MANAGEMENT OF RETIREMENT SAVINGS: A STUDY OF THE GLOBAL SYSTEMS FOR MOBILE COMMUNICATIONS IN NIGERIA

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Abstract
Old age security is a matter of serious concern to the aged and their family members on the one hand, and national government that design programmes that emphasize the needs of pensioners as well as the general population, whether they have work for government or not, on the other. The traditional Nigerian community provided old age benefits to its members through the extended family system. Children and relations often have the responsibility to provide for their aged parents/relatives. However, the onslaught of British colonialism and the accompanying western values have greatly eroded the fabric of the extended family system. Hence, informing the apprehension of many, especially employees, whether in public or private establishment, on approaching old age or retirement age. This paper is of the view that government has made provisions by way of pensions and gratuity for deserving employees of the government who have contributed in various ways and measures to nation building.
Keywords: Retirement, Savings, Management, Global Systems for Mobile Communications

Introduction

A pension scheme is the totality of plans, procedures and legal processes of securing and setting aside funds to meet the social obligation of care which employers owe their employees on retirement or disability or to their dependent in case of death (Wowo, 2008). The underlying purpose of a pension scheme is to enable employers remove superannuated employees from the payroll in a manner that is morally and socially acceptable and makes available to them a life income in some amount when they have reached the end of their economically productive life (Idakwo, 2008). The scheme provides the employees of organizations with a means of securing, on retirement, a standard of living reasonably consistent with that which they enjoyed in service.

Meanwhile, pension systems are under increasing strain especially in developing countries. Most employees neither have any meaningful retirement benefits nor earn enough during their working lives to carter for themselves and their dependants when they retire. In Nigeria, the issue of rewarding employees after years of active service has been a source of concern to the various tiers of government. This is true in view of the fact that many pensioners have died without getting their retirement benefits, while others have slumped on queues while waiting to access their pensions and gratuities. The steadily worsening financial difficulties of Pay-As-You-Go social security pension system in Nigeria led to a renewed interest and search for an advanced system of pension administration (Peter, 2008:2).

In view of the foregoing, the Nigerian government has initiated a number of measures aimed at reforming the pension system in the country. Thus, several committees were, first and foremost, constituted to examine and propose strategies to address the problems of the pension scheme. The committees, which comprise various stakeholders, were unanimous in their recommendation of a Contributory Pension Scheme.

The Contributory Pension Scheme was introduced under the Pension Reform Act which was signed into law on 25th June, 2004. The new scheme is contributory, fully funded and based on individual accounts that are privately managed by Pension Fund Administrators (PFAs), with the pension assets held by Pension Fund Custodian (PFCs). The scheme obliges employers and employees alike to contribute a minimum of 7.5% each of the employees' monthly emolument (basic salary, housing and transport allowances). The only exceptions, however, are military personnel who contribute 2.5%, with the Federal Government contributing 12%. It states equally that the National Pension Commission (PENCOM) be established to regulate, supervise and ensure the effective administration of pension. Retirement planning under the Contributory Pension Scheme, therefore, takes a more promising and rewarding dimension. Unlike the previous Pay-As-You-Go pension scheme, the new scheme is compulsory to Nigerian workers in the private and federal public sectors. It is also a privately managed, well-regulated and funded contributory scheme. The individualism that anchors the scheme and the portability of the individual Retirement Savings Account (RSA) gives both social and economic benefits to the worker and the society at large (http://www.wucopension.com/index.php, Accessed 28/02/09).

Under the Contributory Pension Scheme also, it is mandatory for all workers in both public service of the Federation and the private sector (with more than five (5) employees) to join the Scheme at commencement. Therefore, as articulated by the Pension Act (2004), the key objectives of the new scheme are to:

- Ensure that every person who has worked in either the public or private sector receives the retirement benefits as and when due;
- Assist improvident individuals by ensuring that they save to cater for their livelihood during old age;
- Establish a uniform set of rules and regulations for the administration and payment of retirement benefits in both the public and private sectors; and
- Stem the growth of outstanding pension liabilities (Olaopa, 2008, p.21).

Thus, this study investigated the impact of the Contributory Pension Scheme in addressing the perennial problems associated with pension funds and the compliance of private sector to opening and maintaining Retirement Saving Accounts (RSA) for their employees as demanded by the Pension Act 2004. Specifically, the study investigated the extent to which the Global System Network (GSM) providers have complied with opening and maintaining Retirement Saving Account (RSA) for their employees as stipulated in the Pension Act, 2004.

