

## EFFECTIVENESS OF RETIREMENT SCHEMES IN PUBLIC SECTORS IN NIGERIA (A STUDY OF SOUTHWEST)

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### ABSTRACT

The introduction of the retirement schemes in Nigeria was done to ameliorate the processes of pension payments through various pension administrators, while several studies have assessed some of the issues of pension payments in Nigeria, where there have been delayed or unpaid pensions. This study checked the effectiveness of the retirement schemes in Nigerian public sectors, adopting a mixed method; quantitative and qualitative research design, with samples drawn from the six south-western states in Nigeria. It was found that Pension payments failed to meaningfully reduce financial stress for most retirees; also, most retirees believe the old DBS was more effective than the current CPS among other notable findings.

**Keywords:** Retirement scheme, Retirees, Pension Administrators, Public sector

### 1.0 INTRODUCTION

Retirement schemes are critical social protection mechanisms designed to provide income security for workers after disengagement from active employment. In Nigeria, public sector retirement schemes have historically faced significant structural and administrative challenges that undermine their effectiveness and the welfare of retirees. Prior to the Pension Reform Act of 2004, the defined benefit (DB) pension scheme operated on a pay-as-you-go basis, where entitlements of retirees were paid from annual government budgets, often resulting in delays and accrued arrears due to inadequate funding and untimely releases (National Pension Commission, n.d.).

The rationale for pension reforms in Nigeria was rooted in systemic inefficiencies and vulnerability inherent in the old pension arrangements. Under the defined benefit scheme, government obligations to retirees frequently outstripped available resources, creating actuarial imbalances and large pension deficits that compromised retirees' well-being (Aina & Ogunmola, as cited in International Journal of Management, Social Sciences, Peace and

Conflict Studies, 2024). These structural mismatches contributed to widespread insecurity among public servants approaching retirement age, heightening concerns about financial preparedness and long-term livelihood sustainability in post-employment life.

To address these challenges, the Contributory Pension Scheme (CPS) was introduced in 2004 and later modified by subsequent legislation, making retirement benefits a function of accrued individual contributions managed through pension fund administrators (PenCom). The CPS mandates contributions from both employees and employers to individual retirement savings accounts, shifting some financial risk away from government budgets (National Pension Commission, n.d.). The reform aimed to enhance funding adequacy, reduce arrears, and improve timeliness of pension payments, marking a substantial policy shift in Nigeria's approach to retirement financing.

Despite these reforms, empirical evidence suggests that the effectiveness of retirement schemes in the Nigerian public sector remains contested. Fapohunda's (2013) examination of pension management highlights persistent problems including poor pension fund administration, corruption, and inadequate oversight, which continue to hinder the realization of intended outcomes such as secure, timely retirement disbursements. Similarly, studies indicate that pension scheme reforms have had mixed impacts on the welfare and financial security of public sector retirees, with many pensioners still struggling to meet basic needs due to insufficient retirement benefits (Abere, Banjo, & Saka, 2023).

In addition to structural shortcomings, the perception of ineffectiveness among public sector employees has implications for workforce morale and retention. Research evidence shows that misaligned and dysfunctional pension reforms negatively affect staff commitment and the perceived attractiveness of public sector employment, as employees fear inadequate retirement security (Bamisaye & Akinleye, 2024). This suggests that beyond financing and administrative capacity, the success of retirement schemes depends on stakeholder confidence and the perceived reliability of benefits.

Furthermore, retirement planning in Nigeria is complicated by psychosocial factors such as financial anxiety among civil servants, which reflects broader concerns about the sufficiency of retirement preparation amid uncertain income prospects after disengagement from service (Ugwu & Idemudia, 2023). Such findings underscore the multifaceted nature of retirement effectiveness, encompassing economic, institutional, and human dimensions.

One prominent dimension of pension effectiveness in Nigeria is the sufficiency of retirement benefits under the Contributory Pension Scheme (CPS). Research focusing on low-income retirees from the federal public service reveals that the benefits accrued from the CPS may not always provide a livelihood that meets retirees' minimum needs. Abere, Banjo, and Saka (2024) analysed pension contributions and retirement benefits data from the National Pension Commission (PenCom) between 2004 and 2022 and found evidence that, despite contributions being made over many years, the final benefits often fail to guarantee sufficient post-retirement income for lower-wage public servants. This insufficiency raises questions about the extent to which the CPS assures economic security for all segments of public sector retirees rather than only for those with higher lifetime earnings.

In addition to benefit sufficiency, compliance and remittance practices significantly influence pension scheme outcomes. Several studies have identified irregular or incomplete remittance of pension contributions by employers as a major hindrance to the effectiveness of the CPS. According to research published in the International Journal of Economics and Financial Management, state and federal agencies have been slow or inconsistent in fulfilling their statutory obligations to remit contributions to employees' Retirement Savings Accounts (RSAs), thereby undermining the accumulation of funds intended for retirees' use (Ibrahim & Musa, 2018, as cited in IJEFM, 2025). This non-compliance weakens the foundational promise of the CPS, which hinges on regular, predictable contributions to build adequate retirement wealth.

Another critical factor affecting effectiveness is administrative performance and governance within pension fund management. Effective pension systems rely heavily on accountable and transparent investment and administrative mechanisms. Afolabi and Erasmus (2023) investigated the financial performance of Pension Fund Administrators (PFAs) in Nigeria and found that high operating costs and the nature of investments significantly influence the benefits available to retirees. Their analysis demonstrates that higher administrative costs can reduce the portion of contributions available for future benefits, especially when combined with investment strategies overly concentrated in low-yield government securities. Such findings indicate a need for improved governance frameworks that enhance investment returns while maintaining fiduciary responsibility for contributors' funds.

The governance and regulatory environment also plays a central role in shaping pension effectiveness. Good governance practices, including accountability, transparency, and strict compliance with regulatory standards, correlate strongly with desirable pension outcomes. Oluwalana and Ibiwoye's (2023) examination of governance in Nigeria's pension industry underscores the necessity of robust oversight mechanisms by the National Pension Commission (PenCom) to ensure that PFAs operate in ways that protect contributors' interests and maximize fund growth. Weak governance, conversely, can lead to mismanagement, loss of trust among contributors, and diminished retirement security.

The perception and confidence of public sector employees toward retirement schemes further affect the system's effectiveness. Research by Bamisaye and Akinleye (2024) highlights that public sector workers often perceive pension scheme reforms as misaligned and dysfunctional, which can negatively influence staff morale, commitment, and retention within the workforce. When employees distrust the pension system's ability to deliver promised benefits, this can dampen engagement and commitment, undermining broader organizational effectiveness and the perceived value of public sector employment.

While challenges continue to constrain the efficiency of retirement schemes, empirical evidence indicates that the Contributory Pension Scheme (CPS) has generated positive macroeconomic effects in Nigeria where implementation has been relatively consistent. Studies examining the macroeconomic implications of pension reforms demonstrate that sustained growth in pension funds contributes to national economic development by mobilizing long-term savings and channeling capital into financial markets. Ibiwoye and Adeleke (2009), using time-series econometric analysis, found that pension fund assets in Nigeria exert a positive and statistically significant effect on economic growth, largely through increased investment

capacity and financial market deepening. Similarly, Olanrewaju, Ajala, and Akande (2016) reported that pension fund accumulation under the CPS positively influences Nigeria's per capita income, reflecting the role of retirement savings as a source of long-term capital formation beyond individual retiree welfare. These findings suggest that, when properly governed and efficiently managed, pension schemes can extend their impact beyond social protection to support broader national economic dynamics and development outcomes.

