

PERCEPTIONS AND SUSTAINABILITY OF THE CONTRIBUTORY PENSION
SCHEME IN NIGERIAN TERTIARY INSTITUTIONS: EVIDENCE FROM FEDERAL
COLLEGE OF EDUCATION (TECHNICAL), GOMBE STATE

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Abstract

This study examined workers' perceptions regarding the awareness, security, and sustainability of the Contributory Pension Scheme (CPS) in the Federal College of Education (Technical), Gombe State, Nigeria. The study was motivated by persistent concerns surrounding pension administration, retirement security, transparency, and workers' confidence in pension institutions within Nigeria's public sector. The study adopted Social Exchange Theory and employed a cross-sectional descriptive survey research design. The population comprised 830 academic and non-academic staff enrolled under the CPS, from which a sample size of 260 respondents was selected using stratified random sampling based on Krejcie and Morgan's sample determination table. Data were collected through a structured questionnaire titled Workers' Perception of Contributory Pension Scheme Questionnaire (WPCPSQ). Findings revealed low awareness among workers regarding pension guidelines, employer contribution structures, investment procedures, and complaint channels. The study also found mixed perceptions regarding pension security, as respondents acknowledged institutional safeguards but expressed concerns about transparency and investment management by Pension Fund Administrators (PFAs). However, respondents generally perceived the CPS as sustainable due to regulatory oversight, structured contributions, and reforms introduced under the scheme. The study concludes that although the CPS has improved pension administration in Nigeria, challenges relating to awareness, transparency, and institutional trust continue to affect workers' confidence in the scheme.

Keywords: *Contributory Pension Scheme, Workers' Perception, Pension Security, Pension Sustainability, Pension Administration*

Introduction

Pension systems constitute an essential component of social protection and labour welfare across modern states. They are designed to guarantee post-retirement income security and improve the welfare of workers after active service. In Nigeria, pension administration underwent major reform with the introduction of the Contributory Pension Scheme (CPS) under the Pension Reform Act

(PRA) 2004, later amended in 2014. The CPS replaced the former Defined Benefit Scheme (DBS), which had become unsustainable due to corruption, poor funding, delayed payments, weak administrative structures, and the accumulation of pension liabilities.

Under the CPS, both employers and employees contribute specified percentages of monthly earnings into Retirement Savings Accounts (RSAs) managed by licensed Pension Fund Administrators (PFAs) and regulated by the National Pension Commission (PenCom). The reform aimed to improve transparency, accountability, retirement security, and sustainability in pension administration. Despite these reforms, several concerns continue to surround the implementation of the CPS in Nigeria's public sector institutions. Existing studies have shown that many workers possess limited knowledge of pension operations, investment procedures, contribution structures, and complaint mechanisms. Similarly, concerns regarding delayed remittances, weak institutional trust, poor transparency, and inflationary pressures continue to affect workers' confidence in the pension system.

In tertiary institutions, where workers depend heavily on post-retirement benefits for economic security, perceptions regarding pension administration significantly influence organizational commitment, morale, and productivity. Workers who lack confidence in the pension system may develop anxiety regarding retirement security, thereby affecting their commitment to institutional responsibilities. Although several studies have examined pension reforms and workers' perceptions in Nigeria, most existing studies focus on large urban centres and federal universities in Southern Nigeria. There is limited empirical evidence on workers' perceptions of the CPS within tertiary institutions located in Northeastern Nigeria, particularly in Gombe State. This study therefore contributes to the literature by providing localized evidence from the Federal College of Education (Technical), Gombe State.