Statement of the Problem

Pension schemes are under increasing strain especially in developing countries like Nigeria where workers are particularly weighed down by low levels of income and savings as well as huge family and social responsibilities, and given the fact that most employees neither have meaningful retirement benefits nor earn enough during their working lives to carter for their retirement, retirement planning, therefore, has become more complicated especially as the country lacks a functional social security system that takes care of the aged. Hence, workers, out of fear and apprehension about what the future has in store for them considering the country's poor retirement planning, have resorted to making personal plans (whether by fair or foul means) for their retirement. More so, the issue of pension and gratuity has remained a vexed issue in Nigeria because though the country's average life expectancy hovers somewhere around early 50s, approximating to the commencement of real active life in other climes, a large number of Nigerians actually live up to 80s and 90s. Thus, at old age, many have had to struggle to assess their retirement benefits with the unfortunate ones among them sometimes losing their lives in the process. Thus, according to Ezeala (2008), it is a situation like this that informs the fears of many on approaching retirement age.

As a result of the above ugly scenario, successive Nigerian governments, before the enactment of the 2004 Pension Act, had made conscious efforts to formulate strategies and policies aimed at addressing the perennial problems inherent in Defined Benefit Scheme. There was the Nigerian Social Insurance Trust Fund (NSITF) and in 1962, the creation of National Provident Fund as compulsory Savings for workers in both public and private sectors (Yaya, 2008). This old pension scheme of 1962, as amended in 1974 and 1993, allowed government to allocate specific resources to the consolidated revenue meant to pay pensioners. The scheme was relatively favourable to workers because their old age could be guaranteed after quitting service particularly in view of the fact that social benefit for the unemployed and senior citizens is lacking in the country.

However, as aptly articulated by Yaya (2008), the non-contributory old pension scheme, due to cumulative effect of vicious neo-liberal attacks on working people, and poor implementation of policies frequently exhibited by the Federal Government, was riddled with multiple problems among which were persistent deficit in Government financing; delayed/non-payments to retirees as and when due; and non-compliance by majority of the privately-owned establishments (Idakwo, 2008).

Consequently, on assumption of office in 1999, Chief Olusegun Obasanjo initiated a number of measures aimed at reforming the pension system in the country. In 2004, his administration enacted a law to decentralize and privatize pension administration in the country through the Pension Act. By this Act, a Contributory Pension Scheme for all categories of workers in federal public service, Federal Capital Territory, and private sector with more than five (5) employees was established. The Act equally put in place the National Pension Commission (PENCOM) to oversee and check the activities of 25 registered Pension Administrators in the country (Pension Reform Act, 2004). The new pension scheme, according to Yaya (2008), is in line with the Obasanjo's administration's neo-liberal policies in all areas of line.

Meanwhile, argument is rife that the Contributory Pension Scheme remarkably differs from the previously existing Defined Benefit Scheme that was characterized by underfunding, weak and inefficient administrative framework, cumbersome process of benefit payment, exclusion of private sector employees, arbitrary fixing of pension without any scientific basis, and the absence of a central regulatory institution to oversee pension matters in the country, among others (*Economic Confidential*, 2008). And granting that the new Scheme obligates the federal public sector and private sector with more than five (5) employees to open and maintain Retirement Saving Account (RSA) for their employees on the one hand, and both the employers and the employees to be contributing, every month, a certain percentage of the employees' monthly emolument on the other, expectations are high that the new scheme will make adequate funds available for pensioners' retirement benefits; ensure that pensioners access their retirement benefits as and when due, enhance pensioners' retirement benefits from the proceeds accruable from investing the pension funds, and above all, extend unified pension scheme to the private sector with no fewer than five employees. The assumption is that the Contributory Pension Scheme guarantees increase in the number of retired workers that benefit from retirement benefits since the scheme now applies to the private sectors.

To this end, it has become necessary to examine the impact of the Federal Government's effort to extend unified retirement planning to the employees in the private sector. This is particularly important against the background of poor implementation of policies and programmes that has become one of the Achilles heels of the Federal Government. Similarly, the investigation of the impact of the Federal Government efforts in making adequate retirement planning for the employees in the private sector is imperative given that President Obasanjo's administration and its policies and programmes were underpinned by neo-liberalism and it circle of attacks on working people and the poor.

In the light of the above, the study evaluates efforts of the Federal Government in implementing the policy it made with respect to pension administration and management in the country. It specifically investigates, however, the success of the Contributory Pension Scheme in ensuring that the GSM providers in the country complied with opening and maintaining Retirement Savings Account as required by the 2004 Pension Act.