## Statement of the Problem

The effectiveness of retirement schemes in Nigeria's public sector has remained a persistent policy and welfare concern despite several rounds of pension reforms. Prior to the introduction of the Contributory Pension Scheme (CPS) in 2004, the public sector operated a defined benefit system that was largely characterized by chronic underfunding, delayed payments, and the accumulation of pension arrears, which exposed retirees to financial hardship and uncertainty (National Pension Commission [PenCom], n.d.). Although the CPS was designed to correct these structural deficiencies by ensuring regular contributions and sustainable funding, evidence suggests that many of the problems affecting retirees' welfare have not been entirely resolved.

One major problem confronting the Nigerian public sector pension system is the inadequacy of retirement benefits, particularly for low- and middle-income earners. Empirical studies indicate that despite long years of service and consistent pension contributions, many public sector retirees receive benefits that are insufficient to meet basic living expenses in retirement. Abere, Banjo, and Saka (2023) found that CPS benefits for low-income federal civil service retirees often fall below acceptable income replacement ratios, raising concerns about the scheme's ability to guarantee financial security after retirement. This inadequacy undermines the core objective of pension schemes as instruments of old-age income protection.

Another critical issue is non-compliance and weak implementation by public sector employers. Several government ministries, departments, and agencies have been reported to delay or default in remitting pension contributions to employees' Retirement Savings Accounts, thereby weakening the accumulation of pension assets over time (Ibrahim & Musa, 2018). Such practices contradict the statutory provisions of the Pension Reform Act and expose contributors to retirement risks that the CPS was specifically designed to eliminate. Persistent non-compliance erodes trust in the system and compromises its long-term sustainability.

Administrative inefficiencies and governance challenges further compound the problem. Studies on pension fund management in Nigeria reveal that issues such as high administrative costs, limited transparency, and weak oversight continue to affect the performance of Pension Fund Administrators (PFAs), with implications for benefit adequacy and retirees' confidence in the system (Fapohunda, 2013; Oluwalana & Ibiwoye, 2023). Where governance structures are weak, pension assets may be poorly managed, reducing returns on investment and ultimately lowering retirement benefits.

Beyond financial and administrative concerns, the perceived ineffectiveness of retirement schemes has broader implications for public sector workforce morale and productivity. Research shows that uncertainty surrounding retirement outcomes contributes to anxiety among public servants and negatively influences their commitment to service (Bamisaye &

Akinleye, 2024). This suggests that pension inefficiencies are not merely post-retirement issues but also affect active employees and the overall effectiveness of public sector institutions.

Despite the macroeconomic potential of pension funds to support national development through long-term capital formation, the persistence of these challenges raises fundamental questions about how effective Nigeria's public sector retirement schemes truly are in meeting their social protection objectives (Ibiwoye & Adeleke, 2009). Consequently, there is a clear need for systematic empirical assessment of the effectiveness of retirement schemes in the Nigerian public sector, focusing on benefit adequacy, administrative efficiency, compliance, and retiree welfare outcomes.

### Objectives of the Study

(a) To examine the effectiveness of the Contributory Pension Scheme in providing adequate and timely retirement benefits to public sector retirees in Nigeria. (b) To assess the extent to which administrative efficiency and employer compliance with pension contribution requirements influence the welfare of public sector retirees in Nigeria.

### Research Questions

(a) To what extent has the Contributory Pension Scheme been effective in providing adequate and timely retirement benefits to public sector retirees in Nigeria? (b) How do administrative efficiency and employer compliance with pension contribution requirements affect the welfare of public sector retirees in Nigeria?

## 2.0 LITERATURE REVIEW

### 2.1 Retirement and Pension Schemes

Retirement is broadly understood in contemporary social policy research as the transition from active employment to a period of post-work life where income is provided through structured social protection mechanisms rather than labor earnings. Retirement, especially in aging societies, now increasingly intersects with broader issues of economic security, demographic change, and labor markets (OECD, 2025). These global discussions frame retirement not solely as a personal life event but as a policy concern requiring publicly regulated income support systems, emphasizing the need for schemes that can respond to extended life expectancy and shifting labor force dynamics.

Pension schemes are formal institutional arrangements that deliver a stream of income to individuals after retirement, with the twin goals of income security and social protection. Defined broadly, pensions encompass both public (state-mandated) and private (occupational or individual) systems and are fundamental to the global social insurance architecture designed to protect older adults from poverty and vulnerability (OECD, 2025). In this sense, retirement schemes form a core layer of social protection policies that aim to ensure stable consumption across the life course, particularly when wage income ceases.

Contemporary pension research emphasizes the distinction between defined benefit (DB) and defined contribution (DC) schemes, which shape risk allocation, benefit predictability, and

financial sustainability. In a DB system, benefits are formulaic and predictable based on salary history and tenure, with the sponsor (often the employer or state) liable for funding deficits. DC schemes, alternatively, link retirement benefits directly to cumulative contributions and investment performance, placing longevity and investment risks on the individual (OECD, 2025). This transition from DB to DC arrangements has been a central theme in pension reforms across many countries, reflecting global fiscal pressures and demographic shifts that challenge traditional pay-as-you-go models.

Recent global pension analysis also highlights the role of DC and hybrid schemes in enhancing long-term financial sustainability while presenting new challenges in retirement adequacy. The OECD's Pensions at a Glance 2025 report emphasizes that, while DC schemes can support sustainability by reducing unfunded liabilities, they also require robust financial literacy, effective market regulation, and mechanisms to manage risks such as investment volatility and longevity exposure (OECD, 2025). This body of literature underscores that the mere presence of a DC framework is insufficient without supportive institutional and financial environments that enable individuals to accumulate adequate retirement resources.

Institutional research on pension systems also points to the broader economic and social functions of retirement schemes beyond individual income support. According to the World Bank (2024), pension funds are among the largest pools of long-term institutional capital in many economies, with the potential to contribute to financial market development and investment in productive sectors. By mobilizing savings and channeling them into long-term investments, pension systems help stabilize financial markets and support broader economic growth objectives, while also fulfilling social insurance roles that protect retirees against old-age poverty and instability.

The evolving concept of retirement income systems has also stressed the importance of information, communication, and individual behavior in shaping retirement outcomes. A 2023 integrative review in the Journal of Population Ageing highlights that effective pension communication can influence knowledge, attitudes, and retirement saving behaviours among workers, which in turn affects participation rates and adequacy of retirement income (Haupt, 2023). The literature argues that improved communication strategies are essential components of pension policy, especially in contexts where individual responsibility for retirement savings is increasing under DC arrangements.

## 2.2 Administrative Efficiency and Compliance Issues

Administrative efficiency is a central determinant of pension system performance, as it affects contribution management, record accuracy, and the timely delivery of retirement benefits. According to the International Labour Organization (ILO, 2017), inefficient pension administration leads to delays in benefit processing, weak accountability, and increased operational costs, which ultimately undermine retirees' income security. In contributory pension systems, administrative efficiency is particularly critical because individual benefits depend on accurate contribution records and effective fund management over long periods.

