expected commitment of university lecturers. When organizational programmes are not well implemented, especially policies that have to do with rewards, salaries and pensions, it can result to increased conflict, absenteeism, lateness, tendency of looking for alternative source of income, excessive job turnover which in returns end up in employees poor job
commitment. Pension provides an employee a level of economic benefit when he or she retires from employment. Negative perception about rewards and pensions among employees in the university system could lead to poor job commitment. Efficient and effective pension management system can be a tool for creating and maintaining an environment for the high level job commitment from the university lecturers. This is because it assures them of life after retirement. Efforts must be made to give them that hope of a reasonable income at retirement which will increase their level of job commitment while in active service. That is why many workers unions, particularly the Academic Staff Union of Universities (ASUU), have to negotiate workable pension schemes in the university system. ASUU as a trade union posits that the academia represents the critical mass of scholars in the society with the potential for transforming and therefore deserves a rewarding pension package on retirement. This discussion therefore considered the link between implementation of contributory pension scheme and job commitment in the university system.

Theoretical Framework

This study is hinged on the Social Exchange Theory by George Casper Homans (1958). According to the Social Exchange Theory, individuals have self-interested commitment to continue relationships because of the rewards they will get from them. It further explains that the quest for social rewards drives people to enter into relations with one another. Consequently, the perceived reward that is expected to be an outcome of an action determines whether the relationship will have continuity. In the context of a workplace situation, if an employee perceives that he may not be rewarded at the end of the relationship, it is likely to result in the discontinuation of the relationship or reduced the level of his involvement in the relationship. Hence, since the nature of relationships is governed by reciprocal actions, relationships will cease in the long run if reciprocity norms are violated.

Blau (1964), whose view is frequently cited in discussions about social exchange theory, defines social exchanges as “voluntary actions of individuals that are motivated by the returns they are expected to bring from others” (p.18). In line with this definition, Emerson (1976), and Konovsky and Pugh (1994) similarly describe a social exchange as a relationship that entails expectations of unspecified future rewards from others, while De Clercq et al. (2010) defined it as an exchange relationship based on shared understanding and the norm of reciprocity. The exchange can be in the form of discussion, favours, assistance, money, love, goods, services or pension. The foregoing definitions show that Social Exchange Theory is a sequence of positive interactions, which over a period of time generate openness, obligation and friendship between people in the work place. The social interactions stressed in this theory are mutually dependent, and responses are generated by the actions of the other person in the exchange.

A social exchange has also been referred to as a balanced or reciprocal relationship between two individuals or between an employee and his organisation. In a workplace context, a social exchange is a cooperative relationship between employees and their organisation. The theory according to Homans (1958) also proposes that when a person’s action does not receive the reward he expected, or perceived others to be unsatisfied with the reward received, the employee might become frustrated and show less commitment to the cause of the organisation. In a group or organisational setting, the consequences of persistent frustration will be aggression which will result in conflict at the expense of harmonious relationship. In this study, when employees perceive that their rewards which are pension may not be paid at retirement, commitment to the university activities may be affected.

The development and sustainability of pension scheme which the employees expect at the end of working years is important because it results in steady and amicable organisational relationships that lead to positive workplace outcomes. Hence, an understanding of the elements that facilitate good pension management processes is important. One of the assumptions of Social Exchange Theory is that high-quality relationships evolve over time into relationships which embody loyalty, commitment and trust. It is therefore important to develop and maintain high-quality relationships by deploying the necessary elements to facilitate the exchange process. As noted by Cole et al. (2002) high-quality relationships require certain conditions, such as abiding by the rules of exchange in the relationship. In other words, it means creating an environment that encourages high-quality workplace relationships, and this requires both parties to adhere to the norms guiding the exchange process.

Conceptual Discussion

It is right to note that most employees pay back what they perceive as supportive treatment from their employers through stronger attachments to the organization. The extent to which the organisation treats respects and values its active and retired employees is used in the assessment of fulfilment of the obligations by both parties. The treatment of lecturers by the university might result in a positive mood that would create a felt obligation to care about the student’s welfare and help the university to reach its objectives. It is assumed that when an organisation relates to its employees well in terms of access to resources at retirement and respect, the employee will reciprocate by working hard to improve organisational effectiveness. Such positive organizational relationships could develop into emotional ties and a sense of unity with the organisation over time known as commitment.

The figure below shows a conceptualized relationship of how expectations of retirement benefits will motivate job commitment among the university lecturers.
Figure 1 above, shows how the expectations of university lecturers when they are 50 years old or at retirement in line with the pension act in prompt payment of their lump sum and thereafter enhanced monthly pension which could come in the form of programmed withdrawal or annuity depending on the choice. These expectations will be facilitated by the activities of Pension Fund Administrators (PFA), Pension Fund Custodians (PFC), the university management and then the regulatory body which is the National Pension Commission (PENCOM) through regular remittances into Retirement Savings Account (RSA), adequate pre-retirement workshop, prompt payment of pensions and regular payment of pensions. These expectations would lead to job commitment in terms of punctuality to class, promptness in submitting examination scores, willingness to accept students for supervision, availability for advisorship, regularity at departmental board meetings and then promptness in discharging assigned duties. The design avouch that efficacious implementation of the contributory pension scheme in line with the pension act of 2014 would vantage the university systems in terms of the expected commitment by the lecturers. Consequently, it will assure the lecturers of good adequate package at retirement. The tendencies of seeking alternative sources of income thereby reducing full attention and involvement in the university affairs towards attaining set goals might be discouraged as postulated by this design. This is in agreement with the findings of Sharon and Sukkyung (2014) that employees career commitment is significantly influenced by satisfaction with retirement system. It also collaborates the assert of Sterns (2006) that a good pension scheme has the capacity of reducing employees turnover in the university system. When there is reduced turnover, the implication, is that employees seems satisfied and happy to work for the the institution which might result to commitment. The decline in lecturers commitment as a result of unclear implementation strategy of their retirement benefits could be curbed with clear and unambitious procedure of the scheme. Oyemwinyina and Edomwonyi (2016) had earlier affirmed this that with the effective implementation of the contributory pension scheme in Nigeria universities, the situation of delayed or non-payment of pension entitlement to retired employees will be curbed and that the scheme is in a better position to eradicate the uncertainty of employees retirement benefits.