The focus on the Global Mobile Service (GSM) is due the phenomenal growth the sector has recorded since the privatization and liberalization of telecommunication in 1999. The sector, including the financial sub-sector and information is one of the rapidly growing sectors of the economy. For instance, Nigeria now has one of the fastest growing cellular telecom sectors in the world with subscriber base of 18 million (13 percent of the population) as against 500,000 in 2001 (http://goliath.ecnext.com/cm2/gi-o1997971448). As a result of this, cellular telecom sector in Nigeria has emerged and remained one of the highest employers of labour in the country.

Meanwhile, though considerable efforts have been made to examine the fortunes of the Contributory Pension Scheme since the enactment of the 2004 Pension Act, the existing body of literature has not satisfactorily evaluated the compliance rate of the private sector with opening and maintaining RSA for their employees as indicated in the 2004 Pension Act particularly within the culture of neo-liberal framework and non-implementation of policies and programmes that underpinned Obasanjo's administration.

More importantly, none of the existing inquiries, within the extant literature, attempted an examination of the efforts of the GSM providers operating in Nigeria to comply with the pension guideline as articulated in 2004 Pension Act. Against this background, therefore, attempt is made to critically evaluate and analyze the efforts of the GSM providers operating in the country to open and maintain Retirement Saving Account for their employees.

In our evaluation and analysis of the efforts of the GSM providers operating in the country to open and maintain Retirement Saving Account for their employees as contained in the 2004 Pension Act, the understated question is relevant to guide the study: Has the Contributory Pension Scheme ensured the compliance of the GSM providers operating in the country with opening and maintaining Retirement Savings Account for their employees?

Literature Review

The review is oriented towards examining how writers have attempted to explain the compliance of GSM providers with opening and maintaining Retirement Saving Account (RSA) for their employees as directed by the 2004 Pension Act with a view to identifying the gap in the literature. To this end, Idakwo (2008) compares the Defined Benefit Scheme and Defined Contributory Scheme and avers that the major differences between the systems are how they affect the political process; how they adapt to variables and changing circumstances and how much they cost to administer. Continuing, the writer maintains that while Defined Benefit is characterized by the unpredictability of the future, on the one hand, and needs to be adjusted from time to time in order to preserve the level of benefits expected from the system on the other, with the Contributory Pension Scheme, both the risk in the return on assets and the risk of changing life expectancy fall directly on the individual worker without a mechanism for wider risk sharing. The writer's comparative analysis of the two pension schemes, however, does not enable us to ascertain whether the transition from the Defined Benefit Scheme to the Contributory Pension Scheme has actually enhanced the compliance of the GSM providers with opening and maintaining Retirement Saving Account for their employees.

For Ezeala (2008), the transition from the Defined Benefit to the Contributory Benefit Pension Scheme implies that massive public enlightenment as to the advantages of the Contributory Pension Scheme which, among others, include complete reversal of the pathetic sight of the retirees associated with the old pension scheme as well as impacting positively on the economy through a properly guided and monitored reinvestment of the pool of funds percolating on the scheme is required. The analysis of Ezeala, however, fails short of articulating clearly whether reversing the pathetic sight of the retirees include those in the private sector especially the GSM providers, or whether by improving the economy through reinvestment of pension funds, the GSM providers in the country have complied with the stipulation of the Pension Act by opening and maintaining Retirement Saving Account for their employees.

In another development, Owojori (2008) examines the risk management in pension fund administration in Nigeria and arrives at a conclusion that the Contributory Pension Scheme which holds enormous benefits for employers, employees, government and the society as a whole and set elaborate rules and regulations for the investment of pension funds is not without inherent risks. To this effect, the writer holds that the objectives of the Contributory Pension Scheme will only be actualized through proper application of various mitigants against the identified risks. However, Owojori's analysis does not establish any relationship between effective risk management and the compliance rate of the GSM providers to the guideline of the Pension Act which requires them to open and maintain Retirement Saving Account for their employees.

Osuagwu (2008) juxtaposes the legal framework of the Defined Benefit Scheme and the Contributory Pension Scheme. He also examines the Pension Reform Act, 2004 and reveals that, unlike the Defined Benefit, it establishes a Contributory Pension Scheme in which employees in both public and private sectors are required to maintain a Retirement Saving Account into which the employers and the employees in public sectors (especially federal establishments including the Capital Territory) and private sectors (with more than five (5) employees) shall be making monthly contribution of 7.5% each of the employees' monthly emoluments. Furthermore, the writer maintains that the Pension Act allows a holder of a Retirement Savings Account, upon retirement or attaining the age of 50 years, to take a lump sum from his Retirement Savings Account provided that the balance standing to his/her credit will be sufficient to procure an annuity or fund programmed withdrawals that will produce an amount not less than 50% of his/her annual remuneration as at the date of his retirement. Be that as it may, the argument fails short of establishing the compliance of the private sector with opening and maintaining Retirement Savings Account for the employees.