In Nigeria, the administrative structure of the Contributory Pension Scheme (CPS) places regulatory oversight on the National Pension Commission (PenCom), while Pension Fund Administrators (PFAs) manage individual Retirement Savings Accounts. PenCom (2023)

reports that improvements in digital record-keeping and supervision have enhanced transparency compared to the pre-2004 defined benefit system; however, administrative bottlenecks persist, particularly in public sector agencies with weak internal payroll and personnel systems. These inefficiencies often result in delays in benefit processing and difficulties in reconciling contribution histories for retiring employees.

Employer compliance with pension contribution requirements represents another major administrative challenge within the Nigerian public sector. The Pension Reform Act mandates regular and full remittance of both employer and employee contributions, yet evidence suggests persistent cases of delayed or incomplete remittances by public sector employers. According to PenCom (2022), non-remittance and late remittance of contributions remain among the most common compliance violations recorded during routine pension audits. Such failures directly reduce the accumulation of retirement savings and weaken confidence in the pension system.

At the sub-national level, compliance challenges are further compounded by uneven adoption and implementation of pension legislation. The National Pension Commission (2021) notes that several state governments have either failed to fully domesticate the CPS or operate hybrid arrangements that fall short of national standards. This fragmented implementation creates administrative inefficiencies and exposes public sector workers in non-compliant states to greater retirement risk, contradicting the uniform protection objectives of the pension reform framework.

Beyond remittance issues, governance and administrative capacity within pension institutions also influence compliance outcomes. The Organisation for Economic Co-operation and Development (OECD, 2019) emphasizes that weak enforcement mechanisms and limited institutional capacity reduce compliance incentives and allow defaulting employers to evade sanctions. In the Nigerian context, PenCom's enforcement actions, including penalties and recovery of outstanding contributions, demonstrate regulatory effort; however, OECD (2019) argues that sustained compliance requires consistent enforcement and strong institutional coordination.

International evidence further shows that administrative inefficiency in pension systems has broader social and economic consequences. The World Bank (2018) observes that weak pension administration increases transaction costs, discourages participation, and undermines trust in contributory schemes, especially in developing economies. In Nigeria's public sector, these administrative and compliance weaknesses translate into delayed benefits, reduced retirement income adequacy, and heightened uncertainty for workers approaching retirement (PenCom, 2023).

### **2.3 Retirement Schemes and Retiree Welfare**

Retirement schemes are fundamentally designed to promote the welfare of retirees by ensuring income security and reducing vulnerability in old age. Retiree welfare generally encompasses financial security, access to healthcare, psychological well-being, and the ability to maintain a reasonable standard of living after exit from active employment (International Labour Organization [ILO], 2017). According to the ILO (2017), inadequate retirement income is a major driver of old-age poverty, particularly in developing countries where alternative social

safety nets are limited. Consequently, the effectiveness of retirement schemes is closely linked to their capacity to deliver predictable and sufficient income throughout retirement.

Empirical literature emphasizes that income adequacy is the most critical determinant of retiree welfare. The Organisation for Economic Co-operation and Development (OECD, 2019) notes that pension systems that fail to replace a reasonable proportion of pre-retirement earnings often expose retirees to financial hardship, dependence on family support, and reduced consumption. In contributory pension systems, such as those operating in many developing economies, benefit adequacy is influenced by contribution levels, length of participation, and investment performance, all of which directly affect retirees' post-employment welfare outcomes (OECD, 2019).

In the Nigerian, retiree welfare has been a major concern despite the introduction of the Contributory Pension Scheme (CPS). The National Pension Commission (PenCom, 2023) acknowledges that while the CPS has improved the regularity of pension payments compared to the former defined benefit system, challenges relating to benefit sufficiency remain, particularly for retirees from lower income cadres in the public sector. PenCom reports indicate that some retirees experience a sharp decline in income after retirement, which adversely affects their ability to meet basic needs such as housing, healthcare, and nutrition (PenCom, 2023).

Beyond financial considerations, retirement schemes also influence psychological and social welfare among retirees. The World Health Organization (WHO, 2021) highlights that financial insecurity in old age is strongly associated with stress, anxiety, and reduced quality of life. Retirement schemes that provide stable and predictable income contribute positively to retirees' mental well-being by reducing uncertainty and dependence, thereby supporting active and healthy ageing. Conversely, weak pension systems can exacerbate social exclusion and vulnerability among older persons (WHO, 2021).

Retirement welfare is also affected by the timeliness and reliability of pension payments. The World Bank (2018) emphasizes that delayed or irregular pension payments undermine retirees' welfare even when nominal benefit levels appear adequate. Inconsistent disbursements disrupt household budgeting and limit retirees' access to essential services. In Nigeria's public sector, delays arising from administrative inefficiencies or compliance failures have been identified as factors that negatively affect retirees' welfare and confidence in the pension system (PenCom, 2023).

## **2.4 Life-Cycle Hypothesis Theory (LCH)**

The Life-Cycle Hypothesis (LCH) theory, first proposed by Modigliani and Brumberg (1954), posits that individuals plan their consumption and savings behavior over their lifetime to ensure a smooth standard of living during retirement. The theory suggests that workers accumulate resources during their working years and gradually draw them down during retirement to maintain consumption levels. This concept is central to retirement planning, as it underscores the importance of structured pension schemes in ensuring financial security after employment (Modigliani & Brumberg, 1954).

Modern interpretations of the LCH emphasize the role of formal pension schemes in complementing individual savings. According to Scholz et al. (2017), pension contributions allow workers to accumulate retirement resources systematically, mitigating risks associated with life expectancy, inflation, and market volatility. In public sector employment, where salaries may be fixed and career progression is predictable, adherence to contributory pension schemes aligns with the life-cycle framework by guaranteeing that retirees receive income consistent with pre-retirement consumption patterns.

Empirical studies in developing economies demonstrate the relevance of LCH in evaluating pension effectiveness. Kpodar and Luchini (2016) found that formal pension arrangements, when properly managed, enhance consumption stability among retirees and reduce old-age poverty. The authors argue that the adequacy of retirement benefits depends not only on the length of contribution but also on the efficiency of fund management, highlighting the interplay between LCH theory and pension administration.

In the Nigerian context, the LCH provides a theoretical lens for assessing the Contributory Pension Scheme (CPS). Fapohunda (2016) notes that while the CPS allows for lifetime accumulation of retirement savings, inconsistencies in employer contributions and administrative inefficiencies can undermine the smooth transition envisioned by the life-cycle hypothesis. Delays in remittances or fund mismanagement disrupt the accumulation and drawdown phases, leaving retirees vulnerable and failing to achieve the predicted consumption-smoothing effect.

Furthermore, the LCH framework can explain disparities in retiree welfare across income groups. According to Kpodar and Luchini (2016), lower-income public sector employees may be unable to contribute sufficient funds to achieve a consumption level comparable to higher-income counterparts, even within a contributory system. This highlights that adherence to the life-cycle model requires both institutional efficiency and adequate contribution structures to ensure equitable retirement outcomes.