The effective implementation of the contributory pension scheme seems a powerful means of ensuring the desired commitment from employees. Institutions should note that providing a good benefits plan for employees irrespective of the sector shows a caring attitude about their financial security, well-being and peace of mind. Employers should provide benefits to their employees to comply with provincial and government regulations; motivate and support them, particularly the high-performing ones they are keen to retain; help attract new employees; strengthen the long-term commitment of employees to the organization; reduce stress associated with health and financial difficulties; improve the mental and physical health of employees. All of these are associated with humane treatment of employees and helping to build a culture of caring for people and improving relationships in the work place.
Effective implementation of the contributory Pension scheme could be used to increase employees’ commitment considering the fact that commitment is seen as a psychological process that results from the interaction between an employee and the organization and it is characterized by a certain level of willingness. The employees are willing to increase their work effort in order to obtain a specific need or desire, hope that they hold. It is a desire to achieve or obtain something which may be futuristic or immediate. Commitment in this context is the process that accounts for an individual’s intensity, direction and persistence of effort toward attaining a goal. There is a general belief that lecturers in the university system will change their behaviour by working harder or prioritizing their actions if they know that by doing so they will be rewarded with something of value to them. Hence, contributory pension scheme implementation is a great way to reward effort and behaviours which the university wishes to encourage. If sound and workable pension scheme is put in place in return for expected behaviour that contributes to the organizations goals, it will in turn enhance organizational effectiveness and productivity and then generates a positive outcome for both employer and employee.

According to Ogonor (1999) reported in Ogonor (2017), regular payment of salary including pensions, organizational administration and policy were some of the factors that motivate staff in Nigeria university system. Chizueze et al. (2011) carried out a research on contributory pension scheme, workers commitment, retention and attitude towards retirement in the Nigerian civil service. Findings revealed that contributive pension scheme significantly affects workers commitment to work, retention and attitude towards retirement.

Ahmed et al.(2016), conducted a research on the effect of contributory pension scheme on workers productivity in Lagos state civil service and the result of the research revealed that there is significant relationship between adequate retirement package and employees’ productivity and that it has a positive impact on the organization efficiency. In the same way, Yusuf (2014), accessed the university employees’ perception and the impact of contributory pension scheme on their welfare and discovered that the contributory pension scheme gave the employees the choice as to how their pension funds are managed and gives them the assurance about the security of their retirement benefits. Using a panel of data that included both primary and secondary sources, the findings of the study also showed that the new pension scheme had a very significant impact on the welfare of university employees hence increased their commitment and ultimately performance in the university system.

Nwagwu (2013) appraised the implementation of the contributory pension scheme in many universities in south-eastern Nigeria from year 2004 – 2011. In this study, it was revealed that the new contributory pension scheme payment mode has ensured prompt and regular payment of pensioners in university system.

Ahmed and Oyadiran (2013), analyzed the impact of the contributory pension scheme on staff welfare and how it has improved the life of retired civil servants in some federal ministries in Nigeria. From that analysis, findings that emerged, clearly indicated that the implementation of the contributory pension scheme significantly improves the welfare of the civil servants as its gave them feeling of security in the future and the life of staff who retired under the scheme were considered better when compared to those who retired under the old defined benefit scheme.

Sule and Ezugwu (2009) concluded that the application of the contributory pension scheme has positive impact on employee retirement benefits in Nigeria. The implication of these findings is that the university lecturers while in active service can ascertain and determine the value of his retirement benefits. This will also spur them to work and put in their best to ensure continuous increase since it is contributory by the employer and the employee on a monthly basis. The university community and students will also benefit since the loyalty, commitment and productivity of lecturers is assured.

It is pertinent to note that this study had exposed the tenets of contributory pension scheme implementation in Nigeria university system to be a tool that might influence lecturers job commitment. It is therefore imperative for the system to create that responsibility of commitment among lecturers through the adoption of this postulation to create better teaching learning environment. Furthermore, the study has revealed the need to efficaciously monitor the reporting relationships of the Pension Fund Administrators(PFAs), Pension Fund Custodians(PFCs) and the regulatory bodies to align with the expectation of lecturers as a measure of ensuring effective implementation of the scheme.

**Conclusion**

The effective implementation of any reward policy in any institution particularly pension could increase the expected job commitment of employees as suggested by Figure 1. The university management should adopt the strategy of ensuring best implementation of reward policies in the university system to ensure the continuous progress of university education through the job commitment of lecturers in consideration of the social exchange theory highlighted in this discussion.
Suggestions

Based on the discussion so far, the following suggestions are made:

1. Employees should be recognized through their pensions to enable them see their abilities, capabilities and contributions as important either towards the future of the university or individual life after meritorious years of service.

2. In essence, organizations should link directly the specific commitment they desire to the rewards desired by employees.

3. It is important for employees to see clearly the reward process at work. Concrete acts must accompany statements of intent since employees have expectations for good pension package at retirement.

References


