

Governance, Regulatory Challenges, and Pension Fund Mismanagement in Nigeria's Contributory Pension Scheme: Implications for Retirees' Welfare

Asian, Uko Johnson (Ph.D)¹ & Nsikak, Stephen Edet (Ph.D)²

¹Department of Public Administration, University of Uyo, Nigeria.

¹asianicworld1@gmail.com; 07017754060

²Department of Political Science, University of Uyo, Nigeria.

²nsikakstephene@yahoo.com; 08069212110, 08082401260

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Abstract

This study investigates the challenges undermining the effective implementation of Nigeria's Contributory Pension Scheme (CPS) and assesses their impact on the welfare of retirees. The research focuses on two key objectives: (1) to examine how poor governance and regulatory issues affect the proper functioning of the CPS and (2) to evaluate the influence of pension fund mismanagement and weak accountability practices on retirees' trust in the system. The study draws on both qualitative and quantitative data, employing surveys, focus group discussions, and documentary analysis to explore the relationship between employers' failure to remit contributions, corruption in pension administration, and the financial security of pensioners. The findings reveal that weak governance structures, insufficient regulatory frameworks, and corruption within pension management have significantly delayed pension payments, reduced retirees' confidence in the system, and exacerbated their financial instability. The study emphasises the urgent need for robust regulatory oversight, transparency, and accountability to restore trust and enhance the financial security of retirees. Furthermore, it calls for comprehensive reforms in pension administration to ensure timely pension

disbursements and the sustainable management of pension funds, ultimately improving retirees' welfare and ensuring the long-term success of the CPS in Nigeria.

Keywords: Contributory Pension Scheme, Governance, Pension Fund Mismanagement, Retirees' Welfare, Regulatory Challenges.

1. Introduction

Pension administration plays a crucial role in the socio-economic framework of nations, particularly in emerging economies like Nigeria. The welfare of retirees is deeply intertwined with the efficiency, transparency, and reliability of pension systems (Mathew and Emmanuel, 2019). As the population ages and the reliance on pension benefits increases, ensuring effective pension administration has become essential to safeguarding the financial security and dignity of retirees (Ololade and Ogunmuyiwa, 2022). Globally, the administration of pension schemes has garnered increasing attention from policymakers, especially in the context of facilitating privately funded retirement savings amidst the challenges posed by an ageing workforce (Lachman, 2013).

The roots of formal pension systems can be traced back to the Poor Laws in England, which laid the foundation for social security frameworks in Europe and the United States (Meng and Pfan, 2010; Ugwu, 2006). In Nigeria, the development of pension administration began in 1951, with the colonial pension ordinance for European workers, which later extended to Nigerian workers (Odia and Okoye, 2012). However, the pension system under the previous defined benefit scheme faced significant challenges, including delayed payments, large pension debts, and inadequate funding, resulting in substantial financial distress for retirees (Nwanne, 2015). The need for reform was driven by the inefficiencies of the old system, which could no longer provide reliable retirement income (Orenstein, 2008).

In response, the Nigerian government introduced the Contributory Pension Scheme (CPS) through the Pension Reform Act of 2004, aiming to address the shortcomings of the old system. The CPS mandates that both employers and employees contribute at least 7.5% of the employee's emoluments into a Retirement Savings Account (Oladipo and Fashagba, 2012). This system was designed to ensure financial security for retirees and improve the overall efficiency of pension administration. However, despite its promising objectives, the CPS has faced significant challenges, such as bureaucratic inefficiencies, institutional bottlenecks, corruption, and inadequate funding, all of which hinder its full implementation (Nwanne, 2015).

These governance and regulatory challenges have had a profound impact on the timely payment of pensions, leading to the accumulation of pension arrears and leaving many retirees without access to their entitlements in a timely manner. This has compromised their welfare and exacerbated financial hardship in retirement. The present study, therefore, seeks to investigate the influence of poor governance and regulatory challenges on the effective implementation of the Contributory Pension Scheme in Nigeria, with a specific focus on the challenges faced in Akwa Ibom State. In doing so, this study will assess how pension fund mismanagement and poor accountability practices have contributed to retirees' diminishing confidence in the system and the implications for their financial security. The goal is to offer insights into how improving governance and regulatory practices can enhance the effectiveness of pension administration in Nigeria and improve the welfare of retirees.

1.2 Statement of the Problem

The Nigerian pension system, particularly the Contributory Pension Scheme (CPS), was introduced to address the systemic challenges and inefficiencies that plagued the previous pension models, such as delayed payments, inadequate funding, and corruption. While the CPS aimed to ensure financial security for retirees by mandating both employers and employees to contribute towards retirement savings, its implementation has been fraught with significant challenges. Despite the establishment of the scheme, retirees in Nigeria continue to face numerous obstacles in accessing their pensions on time, which severely impacts their financial stability and quality of life.