Again, Siyan (2008) insists that the fundamental goal of the Contributory Pension Scheme is to ensure that every person who works either in the private or public sectors receives his or her retirement benefits accordingly. Consequently, the writer avers that the scheme is concerned with establishing a system that would ensure that workers receive benefits generated by their own savings and not rely on the government subsidies or future generations. Therefore, as the writer concludes, the Contributory Pension Scheme, among others, is intended to reduce fiscal cost of pension to the government and promote the development of an efficient capital market. The writer, notwithstanding his analysis, does not tell us whether the private sector is complying with the guidelines as articulated in the 2004 Pension Act.

On the other hand, the benefits of the Contributory Pension Scheme over Defined Benefits Scheme have been enumerated. With the Contributory Pension Scheme, unlike the Defined Benefit Scheme, more workers enjoy pension benefits; employer and employee contribute to the pension fund; pension funds are invested to yield returns, among others. However, we cannot distill from the above explication whether the Contributory Pension Scheme has ensured the compliance of the private sector to the guidelines of the Pension Act with respect to opening and maintaining.

Kadiri (2008) focuses on the computation of retirement benefits and the relevance of records under the Contributory Pension Scheme. To this effect, the writer contends that the number of records and their interpretations which affect the processing of retirement benefits are many and varied. Unlike the Pay-As-You-Go pension scheme, the writer insists that the set of records required in the computation of retirement benefits under the Contributory Pension Scheme include, among others, employee's name; record of service; date of birth; record of emoluments personal identification number; statement of account; and name of pension fund administrator. The writer, however, fails to establish a positive relationship between the set of computation under the Contributory Pension Scheme and the compliance or otherwise of the GSM providers with opening and maintaining RSA for their employees

Again, Alabadan (2008) believes that the Contributory Pension Scheme would ensure that every employee gets his or her retirement benefits as and when due. Continuing, the writer avers that the Contributory Scheme is remarkable because it establishes sustainable, simple and transparent pension system. It also establishes effective, regulatory and supervisory framework. Be that as it may, the analysis of Alabadan does not enable us to ascertain whether public and private sectors have complied with the requirements of the 2004 Pension Act which obliges them to open and maintain RSA for their employees.

Yaya (2008) evaluates the fate of Nigerian workers under the Contributory Pension Scheme and argues that there was nothing wrong with the non-contributory old pension scheme except that the cumulative effects of vicious neo-liberal attacks on working people and the poor by successive Nigerian governments over the years are now climaxed with a privatized and decentralized new pension scheme which allows the government to officially relinquish its responsibility to pensioners. There is no doubt that the foregoing argument does not enable us find out the compliance rate of the private sector with respect to the requirements of the 2004 Pension Act.

Thus, there is agreement that the Defined Benefits Pension system was characterized by barrage of problems making the introduction of the Contributory Pension Scheme inevitable. No doubt, there is a wide range of scholarly literature dealing with the various aspects of the Contributory Pension Scheme especially its ability to remedy the problems associated with the Defined Benefits System and by so-doing enhance the retirement benefits of private and public sectors alike. Be that as it may, no work within the extant literature, as reviewed in the foregoing, attempted an analysis of the impact of the Contributory Pension Scheme in ensuring the compliance of the private sector with opening and maintaining of the Retirement Savings Account for their employees. Most importantly, no appreciable efforts have been made to examine the impact of the Contributory Pension Scheme in ensuring the compliance of the GSM providers in the country with opening and maintaining of the Retirement Savings Account for their employees.

Therefore, this paper attempts to generate and analyze relevant data so as to ascertain the impact and compliance with the Contributory Pension Scheme by the GSM providers operating in the country with opening and maintaining Retirement Savings Account for their employees.

Theoretical Framework

For a thorough explanation and understanding of the inability of the GSM providers to comply with the stipulation of the 2004 Pension Act with respect to opening and maintaining Retirement Savings Account for their employees, our analysis is situated within the theoretical context of Marxist instrumentalist theory derived from the radical models of economic policy formation as popularized by Ralph Miliband and William Domhoff (McGowan and Walker, 1984).

The most distinguishing feature of the Marxist instrumentalist theory is its assumption that the state pursues the interest of the capitalist class simply because the state is controlled by this class. What this implies is that contrary to the general assumption that the state is an unbiased umpire and a neutral power broker in relation to the interest of the capital and labor, the state in a capitalist society, according to Asobie (1990), basically functions to foster, advance and defend capitalist accumulation and profit.