## 2.5 Institutional Theory

Institutional Theory, developed by DiMaggio and Powell (1983), posits that organizations are influenced by formal rules, regulations, and norms to gain legitimacy and ensure survival within their institutional environment. The theory emphasizes that compliance with regulatory frameworks is not solely a matter of operational efficiency but is also motivated by the desire to be recognized as legitimate by external stakeholders, including governments, regulatory agencies, and the public (DiMaggio & Powell, 1983).

In the context of pension administration, Institutional Theory helps explain why public sector organizations adopt or resist formal retirement scheme regulations. Scott (2017) highlights that organizations conform to institutional pressures through coercive mechanisms (laws and regulations), normative mechanisms (professional standards), and mimetic processes (imitation of successful organizations). In Nigeria, the adoption of the Contributory Pension Scheme (CPS) illustrates coercive institutional pressures, as public sector employers are legally required to remit contributions under PenCom supervision. Non-compliance often leads to sanctions, highlighting the interplay between regulatory enforcement and organizational behavior.

Empirical evidence suggests that institutional pressures influence compliance and administrative efficiency in pension systems. Adekunle and Oladipo (2020) found that public institutions with stronger adherence to formal pension rules exhibited higher efficiency in contribution remittance and record-keeping, whereas organizations with weak institutional commitment experienced delays and discrepancies in fund administration. This aligns with the core assertion of Institutional Theory that formal rules and external oversight shape organizational practices.

Institutional Theory also accounts for variation across sub-national organizations. DiMaggio and Powell's (1983) concept of isomorphism explains why some public sector agencies adopt best practices in pension administration while others lag behind. Failing agencies often do so due to resource constraints or lack of institutional capacity rather than unwillingness. PenCom (2023) reports show that states with proactive enforcement mechanisms demonstrate higher compliance and administrative efficiency, while states with weaker institutional enforcement continue to record delayed or incomplete pension remittances.

Furthermore, Institutional Theory can elucidate the relationship between regulatory legitimacy and stakeholder trust. Scott (2017) argues that organizations perceived as compliant and well-governed are more likely to earn trust from employees and retirees. In Nigeria, retiree welfare is closely linked to perceptions of institutional legitimacy: where organizations consistently comply with CPS regulations, retirees receive timely and adequate benefits, reinforcing trust in the system. Conversely, persistent non-compliance undermines confidence and diminishes the perceived effectiveness of retirement schemes (Adekunle & Oladipo, 2020; PenCom, 2023).

### 3.0 METHODOLOGY

This study adopted a mixed-methods research design, integrating both quantitative and qualitative approaches to achieve a comprehensive analysis of the effectiveness of retirement schemes in Nigeria's public sector. The quantitative component was used to measure and quantify satisfaction levels, financial adequacy, and systemic challenges among retirees and current employees, while the qualitative component explored the administrative processes, institutional perspectives, and lived experiences of pension beneficiaries and key stakeholders (Balogun, 2006; Adeyele, 2017). The adoption of mixed methods was considered particularly appropriate for this study given the complexity of pension administration, which encompassed both measurable outcomes and contextual factors that numerical data alone could not adequately capture.

The quantitative part employed a structured survey questionnaire administered to retirees and serving employees, generating data that were analysed using descriptive and inferential statistical techniques. The qualitative part involved semi-structured key informant interviews with pension administrators and institutional actors, the responses from which were subjected to thematic analysis following the framework of Braun and Clarke (2006). This triangulated approach enabled cross-validation of findings, enhanced the depth and credibility of the analysis, and provided both statistical generalisability and contextual richness essential to understanding pension outcomes in the Nigerian public sector.

#### 3.1 Study Area

The research was conducted in the South-West geopolitical zone of Nigeria, comprising six states which are Lagos, Ogun, Oyo, Osun, Ondo, and Ekiti. This region was selected because it represented one of the most significant concentrations of federal, state, and local government establishments in Nigeria, hosting a large number of civil servants, parastatals, and government institutions across diverse cadres and service categories. The South-West zone offered a heterogeneous environment of urban and semi-urban settings, enabling a comprehensive examination of public sector pension schemes across varying institutional contexts and administrative capacities.

Lagos State, as Nigeria's commercial capital and most populous state, served as a particularly important site given its dense population of formal-sector employees and retirees. The inclusion of other states in the zone provided additional variation in pension administration experiences, government compliance with the Contributory Pension Scheme (CPS), and the socioeconomic conditions of retirees. This regional focus ensured that findings were contextually grounded while retaining sufficient breadth for analytical generalisation within the South-West public sector.

### 3.2 Study Population

The target population for this study comprised three broad categories of participants. The first category included current public sector employees within five years of retirement from federal, state, and local government ministries, departments, and agencies (MDAs) across the South-West zone. These participants offered forward-looking perspectives on pension expectations and preparedness. The second category consisted of recent retirees who had exited the public service and were actively receiving pension benefits under either the Contributory Pension Scheme (CPS) or the older Defined Benefit Scheme (DBS). Their participation provided direct empirical accounts of retirement income adequacy, payment regularity, and financial security.

The third category comprised institutional actors and key informants, including human resource (HR) managers, pension fund administrators (PFAs), representatives of the National Pension Commission (PENCOM), and relevant policymakers. These participants contributed an administrative and regulatory perspective on the operational challenges, policy gaps, and reform imperatives within the public sector pension system. This broad and diverse participant base facilitated a comparative assessment of retirement scheme effectiveness from both the beneficiary and institutional vantage points.

### 3.3 Sampling Technique and Sample Size

A multi-stage sampling technique was employed to select participants for both the quantitative and qualitative strands of the study. In the first stage, purposive sampling was used to identify public sector institutions across the South-West states with significant concentrations of retirees and serving employees nearing retirement. In the second stage, stratified random sampling was applied to ensure proportional representation across job cadres (Junior, Senior, and Management), service lengths, gender categories, and pension scheme types (CPS and DBS).

A total of 68 respondents participated in the quantitative survey, distributed across diverse job cadres, service lengths, and pension scheme types within the South-West zone. The sample

comprised predominantly long-serving retirees at the Management and Senior cadre levels, with 97.1% enrolled under the Contributory Pension Scheme (CPS). For the qualitative component, one key informant, an experienced pension administrator at OAK Pensions, a licensed Pension Fund Administrator (PFA), was purposively selected to participate in a semi-structured in-depth interview. The key informant was selected on the basis of professional expertise, direct operational experience in pension fund management, and familiarity with the regulatory landscape governing public sector retirement schemes in Nigeria.

### 3.4 Instruments of Data Collection

Three instruments were employed for data collection in this study, reflecting the mixed-methods design:

- **Questionnaire:** A structured questionnaire was developed and administered via Google Forms to facilitate ease of access and efficient data gathering across geographically dispersed respondents. The questionnaire was organised into five sections covering respondent demographics, awareness of pension scheme provisions, satisfaction with benefit adequacy, perceptions of financial sustainability, and assessment of PENCOM's regulatory effectiveness. Items in Sections B and C were measured on a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree).

- **In-Depth Interviews:** A semi-structured interview guide was designed for engaging the key informant, an experienced pension administrator at OAK Pensions. The guide was organised around three core themes: transparency and accountability in pension fund management, regulatory and policy gaps limiting scheme effectiveness, and reform recommendations for improving pension reliability. The semi-structured format allowed for flexibility in probing responses and exploring emergent issues beyond the predetermined questions, enabling a richer and more contextually grounded account of pension administration from an institutional perspective.