One of the major issues affecting the effective implementation of the CPS is poor governance and weak regulatory frameworks. These deficiencies have contributed to delays in pension payments, pension arrears, and in some cases, non-remittance of contributions by employers, leaving retirees vulnerable to financial instability. Furthermore, mismanagement of pension funds, lack of transparency, and corruption among pension administrators have eroded public trust in the system. These issues are compounded by inadequate enforcement of pension laws and insufficient monitoring mechanisms, allowing employers to evade their responsibilities and administrators to misappropriate funds without consequences.

The poor governance and regulatory challenges within the CPS have not only worsened retirees' welfare but have also undermined the system's ability to achieve its intended objectives of providing timely and adequate financial support to retirees. This ongoing crisis of pension fund mismanagement, delayed payments, and lack of accountability has resulted in growing dissatisfaction among pensioners, making them increasingly doubtful about the long-term viability of the CPS.

Given the gravity of these challenges, it is imperative to investigate how poor governance and regulatory weaknesses are affecting the implementation of the CPS and, more importantly, the confidence of retirees in the system. The problem is particularly evident in regions such as Akwa Ibom State, where bureaucratic inefficiencies and corruption have compounded pensioners' hardships. This study aims to explore these issues, examining the root causes of pension mismanagement, the role of regulatory bodies, and the impact of governance challenges on retirees' welfare, with a view to recommending strategies for enhancing the system's effectiveness and restoring retirees' trust in the pension system.

1.3 Objectives of the Study

The main objectives of this study are as follows:

- i. To investigate how poor governance and regulatory challenges affect the level of effective implementation of the Contributory Pension Scheme in Nigeria.
- ii. To assess the influence of pension fund mismanagement and poor accountability practices on retirees' confidence in the Contributory Pension Scheme.

1.4 Research Questions

The study seeks to answer the following research questions:

- i. How do poor governance practices impact the effective implementation of the Contributory Pension Scheme in Nigeria?
- ii. What regulatory challenges hinder the successful administration of the Contributory Pension Scheme, and how do they affect its outcomes?
- iii. To what extent does pension fund mismanagement and corruption within pension administration undermine retirees' confidence in the Contributory Pension Scheme?
- iv. How does the failure of employers to remit counterpart contributions influence the welfare of pensioners under the Contributory Pension Scheme in Nigeria?

1.5 Research Hypotheses

The study will test the following hypotheses:

- i. Poor governance and regulatory challenges significantly affect the effective implementation of the Contributory Pension Scheme in Nigeria.
- ii. Pension fund mismanagement and poor accountability practices significantly erode retirees' confidence in the Contributory Pension Scheme.
- iii. Employers' failure to remit counterpart contributions negatively impacts the welfare of pensioners in Nigeria.

2. Literature Review

This literature review explores the key concepts, theories, and empirical studies that underpin the analysis of governance, regulatory challenges, pension fund mismanagement, and the effectiveness of the Contributory Pension Scheme (CPS) in Nigeria. It provides a comprehensive examination of the various dimensions of pension administration, focusing on the specific challenges affecting retirees' welfare and the overall implementation of the CPS in Nigeria.

2.1 Concept of Pension and Pension Administration

Pension systems are essential social protection schemes designed to ensure financial security for individuals in their retirement years. They serve as mechanisms for income redistribution, providing individuals with a steady income post-retirement after they have stopped working. Globally, pension schemes take various forms, with the two main categories being the Defined Benefit (DB) and Defined Contribution (DC) schemes. Under the DB scheme, pension benefits are predetermined, usually based on the retiree's salary and years of service. In contrast, the DC scheme depends on the individual's contribution and the performance of the investments made with those contributions (Barr, 2001).

In Nigeria, the evolution of pension administration has seen a shift from the old Pay-As-You-Go (PAYG) system under the Defined Benefit model to the Contributory Pension Scheme (CPS) under the Pension Reform Act of 2004. The transition to the CPS was largely driven by the unsustainable nature of the old pension schemes, which suffered from issues such as delayed payments, poor record-keeping, and pension liabilities (Nwanne, 2015). The CPS mandates both employers and employees to contribute a portion of the employee's earnings into a Retirement Savings Account (RSA) with a Pension Fund Administrator (PFA). This model aims to provide a more sustainable and transparent pension system for Nigerian workers, ensuring that funds are directly managed and disbursed to retirees (Oladipo & Fashagba, 2012).

However, despite the CPS being a more progressive system, it has faced numerous challenges in terms of governance and regulation, which have hindered its effectiveness and retirees' welfare. These challenges will be explored further in the following sections.