However, two names that are commonly associated with the instrumentalist model include British Marxist, Ralph Miliband and a psychologist-turned-radical sociologist, William Domhoff. The latter, who deeply examined foreign policy formation from an instrumentalist perspective, distinguished four processes whereby the capitalist class is able to use the state as an instrument of its will to shape policy in its own interest. These are:

The candidate-selection process
The special-interest process
The ideological-legitimization process
The policy-planning processes

According to McGowan and Walker (1984), the candidate selection process involves the incorporation of the pliable middle- and upper-class persons into the political parties, fat cats, caucus, elections and nominating conventions. Being that these men and women neither possess strong ideological beliefs nor strong policy position of their own, they easily become ideal materials and implementers of ruling class views.

Special interest process entails lobbing the decision-makers by interest groups, including the powerful capitalist government to adopt specific policies and general development paradigm that enhance their interest or to avoid policies and development plans that compromise their interest.

Ideological-legitimization process allows the capitalists class that controls both the government and the media to create, disseminate and enforce a set of values and attitudes that safeguard its interest. These values, of course, include that which upholds that the neo-liberal capitalist ideology with its political correlate, liberal democracy is only the best way to a stable polity.

Lastly, the policy planning permits the capitalist class to promote, protect and rationalize a particular way of examining reality through the introduction and identification of specific personnel and ideas. In this regard, research institutions and the ways in which researches are conducted are heavily influence by major capitalist government.

Therefore, the focus of analysis is on the state and its policies. This method of analysis therefore encourages an analyst to focus on the members of the ruling class that not only dominate and control the policy-making machineries of the state in the capitalist society, but also employ such to foster and advance their collective interest. To this end, the central argument of this theory is that in capitalist societies, dominant members of the ruling class via policy formulation and implementation essentially seek to initiate and advance their interest in the guise of pursuing the general interest of the citizenry and seeking to improve their well-being. This is as a result of the direct involvement of members of the ruling class in the state machineries and economic processes.

Thus, the researcher in this context should pay maximum attention to the links between members of the ruling class in a capitalist society and the key actors in the policy-making institutions of government in order to ascertain the independence or initiatory role of the state since its power is derived entirely from the economy.

By focusing on the character of the ruling class in a capitalist society, the channels of its control over governmental institutions especially decision/policy making machineries, and how it promotes class interest through direct involvement and participation, Marxist instrumentalist theory demonstrates that the Contributory Pension Scheme, as initiated and implemented by the previous civilian administration especially the extension of the scheme to the private sector, was directly influenced by members of the ruling class to foster and advance their corporate interest through the ownership and control of Pension Funds Administrators (PFAs) and Pension Fund Custodians (PFCs) that are statutorily empowered to manage and hold pension assets respectively.

In using the Marxian instrumentalist theory as our explanatory guide in understanding the inability of the Contributory Pension Scheme to ensure that the GSM providers in Nigeria comply with the guideline of the 2004 Pension Act as regards opening and maintaining Retirement Saving Account for their employees, this study demonstrates that the cardinal objective of introducing the Contributory Pension Scheme by Obasanjo's Government was to enhance capital accumulation. To begin with, the new scheme promoted the interest of foreign capital that received handsome reward for proffering the necessary guidelines on how pension funds should be managed. It equally advances the interest of the comprador bourgeoisie within the ruling class that amass stupendous wealth through their ownership and control of the pension funds Administrators (PFAs) and Pension Funds Custodian (PFCs) that are statutorily empowered to appropriate and invest pension funds in line with the guideline offered by the foreign capital. To this end, it becomes obvious why the Contributory Pension scheme will not be willingly implemented by the GSM providers since doing so will be detrimental to the interest of the dominant members of the ruling class. Therefore, insofar as the dominant members of the ruling class that initiate and implement government policies and programmes are also involved directly in economic processes particularly ownership and control of the commanding heights of the nation's economy, there is bound to be unwillingness on the part of government in implementing the requirement of the 2004 Pension Act especially as it concerns opening and maintaining RSA for the employees in the private sector since, unlike the public sectors, doing such is bound to adversely affect the interest of the dominant members of the ruling class. Furthermore, it can be seen that while government has complied totally with opening and maintaining RSA for the employees in the public sector as well as remitting its monthly contribution and deducting, at source, the contribution of the employees, the same government is unwilling to ensure that the private sector also comply with the stipulation of the 2004 Pension Act that extends the Contributory Pension Scheme to the private sector with more than five (5) employees. Therefore, the introduction of the Contributory Pension Scheme was not meant to address the myriad of problems associated with pension administration in Nigeria but to provide a protective cover for the foreign capital and their comprador cronies within the government to enhance their economic interest on the pretext that they are managing pension assets.