- **Secondary Data:** Documentary sources were consulted to provide contextual, historical, and policy background for the study. These included PENCOM annual reports, government policy documents and gazettes, Auditor-General's reports, National Bureau of Statistics (NBS) publications, and peer-reviewed academic literature on pension reform in Nigeria and comparable developing economies.

### 3.5 Validity and Reliability

To ensure the content validity of the quantitative instrument, the questionnaire was reviewed and validated by a panel of experts comprising academics in the fields of public administration and social policy, as well as practitioners with experience in pension fund administration. Feedback from the expert review was incorporated into the final version of the instrument to ensure that all items accurately represented the constructs being measured.

A pilot study was conducted with 30 respondents drawn from the target population but outside the final study sample. The pilot exercise served to assess the clarity, comprehensibility, and appropriateness of questionnaire items, as well as to identify and correct ambiguities prior to full-scale administration. Cronbach's Alpha coefficient was computed from the pilot data to

assess the internal consistency and reliability of the scale items. A minimum reliability threshold of 0.70 was set, consistent with the standard benchmark in social science research (Nunnally, 1978). Items falling below this threshold were revised or removed before the final instrument was administered. For the qualitative interview, credibility was ensured through member checking, whereby key themes extracted from interview transcripts were shared with selected participants for verification and correction. Dependability was enhanced by maintaining a detailed audit trail of all analytical decisions made during thematic analysis.

### 3.6 Data Collection Procedure

Data collection was carried out in three sequential phases. In the first phase, the pilot study was conducted to refine the instruments as described above. In the second phase, the finalised questionnaire was administered to respondents with the assistance of trained research assistants who were briefed on the study's objectives, ethical requirements, and data collection protocols. Research assistants facilitated the distribution and retrieval of the questionnaire across the selected institutions and guided respondents where clarification was needed.

In the third phase, qualitative interviews were scheduled with the key informant at mutually convenient times. Interviews were conducted via secure online platforms with the interview lasting approximately 45 to 60 minutes and was audio-recorded with the explicit consent of participants. Recordings were subsequently transcribed verbatim for thematic analysis. Prior to data collection at all phases, participants were fully briefed on the purpose of the study, the voluntary nature of their participation, and their right to withdraw at any time without consequence. Written or digital informed consent was obtained from all participants in compliance with ethical research standards.

## 4.0 DATA ANALYSIS AND INTERPRETATION

### SECTION A: Demographic Information

This section presented the demographic profile of the 68 respondents who participated in the study between January and February, 2026. The characteristics analysed included gender, employment status, cadre/grade level, years of service, and pension scheme type.

#### A1. Gender Distribution

Gender	Frequency (n)	Percentage (%)
Female	51	75.0%
Male	17	25.0%
<b>Total</b>	<b>68</b>	<b>100%</b>

The sample was predominantly female, with 51 respondents (75.0%) identifying as female and 17 (25.0%) as male. This significant gender distribution suggested that the study population

had a majority of female employees or retirees. The dominance of female respondents reflected broader workforce composition trends in that sector.

### A2. Employment Status

Employment Status	Frequency (n)	Percentage (%)
Retiree	67	98.5%
Not specified	1	1.5%
<b>Total</b>	<b>68</b>	<b>100%</b>

An overwhelming 67 out of 68 respondents (98.5%) had identified as Retirees, with only one respondent not providing a response. This near-uniform employment status was a crucial contextual factor as the data reflected first-hand, the actual experience of the pension system in practice rather than theoretical expectations. Retirees had direct knowledge of benefit access, payment regularity, and sufficiency for daily living, making their responses particularly credible and authoritative on the subject of pension adequacy and sustainability.

### A3. Cadre/Grade Level

Cadre	Frequency (n)	Percentage (%)
Management	49	72.1%
Senior	16	23.5%
Junior	2	2.9%
Not specified	1	1.5%
<b>Total</b>	<b>68</b>	<b>100%</b>

The Management cadre dominated the sample with 49 respondents (72.1%), followed by the Senior cadre with 16 (23.5%), and the Junior cadre with only 2 (2.9%). One respondent did not indicate their cadre. The heavy representation of Management-level retirees was notable as this group typically had higher pension entitlements, greater awareness of pension administration, and more experience navigating the system. Their largely negative sentiments, as seen in Sections B and C, were therefore especially telling, as these were the respondents who would presumably fare best under the current scheme.

### A4. Years in Service

Years in Service	Frequency (n)	Percentage (%)
30 years and above	62	91.2%
20-29 years	4	5.9%
10-19 years	1	1.5%
Not specified	1	1.5%
<b>Total</b>	<b>68</b>	<b>100%</b>

A vast majority of respondents, specifically 62 out of 68 (91.2%), served for 30 years or more. Four respondents (5.9%) served 20–29 years, one (1.5%) served 10–19 years, and one did not respond. The dominance of long-serving retirees (30+ years) indicated that respondents had extensive institutional experience and significant vested interest in the pension system. These were individuals who had dedicated most of their working lives in service and would have accumulated substantial pension entitlements. Their dissatisfaction with the scheme's adequacy was therefore a particularly serious finding.

#### A5. Pension Scheme Type

Pension Scheme Type	Frequency (n)	Percentage (%)
CPS	66	97.1%
DBS	1	1.5%
Not specified	1	1.5%
<b>Total</b>	<b>68</b>	<b>100%</b>

The Contributory Pension Scheme (CPS) was the dominant scheme among respondents, with 66 (97.1%) enrolled under it. Only 1 respondent (1.5%) was under the Defined Benefit Scheme (DBS), and 1 did not indicate a scheme. The near-total enrolment under the CPS meant that the study's findings were essentially an evaluation of the CPS as experienced by retirees. This was significant because the CPS, introduced in Nigeria through the Pension Reform Act of 2004, was meant to replace the largely unfunded DBS, and respondents' assessments directly evaluated its real-world performance.

### SECTION B: Adequacy & Sustainability of Retirement Schemes

Section B (Objective 1) examined respondents' perceptions of the adequacy and sustainability of the current retirement scheme across five Likert-scale statements. Responses were scored

from 1 (Strongly Disagree) to 5 (Strongly Agree). A mean score of 3.00 represented a neutral position; scores below 3.00 indicated overall disagreement, and scores above 3.00 indicated overall agreement.

Key: SA = Strongly Agree (5); A = Agree (4); U = Undecided (3); D = Disagree (2); SD = Strongly Disagree (1)

S/N	Statement	SA (5)	A (4)	U (3)	D (2)	SD (1)	N	Mean
B1	The pension contribution rate is adequate for life after retirement	0	7	3	26	31	67	1.79
B2	The retirement scheme is financially sustainable in the long term	1	13	1	29	24	68	2.09
B3	PENCOM provides effective oversight over pension operations	2	21	13	19	12	67	2.73
B4	Accessing pension benefits is easy and straightforward	2	27	5	19	15	68	2.74
B5	The current retirement scheme is more effective than the previous system	3	15	3	22	25	68	2.25

**Detailed Analysis of Section B Items**

**B1: The pension contribution rate is adequate for life after retirement**

Mean: 1.79 | N = 67 | SA: 0 | A: 7 (10.4%) | U: 3 (4.5%) | D: 26 (38.8%) | SD: 31 (46.3%)

This item received the lowest mean score in the entire questionnaire (1.79), reflecting an overwhelming level of disagreement. Not a single respondent Strongly Agreed, and only 7 (10.4%) Agreed. In stark contrast, 57 out of 67 valid respondents (85.1%) either Disagreed or Strongly Disagreed. The 46.3% Strongly Disagree rate, which was the highest for any item, was a powerful signal of deep dissatisfaction. For long-serving retirees, many of whom served over 30 years, the pension contribution rate appeared grossly inadequate to sustain a reasonable standard of living post-retirement. This finding raised urgent concerns about the sufficiency of the CPS contribution formula and whether the accumulated pension fund translated into livable retirement income.