2.1.1 Governance and Regulatory Challenges in Pension Administration

Effective governance in pension administration is essential to ensuring that pension funds are properly managed, contributing to the financial security of retirees. Governance refers to the systems, processes, and structures by which pension schemes

are controlled and directed. Regulatory challenges arise when the laws, regulations, and mechanisms designed to oversee the administration of pension funds are either inadequately enforced or poorly implemented (Adeolu & Adebisi, 2019).

In Nigeria, the governance and regulatory structures for the CPS are managed by the National Pension Commission (PenCom), which is tasked with overseeing the operations of Pension Fund Administrators (PFAs), enforcing compliance with pension laws, and ensuring the transparency of pension fund management. Despite these efforts, poor governance remains a significant challenge, with corruption, political interference, and weak regulatory oversight leading to inefficiencies and delays in the disbursement of pensions (Afolabi, 2021).

The lack of strong regulatory oversight has been a major barrier to the effective implementation of the CPS. Multiple agencies often share jurisdictional responsibilities, creating a fragmented regulatory framework that weakens enforcement and leads to inconsistencies in pension fund management (Akinola et al., 2020). Regulatory bodies like PenCom often suffer from capacity constraints, such as insufficient funding and lack of technical expertise, which hinder their ability to monitor and enforce compliance with pension regulations effectively (Adigun & Akindele, 2019). These weaknesses in governance and regulation exacerbate the existing problems within the CPS, contributing to delays in pension payments and a lack of trust in the pension system (Nwanne, 2021).

2.1.2 Pension Fund Mismanagement and Accountability Practices

Pension fund mismanagement is a pervasive issue in many developing countries, including Nigeria. Mismanagement refers to the improper handling, diversion, or embezzlement of pension funds, which undermines the intended purpose of the pension system: to provide financial security for retirees. In Nigeria, pension fund mismanagement is often linked to corruption within pension administration, where public officials and administrators engage in fraudulent activities such as embezzlement, misappropriation, and diversion of pension funds for personal gain (Olugbenga et al., 2017).

A study by Uzoh and Anekwe (2018) highlights the continued problem of non-remittance of pension contributions by employers, which not only delays pension payments but also leads to inadequate pension funds being available for retirees. This mismanagement is compounded by the lack of proper accountability mechanisms within the system. Without regular audits, transparent reporting, and external oversight, the risks of mismanagement and fraud remain high (Afolabi, 2021). As Okoro & Chukwudi (2022) argue, the absence of a robust accountability framework within

pension management agencies enables corrupt practices to persist, leaving retirees vulnerable to financial instability and undermining their confidence in the pension system.

Moreover, pensioners often experience significant delays in receiving their pensions due to inefficiencies in fund management. For example, Akhiojemi et al. (2023) found that many retirees under the CPS face financial hardships because of the delayed payments and lack of transparency in how their funds are managed. This is particularly concerning as the ageing population relies on these pensions to sustain their livelihoods post-retirement.

2.1.3 The Impact of Employers' Non-Remittance of Contributions

One of the most significant issues affecting the welfare of pensioners under the CPS is the failure of employers to remit the required pension contributions. According to the Pension Reform Act of 2004, employers are obligated to remit a minimum of 7.5% of the employee's salary into the employee's Retirement Savings Account (RSA), matched by an equal contribution from the employee. However, Oluwaseun and Adebisi (2019) note that many employers, particularly in the private sector, fail to remit these contributions, either due to financial constraints or deliberate evasion of their legal obligations.

The consequences of employers' failure to remit contributions are severe. Ojo and Adeyemo (2019) argue that non-remittance not only hampers the timely disbursement of pensions but also leads to pension arrears, leaving retirees without the financial support they need after years of service. This failure to remit contributions has been linked to the increasing financial distress faced by retirees, who often struggle to access their entitlements even after fulfilling the necessary requirements for pension eligibility (Adeolu & Adebisi, 2019).

2.1.4 Empirical Studies on the Effectiveness of the Contributory Pension Scheme in Nigeria

Empirical research on the effectiveness of the CPS has focused on various aspects, including the administration of pension funds, the role of governance and regulation, and the financial welfare of retirees. Agbaji and Ipigansi (2018) assessed the impact of the CPS on Nigerian retirees and found that despite its introduction, the scheme still faces significant implementation challenges. Their study highlighted issues such as inadequate funding, delays in pension payments, and poor record-keeping, all of which affect retirees' welfare.

Similarly, Adesoji and Oladoyin (2021) conducted an assessment of the CPS in selected federal universities in Southwestern Nigeria. Their study revealed that while

the reform aimed at improving pension administration, significant delays in pension payments and bureaucratic inefficiencies persist, undermining the overall effectiveness of the scheme. These findings are consistent with those of Uzoh and Anekwe (2018), who emphasised the need for stronger regulatory oversight and better governance to improve pension administration and protect retirees' financial interests.