We shall, therefore, focus on the ownership and control of the PFAs, PFCs, the GSM providers that operate in the country and particularly the performance of those GSM providers under the Contributory Pension Scheme. This is to show that inasmuch as the members of the ruling class that makes and implement government policies and programmes are also the same people that own and control the private sector, the GSM providers operating in the country would not readily comply with the government policy on the Contributory Pension Scheme especially opening and maintaining RSA for their employees since doing so is bound to undermine their interests. In this light, it is glaring that since the special interest of the ruling class determines and influences which policy the state formulates and pursues in a capitalist society as well as the action the state takes or fails to take to implement or not to implement such policies, the implementation of the requirement of the 2004 Pension Act in the public sector and its non-implementation in the private sector especially the extension of the scheme to the GSM providers by the same government is a deliberate design to foster and advance the interest of the ruling class.

It is within this context that the inability of the Contributory Pension Scheme to ensure the compliance of the GSM providers in the country with opening and maintaining Retirement Savings Account (RSA) for their employees in line with the 2004 Pension Act is to be understood.

Pension Scheme in Nigeria: Historical Background

Two main benefits exist under the public service pension scheme in Nigeria. These are: pension and gratuity (Okotoni and Akeredolu, 2005:81). A pension scheme is funded through two major sources viz: contribution from the employer and contribution from the employees (contributory) or 100% contribution by the employer (non-contributory).

Prior to the introduction of the new pension scheme in 2004, there had been in operation the Nigerian Social Insurance Trust Fund (NSITF). There were also in operation three regulations before the enactment of the Pension Reform Act in 2004. These were: Securities and Exchange Commission (SEC), National Insurance Commission (NAICOM) and the Joint Tax Board (JTB). Meanwhile, the first public sector pension scheme was the Pension Ordinance of 1951, with retroactive effect from 1st January 1946 (Owojori, 2008). It provided public servants with both pension and gratuity. Thereafter, Pension Decrees 102 and 103 0f 1979 were enacted, with retroactive effect from April 1974. However, despite the fact that the funding of private pension scheme then appeared more reliable than that of the government and considering too that workers in the public sector were then enjoying more generous retirement benefits than their counterparts in the private sector, the 1979 Pension

Decrees failed entirely to address the pension needs of the private sector (Okotoni and Akeredolu, 2005). Notwithstanding this fundamental flaw, these decrees remained the operative laws on public service and military pension in Nigeria till June 2004.

Meanwhile, the first attempt at providing for private sector workers was through the setting up of the National Provident Fund (NPF) by the Federal Government in 1961 primarily as a compulsory saving scheme for private sector workers and those in non-pensionable employment. The fund only provided lump sum benefits to members or their dependants on retirement or at death (Okotoni and Akeredolu, 2005: 85). This old pension scheme, despite all odds, was bequeathed to the country by the British colonialists. And as to expected, the scheme was purposely designed for the expatriates only. Thereafter, particularly after the exit of the British, the scheme was repackaged to accommodate and carter for the security benefits of local public-sector workers (Yaya, 2008). Although in 1974, a little amendment was made which retained the private sector within the National Provident Fund, and in 1993, another amendment was made with NSITF which re-established and converted from a provident fund into a Limited Social Insurance Scheme; the old pension scheme was not favourable to workers. This was so because, as alleged, it was a non-contributory benefit scheme that allowed government to allocate specific resources to the consolidated revenue meant to pay pensioners.

In view of the foregoing, a number of pension reviews, in the last few years, have been carried out by the Federal Government. A few of them are highlighted below:

- Review of the new pension scheme increase in retirement age for public officers (Circular B.63207/VI/001 of 26th April 1978). The review affected only Judges. The compulsory ages of retirement for High Court Judges and Court of Appeal/Supreme Court of Justice to be 62 and 65 respectively and not 60 and 65 as earlier stipulated.
- Decree No. 5 of 1985 awards a judge 100% of his total emolument after serving for fifteen continuous years as a judge of the High Court.
- Review of Pension Benefits – Circular No. B6321/S.I/XT/8 of 22nd July, 1992. The review addressed three main subjects. (a) The period of qualifying service for pension is reduced from 15 years to 10 years; (b) The period of qualifying for gratuity is reduced from 15 to 10 years; and (c) The maximum rate of pension for 35 years service is increased from 70% to 80%.
- Review of Pension Benefits – Circular No B.6321/S.I/X/701 of 20th January, 1993. The Federal Government approved that the pension of all retirees on the payroll as at 31st May, 1992 be increased by a flat rate of 45% across the board.
- Upward Review of Pension Benefits effective from 1st October, 1994 – Circular No B.6321/S.I/X/710 of 20th December, 1994.
- Decree 11 of 1993 stipulates that a person who retires as a professor of 15 years in the University or has been continuously in the service of a University in Nigeria up to retiring age shall be entitled to 100% of his terminal annual emolument as pension.
- Harmonization of Pensions Ref.No.6321/ S.I/X13?105 of 30th January, 1997.