**B2: The retirement scheme is financially sustainable in the long term**

Mean: 2.09 | N = 68 | SA: 1 (1.5%) | A: 13 (19.1%) | U: 1 (1.5%) | D: 29 (42.6%) | SD: 24 (35.3%)

With a mean of 2.09, respondents largely doubted the long-term financial sustainability of the retirement scheme. Nearly 78% either Disagreed (42.6%) or Strongly Disagreed (35.3%), while only 20.6% expressed agreement. The near-absence of undecided responses (1.5%) suggested that respondents had clear, experience-based views, predominantly negative. The CPS was designed with sustainability as a key principle, but these findings suggested that retirees were not experiencing it as financially durable in practice. Factors likely contributing to this perception included irregular or insufficient pension payments, inflation erosion of pension values, and inadequate investment returns on pension fund contributions.

### **B3: PENCOM provides effective oversight over pension operations**

Mean: 2.73 | N = 67 | SA: 2 (3.0%) | A: 21 (31.3%) | U: 13 (19.4%) | D: 19 (28.4%) | SD: 12 (17.9%)

This item recorded the highest mean score in Section B (2.73), though it remained below the neutral midpoint of 3.00. Opinions were more divided here as 34.3% agreed or strongly agreed, 46.3% disagreed or strongly disagreed, and a notable 19.4% were undecided. The relatively higher mean and the significant undecided proportion reflected limited direct interaction between individual retirees and PENCOM, leading to uncertainty about its regulatory effectiveness. Still, nearly half of respondents perceived PENCOM's oversight as insufficient. This suggested a need for greater transparency, better communication between PENCOM and pension beneficiaries, and stronger enforcement mechanisms within the pension administration framework.

### **B4: Accessing pension benefits is easy and straightforward**

Mean: 2.74 | N = 68 | SA: 2 (2.9%) | A: 27 (39.7%) | U: 5 (7.4%) | D: 19 (27.9%) | SD: 15 (22.1%)

This item also yielded the second-highest mean in Section B (2.74), and notably, it had the highest proportion of Agree responses (27 respondents, 39.7%). However, 50.0% still Disagreed or Strongly Disagreed. The split suggested that while some retirees found the access process manageable, perhaps in institutions with efficient pension departments or Pension Fund Administrators (PFAs), many others encountered bureaucratic hurdles, documentation challenges, or administrative delays. This variability in experience appeared to be institution-specific or tied to the performance of individual PFAs. The 7.4% who were undecided may have reflected respondents still in the early stages of accessing benefits.

### **B5: The current retirement scheme is more effective than the previous system**

Mean: 2.25 | N = 68 | SA: 3 (4.4%) | A: 15 (22.1%) | U: 3 (4.4%) | D: 22 (32.4%) | SD: 25 (36.8%)

This comparative item asked respondents to evaluate the CPS against the old Defined Benefit Scheme. With a mean of 2.25, the verdict was predominantly unfavourable to the CPS: 69.1%

disagreed or strongly disagreed that the current scheme was more effective. Only 26.5% agreed or strongly agreed. Given that the DBS, despite its funding challenges, offered defined, predictable benefits based on final salary and years of service, many retirees perceived the old system as more generous or reliable. The CPS, by contrast, tied retirement income to market performance and individual contribution levels, introducing variability that many retirees found unsatisfactory. This finding questioned the reform narrative that the CPS represented an improvement for beneficiaries.

**Summary**

The overall mean score for Section B items ranged from 1.79 to 2.74, all falling below the neutral midpoint of 3.00. The grand mean for Section B was approximately 2.32, firmly indicating a negative aggregate perception of the adequacy and sustainability of the current retirement scheme. The most critical concerns related to contribution rate inadequacy (B1, mean 1.79) and long-term sustainability (B2, mean 2.09). The least negative perception related to benefit access (B4) and PENCOM oversight (B3), though even these remained below neutral.

**SECTION C: Satisfaction Level & Financial Security**

Section C (Objective 2) assessed retirees' levels of satisfaction and perceived financial security under the current pension scheme across five Likert-scale statements. Note: Items C1 and C3 had higher non-response rates (N = 42 and N = 48, respectively), which were considered when interpreting those results.

Key: SA = Strongly Agree (5); A = Agree (4); U = Undecided (3); D = Disagree (2); SD = Strongly Disagree (1)

S/N	Statement	SA (5)	A (4)	U (3)	D (2)	SD (1)	N	Mean
C1	I am satisfied with how the retirement scheme prepares employees for retirement	0	12	0	17	13	42	2.26
C2	Pension payments are made promptly	7	23	4	16	17	67	2.81
C3	I feel financially secure under the current pension scheme	1	8	5	17	17	48	2.15
C4	Pension payments reduce financial stress after retirement	5	14	2	22	25	68	2.29
C5	Pension payments are consistent and reliable	3	29	11	14	11	68	2.99

Detailed Analysis of Section C Items

**C1: I am satisfied with how the retirement scheme prepares employees for retirement**

Mean: 2.26 | N = 42 | SA: 0 | A: 12 (28.6%) | U: 0 | D: 17 (40.5%) | SD: 13 (31.0%)

This item had the lowest response rate (N = 42 out of 68), suggesting that 26 respondents either skipped this question or their data was not captured. Among the 42 who responded, results were clearly negative: no respondent Strongly Agreed, none was Undecided, and 71.4% Disagreed or Strongly Disagreed. The absence of any undecided responses was striking, as those who answered held firm views, predominantly critical. The mean of 2.26 reflected that respondents did not believe the retirement scheme adequately prepared employees for the transition to retirement. This encompassed pre-retirement financial planning, counselling, savings communication, and the overall welfare ecosystem around retirement preparation.

**C2: Pension payments are made promptly**

Mean: 2.81 | N = 67 | SA: 7 (10.4%) | A: 23 (34.3%) | U: 4 (6.0%) | D: 16 (23.9%) | SD: 17 (25.4%)

This item recorded the highest mean score in Section C (2.81), and it was the only item approaching the neutral midpoint. Nearly 45% of respondents agreed or strongly agreed that pension payments were made promptly, while 49.3% disagreed or strongly disagreed. This near-even split suggested significant variability in payment timeliness across different institutions, PFAs, or individual cases. The 10.4% who Strongly Agreed may have represented beneficiaries whose PFAs performed well, while the 25.4% who Strongly Disagreed likely faced persistent payment delays. The relatively better score on this item compared to others in Section C may have indicated that while payments did eventually arrive for some, overall satisfaction with the scheme remained low.