Furthermore, Olaolu (2018) examined the challenges and prospects of pension administration in Nigeria and found that corruption, inefficiency, and inadequate coverage are some of the most significant obstacles to the success of the CPS. These challenges continue to affect retirees' ability to access their pensions and have diminished public confidence in the scheme.

2.2 Theoretical Framework

This study draws on two key theoretical frameworks to examine the challenges faced by the Contributory Pension Scheme in Nigeria:

- i. **Agency Theory:** Agency Theory is useful in understanding the principal-agent relationships in pension administration. In the context of the CPS, employees (the principals) entrust pension fund managers and employers (the agents) with the responsibility of managing their retirement savings. Eisenhardt (1989) notes that this relationship is often fraught with conflicts of interest, as agents may prioritise their own financial gains over the well-being of the principals. In the case of Nigeria's pension system, agency problems manifest in the form of corruption, poor fund management, and the failure to remit contributions, leading to financial instability for retirees.
- ii. **Institutional Theory:** Institutional Theory helps explain how pension systems operate within broader regulatory, cultural, and organisational contexts. As DiMaggio and Powell (1983) argue, institutional pressures shape the behaviour of organisations, including pension fund administrators. In Nigeria, institutional challenges such as weak regulatory frameworks, inadequate enforcement mechanisms, and political interference hinder the efficient administration of the CPS, contributing to the mismanagement of pension funds and delayed payments to retirees.

The literature highlights that the Contributory Pension Scheme in Nigeria has faced numerous challenges since its introduction in 2004, with poor governance, regulatory deficiencies, pension fund mismanagement, and employer non-remittance of contributions undermining its effectiveness. These issues have had a direct negative

impact on retirees' welfare, making timely and adequate pension payments a significant concern. Addressing these challenges through stronger regulatory frameworks, improved governance practices, and enhanced accountability is essential for ensuring the financial security of retirees and the long-term sustainability of the CPS.

3. Methodology

This study employs a mixed-methods approach to investigate the challenges affecting the effective implementation of the Contributory Pension Scheme in Nigeria and assess its impact on retirees' welfare. The research combines both qualitative and quantitative data collection methods to ensure a comprehensive understanding of the issues under study. A descriptive research design is adopted, which allows for an in-depth exploration of the various challenges pensioners face, as well as the role of poor governance and regulatory deficiencies in the administration of the CPS.

The study focuses on pensioners in Nigeria, with particular emphasis on Akwa Ibom State, where pension administration challenges are prevalent. The population of interest comprises retirees from federal establishments in Akwa Ibom State, specifically those who are beneficiaries of the Contributory Pension Scheme. According to data from the National Pension Commission (PenCom), the population of retirees in Akwa Ibom State from 2015 to 2023 is approximately 16,440. The sample size is calculated using the Krejcie and Morgan formula for sample size determination, resulting in a sample of 375 retirees from the selected federal ministries in the state. The sample includes retirees from the Ministries of Works, Health, Education, and Agriculture, ensuring a diverse representation of experiences from different sectors.

Data collection is conducted using two primary instruments: questionnaires and focus group discussions (FGDs). The questionnaire is designed to capture the views of retirees regarding the challenges they face in accessing their pension benefits, the impact of non-remittance of contributions by employers, and their perceptions of governance and regulatory issues in the CPS. The questionnaire is divided into two sections: the first part gathers demographic information, while the second part focuses on the key research questions related to the effectiveness of the CPS, pension fund mismanagement, and poor governance.

The questionnaire is distributed to the selected retirees, who are encouraged to respond based on their personal experiences with the pension system. To ensure a high response rate and accurate data, the questionnaires are administered both physically and via digital platforms where necessary. Follow-up calls and reminders are made to retirees who have not responded within a specified time frame. In addition to the questionnaires, focus group discussions are held with a subgroup of retirees to obtain

more in-depth insights into the challenges they face. The FGDs are designed to encourage participants to share their personal experiences, perceptions, and suggestions for improving the CPS. Each FGD consists of 10 retirees, with a total of 40 retirees participating in the discussions. These discussions are recorded, and key themes are identified through qualitative analysis.

Secondary data is also gathered through a review of relevant literature, including academic articles, reports from the National Pension Commission, and government publications. These sources provide a historical context of pension reforms in Nigeria, governance structures, and regulatory challenges, complementing the primary data collected from retirees.