- Review of the Management of Pension Schemes of Parastatals and other Organizations funded by the Federal Government Re: No. PEN.92138/ S.28/195 of 30th January, 1997.
- In the Armed Forces, Service Chiefs, including the Inspector-General of Police, take 100% of their total emolument as pension.
- Review of Terminal Benefits for Heads of Service and Permanent Secretaries. Officers appointed from the Civil Service to the post of Head of Service are to earn 100% of total annual emolument as pension. Also, Permanent Secretaries who have put in a minimum of twenty years of pensionable service are to earn 100% of their total annual emolument as pension for life. (Circular Ref. No. B.63216/S.1/X/757 of 23rd June, 1998).
- Review of Pension Rates. The review approved 150% increase in pension rates. For example, a person on a pension of N100 per month to move to N250 effective 1st January, 1999. Ref.SWC/S/04/S.8/25.
- Further Review of Pension Rates. Additional increase of 30% effective 1st January, 2000 (Okotoni and Akeredolu, 2005: 85-86).

Nonetheless, the newest pension review in Nigeria was in 2004 and the Pension Reform Act of 2004 is the most recent legislation of the Federal Government at reforming the pension system in the country. The new pension scheme as introduced by the 2004 Pension Act is contributory, fully funded and based on individual accounts that are privately managed by Pension Fund Administrators (PFAs), with the pension assets held by Pension Fund custodians (PFCs).

The new pension scheme also mandates employers and employees alike to be contributing a minimum of 7.5% each of employees' monthly emolument (basic salary, housing and transport allowances). The only exceptions are military personnel who contribute 2.5%, with the Federal Government contributing 12.5%. However, employers may elect to bear the full burden by contributing not less than 15% of employee's monthly emolument. Employers deduct contributions from individuals' monthly salaries and forward the same to the PFCs of the employees' PFA (http://www.pension.gov.ng/). Most importantly, the scheme is applicable to all employees in the federal public service and Federal Capital Territory, and private sector organization with 5 (five) employees or more.

In the light of the foregoing, the study examines the impact of the new scheme in addressing the perennial problems associated with pension funds and the compliance of private sector to opening and maintaining Retirement Saving Account (RSA) for their employees in line with the stipulations of the 2004 Pension Act. The study, in particular, investigates the extent to which the Global System Network (GSM) providers operating in Nigeria have complied with opening and maintaining RSA for their employees as stipulated by the 2004 Pension Act.

Data Presentation

Empirical Research Findings

In this section, we present the quantitative data generated in the course of this empirical research finding so as to test the hypothesis based on the research question. We tested the hypothesis by providing enough evidence to prove that the

Contributory Pension Scheme has ensured the compliance of the GSM providers operating in the country with opening and maintaining Retirement Savings Account (RSA) for their employees. Hence, our procedure is to accept and validate the hypothesis if 51% or more of the entire GSM providers operating in Nigeria have complied with opening and maintaining RSA for their employees, and otherwise if the reverse becomes the case.

The entire thirteen GSM providers in Nigeria were all studied. The analysis and description of data was, therefore, based on these thirteen GSN providers. The result of the analysis served as a basis for ascertaining whether the formulation and implementation of the Contributory Pension Scheme has ensured the compliance of the GSM providers in Nigeria with opening and maintaining Retirement Savings Account for their employees.

Table 3.1 GSM Providers and Compliance to the Opening and Maintaining of Retirement Savings Account (RSA)

S/N	GSM	Compliance	PFA
1	Visafone	No	-
2	Zoommobile	No	-
3	MTN	Yes	-
4	Wirless	No	
5	Zain	Yes	-
6	MTS First	No	-
7	Starcomms	No	-
8	Multilinks	No	-
9	Globacom	Yes	-
10	Intercellular	No	-
11	Cellcom	No	-
12	Bourdex	No	-
13	Etisalat	No	-

Source: Records of the National Pension Commission (PENCOM)

NB: PFAs of those that have complied were not included because the employees are at liberty to patronize PFAs of his or her choice. Those GSM providers did insist on their employees patronizing a particular PFA or group of PFAs.