**C3: I feel financially secure under the current pension scheme**

Mean: 2.15 | N = 48 | SA: 1 (2.1%) | A: 8 (16.7%) | U: 5 (10.4%) | D: 17 (35.4%) | SD: 17 (35.4%)

Financial security was the core promise of any pension scheme, and this item's results were deeply concerning. With a mean of 2.15 and a non-response rate of 20 out of 68, the 48 respondents who answered were largely negative: 70.8% reported feeling financially insecure (35.4% each for Disagree and Strongly Disagree). Only 18.8% felt financially secure, while 10.4% were undecided. This finding directly challenged the fundamental purpose of the CPS. For retirees, particularly long-serving management-level officers who expected substantial retirement income, feeling financially insecure represented a significant failure of the pension system's core mandate. This had implications for their quality of life, health outcomes, and overall wellbeing in retirement.

**C4: Pension payments reduce financial stress after retirement**

Mean: 2.29 | N = 68 | SA: 5 (7.4%) | A: 14 (20.6%) | U: 2 (2.9%) | D: 22 (32.4%) | SD: 25 (36.8%)

This item produced a mean of 2.29, with 69.1% of respondents disagreeing that pension payments reduced their financial stress, echoing and reinforcing the findings on financial security (C3). Only 28.0% agreed or strongly agreed. The 36.8% who Strongly Disagreed signalled that for a large proportion of retirees, pension payments were not even doing the minimum expected, which was reducing financial hardship. This indicated that pension amounts were insufficient relative to the cost of living, that payments were irregular, or that the accumulated pension fund was inadequate after years of contribution. The near-total absence of undecided responses (2.9%) suggested that respondents had enough experience with the system to form clear judgments.

### **C5: Pension payments are consistent and reliable**

Mean: 2.99 | N = 68 | SA: 3 (4.4%) | A: 29 (42.6%) | U: 11 (16.2%) | D: 14 (20.6%) | SD: 11 (16.2%)

This item recorded the highest mean score in the entire questionnaire (2.99), barely touching the neutral midpoint of 3.00. It was the one area where respondents were most closely divided, with 47.1% agreeing or strongly agreeing, 36.8% disagreeing, and 16.2% undecided. The relatively stronger performance on consistency and reliability compared to other satisfaction dimensions suggested that while payments arrived with some regularity, they fell short on adequacy, stress reduction, and security. In other words, retirees received their pension with some consistency, but the amounts were insufficient. The 16.2% who were undecided may have reflected those whose payment experience had been mixed, sometimes reliable and sometimes not.

### **Summary**

Section C means ranged from 2.15 (financial security) to 2.99 (payment consistency), yielding a grand mean of approximately 2.50, which was below the 3.00 neutral mark and indicated overall dissatisfaction with the pension scheme's ability to provide financial security and satisfaction. The most troubling finding was C3 (financial security, mean 2.15), which suggested the scheme was failing at its most fundamental purpose. The only relatively positive finding was C5 (consistency, mean 2.99), suggesting payments arrived with reasonable regularity, though clearly not in sufficient amounts.

### **Key Findings**

- 1. Contribution rate inadequacy:** The lowest-rated item across the entire study; not one respondent Strongly Agreed. This was the most critical failure identified.
- 2. Long-term sustainability doubts:** Respondents lacked confidence that the CPS could sustain pension commitments over time.
- 3. Financial insecurity:** Over 70% of respondents did not feel financially secure under the current scheme.

**4. No stress reduction:** Pension payments failed to meaningfully reduce financial stress for most retirees.

**5. CPS vs DBS comparison:** Most retirees believe the old DBS was more effective than the current CPS.

6. The only relatively positive signals were benefit access, PENCOM oversight, and payment consistency, though none crossed the neutral threshold in a statistically meaningful way.

## 5.0 DISCUSSION OF FINDINGS & INTERPRETATION

Across both sections of the questionnaire, the data painted a consistently negative picture of the Contributory Pension Scheme (CPS) as experienced by retirees, the vast majority of whom were long-serving (30+ years), Management-level, female public servants. Section B (Adequacy & Sustainability), indicated that respondents strongly disagreed that the scheme was adequate, sustainable, or superior to the previous system. Section C (Satisfaction & Financial Security), indicated low overall satisfaction and widespread feelings of financial insecurity. The overall finding across all 10 items yielded a grand mean of approximately 2.41, a score that firmly fell in the "Disagree" range of the Likert scale, reflecting systemic dissatisfaction.

These findings were consistent with the Life-Cycle Hypothesis (LCH) proposed by Modigliani and Brumberg (1954), which posited that individuals save during their active working years in order to sustain consumption in retirement. The LCH assumed that a well-structured pension system would serve as the primary vehicle for this consumption-smoothing goal. However, the overwhelmingly negative responses to adequacy and financial security items suggested that the CPS had failed to fulfil this function for most respondents. Retirees who contributed for over 30 years found that their accumulated pension savings were insufficient to maintain their pre-retirement standard of living, a direct contradiction of what the LCH would predict in a well-functioning scheme.

These findings aligned with Akpan (2017) and PricewaterhouseCoopers (2016), who argued that the minimum CPS contribution rate of 18% of pensionable emoluments could not sufficiently provide adequate retirement income, particularly for lower and middle-income earners. Similarly, Oladipo (2015) noted that while the CPS increased pension contributions, its full benefits remained unrealised due to employer non-compliance and delayed remittances. Uzoh and Anekwe (2018) further observed that the CPS had compounded rather than alleviated the problems faced by retirees, a view strongly echoed in the present study's data. The preference for the old Defined Benefit Scheme, as reflected in item B5, corroborated the findings of Olatunde and Adebayo (2020), who reported low confidence among retirees in PFA investment strategies and poor fund transparency. Taken together, these findings pointed to a structural gap between the CPS policy framework and the lived retirement experience of its beneficiaries, highlighting the need for comprehensive reforms in contribution rates, regulatory oversight, and benefit delivery.

## 6.0 QUALITATIVE FINDINGS

### 6.1 Overview of Qualitative Findings

In addition to the quantitative survey administered to 68 retirees, this study employed a qualitative key informant interview to deepen the understanding of the issues identified in the survey data. The interview was conducted with an experienced pension administrator at OAK Pensions, a licensed Pension Fund Administrator (PFA) operating under the Contributory Pension Scheme (CPS) framework in Nigeria. The participant was selected on the basis of professional expertise and direct operational experience with pension fund management, benefit payment administration, and regulatory compliance.

The interview covered three substantive questions relating to: (i) transparency and accountability in pension fund management; (ii) policy and regulatory gaps limiting the effectiveness of public sector retirement plans; and (iii) reform recommendations for improving pension scheme reliability. Responses were subjected to thematic analysis following the six-phase framework of Braun and Clarke (2006), which involved familiarisation with data, generation of initial codes, searching for themes, reviewing themes, defining and naming themes, and producing the final analysis.

### 7.0 THEMATIC ANALYSIS

The Table below presents the identified themes, supporting sub-themes, and corresponding excerpts drawn from the interview responses.