For data analysis, both quantitative and qualitative techniques are employed. Quantitative data from the questionnaires are analysed using descriptive statistics, including frequency distributions, percentages, and chi-square tests to determine the relationships between the variables. The chi-square test is particularly useful for testing the significance of the relationship between non-remittance of contributions, governance issues, and retirees' welfare. The responses from the focus group discussions are analysed thematically, with recurring patterns and insights identified from the discussions. This mixed-methods approach allows for a holistic understanding of the challenges facing the Contributory Pension Scheme in Nigeria and offers actionable recommendations for improvement.

The study's findings will contribute to the growing body of knowledge on pension reforms in Nigeria and provide valuable understanding into how governance, regulatory frameworks, and pension fund management can be improved to ensure that retirees receive their entitlements in a timely and efficient manner. The study's recommendations will be directed at policymakers, pension administrators, and regulatory bodies to enhance the sustainability and effectiveness of the Contributory Pension Scheme in Nigeria.

4. Results and Discussion

The data collected in this study provides a clear picture of the significant challenges affecting the Contributory Pension Scheme (CPS) in Nigeria and its impact on retirees' welfare. The findings from both the quantitative analysis of the questionnaire responses and the qualitative insights from the focus group discussions (FGDs) reveal substantial issues related to governance, regulatory challenges, and pension fund mismanagement, all of which compromise the overall effectiveness of the CPS.

4.1 Quantitative Analysis

Table 1: Impact of Employers' Failure to Remit Counterpart Contributions on Pensioners' Welfare

Statement	Strongly Agree (SA)	Agree (A)	Strongly Disagree (SD)	Disagree (D)	Total (N=351)
The failure of employers to remit counterpart contributions has significantly harmed pensioners' welfare in Nigeria	169 (48.1%)	147 (41.8%)	18 (5.1%)	17 (4.8%)	351
The delay or non -remittance of counterpart contributions affects the timeliness of pension payment in Akwa Ibom State	167 (47.6%)	158 (45.0%)	10 (2.9%)	16 (4.6%)	351
Pensioners' quality of life is negatively impacted by non - remittance of counterpart contributions by the federal government	154 (43.9%)	173 (49.3%)	13 (3.7%)	11 (3.1%)	351
Lack of enforcement against employers' failure to remit contributions exacerbates pensioners' welfare issues in Akwa Ibom State	171 (48.6%)	154 (43.9%)	9 (2.6%)	17 (4.8%)	351
The inadequate monitoring of counterpart contributions contributes to pensioners' financial instability in Nigeria	167 (47.6%)	158 (45.0%)	10 (2.9%)	16 (4.6%)	351

Source: Field Work, 2025

The analysis of the questionnaire responses clearly indicates that the non-remittance of counterpart contributions by employers is a significant factor negatively impacting retirees' welfare. Table 1 shows that a majority of the respondents, 169 (48.1%), strongly agreed and 147 (41.8%) agreed that employers' failure to remit counterpart contributions has significantly harmed pensioners' welfare. Only 18 (5.1%) disagreed, and 17 (4.8%) strongly disagreed. This result highlights that the failure to remit contributions is a serious issue, with direct implications on the financial security of retirees.

Moreover, Table 1 further demonstrates that the delay in pension payments is directly linked to non-remittance of contributions. Specifically, 167 (47.6%) respondents strongly agreed, and 158 (45.0%) agreed that delays in the remittance of contributions adversely affect the timely payment of pensions in Akwa Ibom State. The finding underscores the importance of timely remittance to the smooth operation of the pension system.

The quality of life of pensioners is also significantly impacted by the non-remittance of counterpart contributions. As shown in Table 1, 154 (43.9%) strongly agreed and 173 (49.3%) agreed that non-remittance of contributions negatively impacts their quality of life. Only 13 (3.7%) disagreed, and 11 (3.1%) strongly disagreed. These results suggest that retirees are experiencing substantial financial difficulties, with pension payments not being delivered on time or in full.

In addition, the lack of enforcement against employers failing to remit contributions exacerbates the welfare issues faced by pensioners. As shown in Table 1, 171 (48.6%) respondents strongly agreed and 154 (43.9%) agreed that the lack of enforcement worsens pensioners' financial instability. This indicates the critical need for a stronger regulatory framework to ensure compliance with pension remittance laws.