It is proper for us to statistically analyze the quantitative data we generated in the course of this research findings in order to test and validate the hypothesis. Hence, our procedure is to accept and validate the hypothesis if 51% of the GSM providers operating in Nigeria or more have complied with opening and maintaining of Retirement saving Account (RSA) for their employees. If the reverse becomes the case, that is. If 51% or more have not complied with opening and maintaining RSA for their employees, then we accept the null hypothesis.

GSM Providers and Compliance to the Opening and Maintaining of Retirement Savings Account (RSA)

S/N	GSM	Compliance	PFA
1	Visafone	No	-
2	Zoommobile	No	-
3	MTN	Yes	-
4	Wireless	No	
5	Zain	Yes	-
6	MTS First	No	-
7	Starcomms	No	-
8	Multilinks	No	-
9	Globacom	Yes	-
10	Intercellular	No	-
11	Cellcom	No	-
12	Bourdex	No	-
13	Etisalat	No	-

Source: Records of the National Pension Commission (PENCOM) (See Appendix 1)

GSM Companies that have complied

S/N	GSM	Compliance	Percentage
1	MTN	Yes	23.1%
2	Zain	Yes	
3	Globacom	Yes	

GSM Companies that have not complied

S/N	GSM	Compliance	Percentage

1	Visafone	No	76.9%
2	Zoommobile	No	
3	Wireless	No	
4	MTS First	No	
5	Starcomms	No	
6	Multilink	No	
7	Intercellular	No	
8	Cellcom	No	
9	Bourdex	No	
10	Etisalat	No	

Implications of the Findings

The data generated in our study as presented and analyzed in the foregoing tables indicates that majority of the GSM providers operating in Nigeria have not complied with opening and maintaining RSA for their employees. We arrived at this conclusion by tabulating the response of the PENCOM with respect to the compliance rate of the GSM providers operating in Nigeria. From the response of the PENCOM, 'yes' indicates compliance to opening and maintaining RSA, while 'No' indicate non-compliance. From the data we presented, it is evident that only 3(three) GSM providers have complied, whereas 10(ten) others have not. When these figures are converted into percentage, as the preceding sub-title shows, the percentage for the GSM that have complied and those that have not complied:

Our hypothesis, therefore, has not been supported by the evidence. With 76.1 percentage, it is quite obvious that majority of the GSM operating in Nigeria have not complied with opening and maintaining Retirement Savings Account (RSA) for their employees. Hence, we rejected and invalidated the hypothesis that the Contributory Pension Scheme has not ensured the compliance of the GSM providers operating in Nigeria with opening and maintaining RSA for their employees.

Conclusion

On the strenght of the quantitative data presented and statistically analyzed in the preceding chapters of this study, it is quite clear that our hypothesis has been amply supported by empirical evidence. What this implies is that more than 51% of the GSM providers operating in Nigeria have not complied with opening and maintaining Retirement Savings Account (RSA) for their employees. Hence, the Contributory Pension Scheme has not ensured the compliance of the GSM providers in Nigeria with opening and maintaining RSA for their employees.

Our study was able to establish that the GSM providers operating in Nigeria have not complied with opening and maintaining Retirement Savings Account (RSA) for their employees. Hence, the Contributory Pension Scheme has not ensured the compliance of the GSM providers in Nigeria with opening and maintaining RSA for their employees. In view of the foregoing, we recommend as follows:

That the Pension Act 2004 be reviewed to make provision for stiffer penalties for any private sector that fails to open and maintain Retirement Savings Account for its employees in line with the provisions of the act.

Moreso, that adequate enlightenment campaign should conduct to highlight the gains derivable by both the employer and the employee in opening and maintaining Retirement Savings Account by the employer.

Again, that the PENCOM should be empowered so as to be able to monitor the activities of the Pension Fund Administrators (PFAs) and Pension Fund Custodian (PFCs) especially with respect to how they invest and manage pension fund, on the one hand, and also bring the erring private sector (s) to book, on the other.

In addition, that Government should train and deploy experts in pension fund management and administration to manage Nigeria's pension industry so that the transition from Defined Benefit regime to the Contributory Pension Scheme can impact positively on the retirement benefits of pensioners in both public and private sectors alike.

Finally, government should be sincere in its formulation and implementation of public policy. The overall interest of the people, at least, should serve as a guide in determining public policy making and implementation instead of the personal interest of the members of the ruling class.

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