**Table 1: Summary of Themes Derived from Key Informant Interview**

Q	Theme	Sub-Theme	Key Evidence from Response
Q1	<b>Theme 1: Digital Accountability and Fund Transparency</b>	Digitalisation of pension access tools	Respondent cited mobile applications, SMS alerts, and automated customer care as mechanisms enabling employee access to fund balances and unit prices (return on investment).
Q2	<b>Theme 2: Regulatory and Policy Non-Compliance</b>	State-level non-compliance with the Pension Reform Act (2004)	Respondent noted that some states had not complied with the Pension Reform Act over two decades after its enactment, citing Ogun State's eight-year pension arrears and the role of pressure groups in forcing intervention.
Q2	<b>Theme 2: Regulatory and Policy Non-Compliance</b>	Employer counterpart funding defaults	Respondent identified sharp practice and employer refusal to remit counterpart contributions as a key limitation on scheme effectiveness.
Q2	<b>Theme 2: Regulatory and Policy Non-Compliance</b>	Poor sensitisation and orientation of workers	Respondent attributed limited scheme effectiveness partly to poor awareness and sensitisation of public sector

Q	Theme	Sub-Theme	Key Evidence from Response
	<b>Policy Non-Compliance</b>		employees about their pension rights and processes.
<b>Q3</b>	<b>Theme 3: Structural Reform and Innovation</b>	Hybrid pension model, auto-enrolment, and investment diversification	Respondent recommended blending Defined Benefit and Defined Contribution elements, automating worker enrolment, and diversifying investment portfolios to boost returns and reduce risk.
<b>Q3</b>	<b>Theme 3: Structural Reform and Innovation</b>	Automatic Benefit Payment System (ABPS)	Respondent strongly advocated for the implementation of an Automatic Benefit Payment System (ABPS) to eliminate the need for retirees to visit pension offices before receiving payments, aligning Nigeria with international pension standards.

## 8.0 DISCUSSION OF THEMES

### Theme 1: Digital Accountability and Fund Transparency (Q1)

The first theme that emerged from the interview responses centred on the role of digital tools in promoting transparency and accountability in pension fund management. The respondent described the current system as one that had introduced a meaningful check-and-balance mechanism through technology:

"Employees have access to check their balance any time any day with the help of pension mobile applications, SMS alerts, and robot customer care. Presently, employees have access to check pension unit prices, i.e., return on investment."

This perspective reflected a degree of optimism about operational transparency that contrasted with the predominantly negative perceptions recorded in the quantitative survey, particularly around PENCOM oversight (B3) and benefit access (B4). The respondent's account suggested that technological infrastructure did exist within the CPS ecosystem to support transparency. However, the survey data indicated that a significant proportion of retirees were either unaware of or unable to effectively utilise these tools, pointing to a gap between the availability of transparency mechanisms and their actual reach and uptake among beneficiaries.

This finding aligned with the principles of the Agency Theory (Jensen and Meckling, 1976), which held that information asymmetry between principals (pension beneficiaries) and agents (pension administrators and employers) could undermine trust and accountability. While

digital tools reduced this asymmetry in principle, uneven access to technology among older, less digitally literate retirees may have perpetuated information gaps in practice.

### **Theme 2: Regulatory and Policy Non-Compliance (Q2)**

The second and most substantive theme related to policy and regulatory gaps that had constrained the effectiveness of public sector retirement plans. The respondent identified three distinct but interrelated sub-themes within this domain. First, state-level non-compliance with the Pension Reform Act of 2004 was identified as a persistent structural problem. The respondent cited Ogun State as a notable example where pension arrears accumulated over eight years before pressure from the Nigeria Union of Local Government Employees (NULGE) and other civil society groups compelled government intervention. This finding was consistent with Nwaneri (2018), who documented widespread non-compliance among Nigerian state governments, and with Sule and Ezugwu (2019), who observed that political interference and fiscal indiscipline had continued to undermine the implementation of the CPS at the subnational level.

Second, the respondent drew attention to the problem of employer counterpart funding defaults, describing it as a form of sharp practice that limited scheme effectiveness. This corroborated the survey findings on financial insecurity (C3) and stress reduction (C4), which together suggested that pension receipts were insufficient to meet basic retirement needs. Oladipo (2015) similarly noted that delayed employer remittances had become one of the most damaging structural weaknesses of the CPS, as they directly reduced the pension funds available for investment and eventual disbursement to retirees.

Third, poor sensitisation of workers was identified as a limitation. The respondent suggested that many public sector employees lacked adequate knowledge of their pension rights, contribution processes, and entitlements. This observation was theoretically grounded in the Human Capital Theory (Becker, 1964), which posited that informed decision-making required access to relevant knowledge and skills. A workforce inadequately sensitised about its pension rights was less likely to hold employers and administrators accountable, thereby weakening the overall governance of the scheme.

### **Theme 3: Structural Reform and Innovation (Q3)**

The third theme that emerged from the interview centred on concrete reform proposals and innovations the respondent considered essential for improving the effectiveness and reliability of the CPS. Five specific recommendations were advanced, which were grouped into two sub-themes: structural redesign and technological innovation.

Under structural redesign, the respondent advocated for the adoption of a hybrid pension model that blended Defined Benefit (DB) and Defined Contribution (DC) elements. This recommendation was supported by the World Bank's Multi-Pillar Pension Framework (Holzmann and Hinz, 2005), which argued that no single pension model was adequate on its own and that a combination of mandatory defined contribution savings, publicly managed defined benefits, and voluntary supplementary savings provided the most robust retirement security architecture. The respondent also recommended auto-enrolment to expand coverage and investment diversification to improve fund returns, both of which were consistent with

international best practices as adopted in the United Kingdom's National Employment Savings Trust (NEST) and Chile's AFP model.

Under technological innovation, the respondent's most emphatic recommendation was the implementation of an Automatic Benefit Payment System (ABPS), arguing that retirees should not be required to physically visit pension offices or PFA branches to receive their payments. This proposal directly addressed the access barriers that partly explained the mixed results on benefit accessibility in the quantitative survey (B4). The call for ABPS aligned with Tamboli and Nayak (2021), who argued that digital payment automation was central to enhancing pension delivery in emerging economies, and with PENCOM's own strategic objectives for improving end-to-end pension service delivery.

## Integration of Qualitative and Quantitative Findings

The qualitative findings from the key informant interview broadly reinforced and contextualised the quantitative results obtained from the retiree survey. Where the survey data revealed widespread dissatisfaction with pension adequacy, sustainability, and financial security, the interview provided an institutional perspective that helped explain the structural conditions underlying that dissatisfaction. The respondent's identification of state-level non-compliance, employer contribution defaults, and poor sensitisation offered concrete explanatory mechanisms for why retirees experienced inadequate pension receipts and financial insecurity.

Notably, the two methods also produced a point of productive tension. While the administrator expressed confidence in the transparency infrastructure afforded by digital tools, the survey data indicated that this confidence was not widely shared among retirees, many of whom reported that the scheme did not adequately prepare them for retirement (C1) and did not reduce their financial stress (C4). This divergence between the administrator's perspective and retirees' lived experience highlighted the importance of methodological triangulation in pension research, as administrative assessments of system performance did not necessarily reflect the experiences of end beneficiaries.

Taken together, the quantitative and qualitative data supported the conclusion that while the CPS had introduced important structural improvements over the old Defined Benefit Scheme in terms of funding discipline and transparency infrastructure, its implementation remained deeply uneven, its benefit levels inadequate, and its governance mechanisms insufficiently enforced to deliver meaningful retirement security for the majority of public sector retirees in Nigeria.

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