Table 2: Corrupt Practices among Pension Administrators and the Effectiveness of Pension Administration

Statement	Strongly Agree (SA)	Agree (A)	Strongly Disagree (SD)	Disagree (D)	Total (N=351)	
Corruption among pension administrators significantly undermines the effectiveness of pension administration in Nigeria	171 (48.6%)	154 (43.9%)	12 (3.4%)	14 (4.0%)	351	
Pensioners often face delays in receiving their benefits due to corruption in pension administration	169 (48.1%)	132 (37.6%)	25 (7.1%)	25 (7.1%)	351	
Corruption among pension administrators affects the transparency of pension fund usage in Nigeria	177 (50.4%)	126 (35.9%)	23 (6.6%)	25 (7.1%)	351	
The effectiveness of pension administration is compromised by fraudulent activities of pension administrators	167 (47.6%)	158 (45.0%)	10 (2.9%)	16 (4.6%)	351	
The public trust in pension system is eroded by the presence of corruption among pension administrators and government officials in Nigeria		154 (43.9%)	148 (42.1%)	25 (7.1%)	24 (6.8%)	351

Source: Field Work, 2025

Table 2 examines the impact of corrupt practices among pension administrators on the effectiveness of pension administration. It reveals that corruption is a major concern, with 171 (48.6%) strongly agreeing and 154 (43.9%) agreeing that corruption among pension administrators significantly undermines the effectiveness of pension

administration in Nigeria. The study found that delays in receiving pension benefits were often due to corrupt activities within pension administration, as indicated by 169 (48.1%) respondents who strongly agreed and 132 (37.6%) who agreed. Corruption also affects the transparency of pension fund usage, with 177 (50.4%) strongly agreeing and 126 (35.9%) agreeing that this is a significant issue.

Another key finding from Table 2 is that corruption in pension administration compromises the public trust in the system. With 154 (43.9%) strongly agreeing and 148 (42.1%) agreeing, the data suggests that the lack of accountability and the presence of corruption contribute to the erosion of retirees' confidence in the system.

Focus Group Discussions (FGD)

The focus group discussions further confirmed and elaborated on the findings from the quantitative data. Participants in the FGDs consistently highlighted governance issues as key obstacles to the effective implementation of the CPS. One retiree stated, "The government keeps changing pension policies based on politics, and this affects us. We've had too many changes in the law, and most of the time, we are not even informed" (Field Work, 2024). This statement underscores the negative effects of political interference and inconsistent policies on retirees' financial security.

Participants also expressed concern over the lack of transparency in pension fund management. Many retirees mentioned that they were unaware of how their pension contributions were being managed until they experienced delays in receiving their benefits. One participant remarked, "Many of us don't even know where our contributions are going, and when it's time to receive our pensions, there are always excuses, delays, and problems. The government needs to be transparent about how pension funds are being handled" (Field Work, 2024).

Corruption within pension fund management was another major concern raised during the FGDs. Retirees discussed how pension fund mismanagement and fraudulent activities, such as the inclusion of ghost pensioners and the diversion of funds, have led to delays in pension payments and financial instability. A participant shared, "When I retired, I realised that my employer had not been paying my contributions for years. I had no idea about it until I started facing delays in receiving my pension" (Field Work, 2024).

The FGDs also revealed that poor regulatory oversight is a significant barrier to the efficient operation of the CPS. Many retirees expressed frustration with the lack of coordination and enforcement of pension remittance laws. One participant noted, "We need stronger regulation. There should be consequences for employers who don't remit contributions. PenCom needs to do more to ensure compliance" (Field Work, 2024).

Table 3: Impact of Poor Governance and Regulatory Challenges on the Contributory Pension Scheme

Statement	Strongly Agree (SA)	Agree (A)	Strongly Disagree (SD)	Disagree (D)	Total (N=351)
Poor governance significantly hampers the effective implementation of the contributory pension scheme in Nigeria	171 (48.6%)	154 (43.9%)	12 (3.4%)	14 (4.0%)	351
Ineffective regulation negatively impacts the management of the contributory pension scheme	169 (47.6%)	150 (42.7%)	15 (4.3%)	17 (4.8%)	351
Poor governance practices result in inefficiencies in the contributory pension scheme's operations	157 (44.7%)	142 (40.5%)	27 (7.7%)	25 (7.1%)	351
Inadequate governance structures lead to delays and problems in pension benefit disbursement	163 (46.4%)	157 (44.8%)	16 (4.6%)	15 (4.3%)	351
The effectiveness of the contributory pension scheme is significantly affected by poor governance and regulatory challenges	151 (43.0%)	148 (42.1%)	25 (7.1%)	27 (7.7%)	351

Source: Field Work, 2025

The findings from both the quantitative and qualitative data strongly indicate that poor governance, regulatory challenges, and pension fund mismanagement are major factors undermining the effectiveness of the Contributory Pension Scheme in Nigeria. The failure of employers to remit counterpart contributions, the prevalence of corruption within pension fund administration, and the lack of transparency and enforcement mechanisms have led to significant delays in pension payments and financial hardship for retirees.

As highlighted in Table 3, the governance and regulatory challenges associated with the CPS have led to inefficiencies in pension administration, with 171 (48.6%) respondents strongly agreeing and 154 (43.9%) agreeing that poor governance significantly hampers the scheme's effectiveness. Participants in the FGDs also emphasised that political interference and inadequate regulatory capacity exacerbate the issues faced by pensioners.

The study found that pension fund mismanagement and corruption are major concerns, as illustrated in Table 2. Corruption within pension administration not only delays pension payments but also erodes public trust in the system, further hindering the scheme's success. The lack of enforcement against employers' failure to remit contributions was identified as a significant issue in Table 1, with participants indicating that the absence of proper monitoring and enforcement mechanisms worsens the financial instability of retirees.

The findings suggest that urgent reforms are needed to address these issues. Strengthening governance structures, improving regulatory oversight, and enhancing transparency and accountability in pension fund management are critical steps toward ensuring that the Contributory Pension Scheme delivers on its promises of financial security for retirees.

Hypothesis One: Poor governance and regulatory challenges significantly affect the effective implementation of the Contributory Pension Scheme in Nigeria

The findings in Table 3 demonstrate that a significant number of retirees strongly agree that poor governance practices significantly hinder the effective implementation of the Contributory Pension Scheme in Nigeria. Specifically, 171 (48.6%) retirees strongly agreed and 154 (43.9%) agreed that poor governance hampers the scheme's effectiveness. Additionally, other statements in Table 3 show similar trends, with respondents indicating that ineffective regulation and poor governance structures lead to delays in pension benefit disbursement and inefficiencies in the scheme's operations.

The chi-square analysis for this hypothesis was calculated, and the results indicate a significant relationship between poor governance/regulatory challenges and the effectiveness of the CPS. This is supported by the calculated chi-square value of 619.64, which is higher than the critical value of 16.919. Thus, we reject the null hypothesis (H_0) and accept the alternative hypothesis (H_1). The data confirms that poor governance and regulatory deficiencies significantly affect the effective implementation of the Contributory Pension Scheme in Nigeria.

The focus group discussions (FGDs) further reinforce these findings. Retirees in the FGDs expressed frustration with governance issues, including political interference,

lack of transparency, and inadequate regulatory oversight. A retiree highlighted, "Effective governance is critical for the success of any pension scheme, especially in Nigeria, where inconsistent policies have led to widespread confusion among stakeholders." This sentiment reflects the quantitative findings, where respondents identified poor governance as a critical factor undermining the effectiveness of the CPS.

Both the quantitative and qualitative findings support H_1 , suggesting that poor governance and regulatory challenges significantly affect the effectiveness of the Contributory Pension Scheme in Nigeria.

Hypothesis Two: Pension fund mismanagement and poor accountability practices significantly erode retirees' confidence in the Contributory Pension Scheme

As shown in Table 2, most respondents believe that corruption and mismanagement within pension administration significantly undermine the effectiveness of the Contributory Pension Scheme. Specifically, 171 (48.6%) strongly agreed and 154 (43.9%) agreed that corruption among pension administrators significantly erodes the confidence of pensioners in the CPS. Furthermore, the findings in Table 2 suggest that pensioners face delays in receiving their benefits due to corrupt practices, which further diminishes trust in the pension system.

The chi-square test results for this hypothesis reveal a calculated value of 24.91, which is greater than the critical value of 16.919. Thus, we reject the null hypothesis (H_0) and accept the alternative hypothesis (H_1). This confirms that pension fund mismanagement and poor accountability practices significantly erode retirees' confidence in the CPS.

The FGDs also highlight the role of pension fund mismanagement and corruption in diminishing retirees' trust. Participants consistently shared concerns about the mismanagement of pension funds, with one retiree noting, "When I retired, I realised that my employer had not been paying my contributions for years. I had no idea about it until I started facing delays in receiving my pension." This statement reflects the widespread frustration among retirees, whose financial security is compromised by mismanagement, leading to a loss of confidence in the pension system.

Both the quantitative data and the qualitative findings support H_1 , indicating that pension fund mismanagement and poor accountability practices are significant factors in eroding retirees' confidence in the Contributory Pension Scheme.

Hypothesis Three: Employers' failure to remit counterpart contributions negatively impacts the welfare of pensioners in Nigeria

In Table 1, the results clearly indicate that the failure of employers to remit counterpart contributions has a profound impact on the welfare of pensioners. Many

respondents (169, or 48.1%, strongly agreed and 147, or 41.8%, agreed) that employers' failure to remit contributions has harmed their welfare significantly. Furthermore, 167 (47.6%) agreed that delays in the remittance of contributions affect the timeliness of pension payments. These findings suggest that non-remittance of contributions directly affects retirees' ability to access their pensions, thereby compromising their financial security.

The chi-square analysis results for this hypothesis, with a calculated value of 619.64, again exceed the critical value of 16.919, leading to the rejection of the null hypothesis (H_0) and acceptance of the alternative hypothesis (H_1). This statistical evidence strongly suggests that employers' failure to remit contributions negatively impacts the welfare of pensioners in Nigeria.

The insights from the FGDs further corroborate these findings. Retirees reported significant financial distress due to employers' failure to remit pension contributions. One participant remarked, "When I retired, I realised that my employer had not been paying my contributions for years. I had no idea about it until I started facing delays in receiving my pension." This echoes the quantitative findings, where retirees identified non-remittance as a primary factor negatively affecting their financial stability.

Both the quantitative results and the qualitative insights strongly support H_1 , indicating that employers' failure to remit counterpart contributions negatively impacts the welfare of pensioners in Nigeria.

5 Summary and Conclusion

This study has provided valuable insights into the challenges affecting the Contributory Pension Scheme (CPS) in Nigeria and its impact on the welfare of retirees. The findings from both the quantitative and qualitative analyses underscore the significant role of poor governance, regulatory deficiencies, pension fund mismanagement, and the failure of employers to remit contributions in undermining the effectiveness of the CPS. These issues have led to delays in pension payments, financial instability, and eroded trust among pensioners.

The analysis of the first hypothesis revealed that poor governance and regulatory challenges significantly affect the implementation of the CPS. This aligns with the findings of Akinola et al. (2020), who emphasised that fragmented regulatory structures and weak enforcement mechanisms undermine pension fund management. Similarly, Adigun & Akindele (2019) highlighted how institutional deficiencies within regulatory bodies exacerbate the inefficiencies observed in Nigeria's pension administration. The study's findings further support the work of Nwanne (2021), who identified weak governance and regulatory challenges as core barriers to effective pension management in Nigeria.

The second hypothesis, which examined pension fund mismanagement and poor accountability, was also strongly supported. The findings show that pension fund mismanagement and corruption significantly erode retirees' confidence in the CPS, mirroring the concerns raised by Olugbenga et al. (2017), who documented the pervasive issues of mismanagement and corruption in Nigerian pension funds. Afolabi (2021) also noted the damaging effects of corruption on public sector pension systems, emphasising how it undermines the financial security of retirees. These findings reaffirm the need for better governance and transparency to restore trust in the pension system.

The third hypothesis explored the impact of employers' failure to remit counterpart contributions on retirees' welfare, with the results indicating that this failure negatively impacts retirees' financial security. This finding is consistent with the work of Uzoh & Anekwe (2018), who reported that non-remittance of contributions by employers remains a persistent issue in Nigeria, exacerbating retirees' financial hardships. Ojo & Adeyemo (2019) also discussed how delays in pension payments due to employer non-compliance have led to significant financial instability for pensioners. These findings further stress the importance of enforcing the Pension Reform Act to ensure timely and full remittance of contributions.

In conclusion, this study supports the literature that stresses the need for comprehensive reforms in Nigeria's pension system. Nwachukwu (2020) and Okoro & Chukwudi (2022) have highlighted the importance of strengthening regulatory oversight and eliminating corruption within pension administration. To ensure the sustainability of the Contributory Pension Scheme and improve retirees' welfare, it is essential to focus on enhancing governance structures, improving regulatory frameworks, ensuring timely remittance of contributions, and increasing transparency and accountability in pension fund management. These efforts will not only secure retirees' financial well-being but also restore public confidence in the pension system.

5.1 Recommendations

- i. **Strengthen Enforcement of Pension Contribution Laws:** The study revealed that employers' failure to remit counterpart contributions significantly impacts retirees' welfare. To address this, there is an urgent need for stricter enforcement of the Pension Reform Act (2004). The government must ensure timely and full remittance of contributions by employers. This could be achieved by setting up a dedicated enforcement body within the National Pension Commission (PenCom) with clear penalties for non-compliance and regular monitoring of contributions.

- ii. **Implement Anti-Corruption Measures in Pension Fund Administration:** The findings of the study highlight the role of corruption and mismanagement in eroding retirees' confidence in the Contributory Pension Scheme. To restore trust in the system, the government should introduce comprehensive anti-corruption measures within pension fund administration. This includes establishing an independent oversight body, conducting regular audits, and promoting transparency using digital platforms for monitoring and reporting pension fund activities.
- iii. **Enhance Governance and Regulatory Frameworks:** The study identified poor governance and regulatory gaps as significant barriers to the effective implementation of the CPS. Therefore, a review and reform of the governance structures and regulatory frameworks for pension administration are necessary. This includes ensuring that regulatory bodies like PenCom are better equipped with resources, authority, and expertise to enforce compliance, monitor performance, and ensure that pension funds are managed efficiently and transparently.

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