Statement of the Research Problem

Many workers in Nigeria's public institutions still possess limited understanding of pension procedures, investment operations, employer contribution structures, and complaint mechanisms under the Contributory Pension Scheme (CPS). Furthermore, concerns regarding delayed remittances, inflation, weak transparency, and institutional trust continue to undermine workers' confidence in pension administration. Within tertiary institutions, workers rely heavily on pension benefits for post-retirement security. Consequently, negative perceptions regarding pension administration may generate retirement anxiety, low morale, and reduced organizational commitment. Despite numerous studies on pension reforms in Nigeria, limited empirical attention

has been given to tertiary institutions within Northeastern Nigeria, especially the Federal College of Education (Technical), Gombe. This study therefore seeks to fill this contextual gap.

Objectives of the Study

The main objective of the study is to examine workers' perceptions regarding the awareness, security, and sustainability of the Contributory Pension Scheme in the Federal College of Education (Technical), Gombe.

The specific objectives are to:

- i. Assess workers' level of awareness of the Contributory Pension Scheme.
- ii. Examine workers' perceptions regarding the security of pension funds under the CPS.
- iii. Evaluate workers' perceptions regarding the sustainability of the CPS.

Literature Review and Theoretical Framework

Concept of the Contributory Pension Scheme

The Contributory Pension Scheme (CPS) is a retirement savings arrangement in which both employers and employees make periodic contributions toward workers' retirement benefits. The scheme was introduced in Nigeria through the Pension Reform Act (2004) and amended in 2014 to address the failures of the Defined Benefit Scheme. According to PenCom (2024), the CPS aims to ensure that employees receive retirement benefits as and when due while promoting transparency, accountability, and sustainability in pension administration. Under the scheme, workers maintain Retirement Savings Accounts (RSAs) managed by licensed Pension Fund Administrators (PFAs), while Pension Fund Custodians (PFCs) safeguard pension assets.

Workers' Awareness of the CPS

Awareness is critical to the effectiveness of pension systems because workers who understand pension procedures are more likely to participate actively in retirement planning and monitoring of pension contributions. Omoni (2013) observed that many Nigerian workers possess only basic knowledge of pension deductions but lack adequate understanding of pension investment structures, complaint channels, and retirement procedures. Similarly, the Organisation for Economic Co-operation and Development (OECD, 2020) noted that low financial literacy negatively affects retirement preparedness among workers. Recent reports by PenCom (2024) indicate improvements in pension enrollment and digital access to Retirement Savings Accounts. However, many workers

in public institutions still demonstrate limited understanding of pension operations and monitoring procedures.

Perception of Pension Security

The issue of pension security relates to workers' confidence in the safety, transparency, and accountability of pension fund management. PricewaterhouseCoopers Nigeria (2022) observed that concerns regarding institutional trust and transparency continue to affect workers' confidence in pension administration despite reforms introduced under the CPS. Similarly, the International Labour Organization (2021) emphasized that workers' trust in pension institutions significantly influences participation and compliance.

Concerns regarding inflation, delayed remittances, and investment risks have also shaped workers' perceptions regarding pension security in Nigeria's public sector.

Perception of Pension Sustainability

Sustainability refers to the ability of the pension system to consistently provide retirement benefits over time without institutional collapse or financial instability. The World Bank (2022) argued that the CPS has improved pension sustainability in Nigeria through structured contributions and enhanced regulatory supervision. PenCom (2024) further reported that the CPS has contributed to improved pension asset growth and reduced irregularities associated with the old Defined Benefit Scheme. However, challenges such as delayed remittances, economic instability, inflation, and weak compliance by some employers continue to raise concerns regarding the long-term sustainability of the pension system.

Empirical Gap

Most existing studies on pension reforms in Nigeria focus on macroeconomic performance, pension assets, and federal universities located in Southern Nigeria. There is limited empirical evidence regarding workers' perceptions of awareness, security, and sustainability of the CPS within tertiary institutions in Northeastern Nigeria. This study therefore fills this contextual gap by examining workers' perceptions in the Federal College of Education (Technical), Gombe.

Theoretical Framework

The study is anchored on Social Exchange Theory (SET) developed by George Homans (1958) and further expanded by Peter Blau (1964). The theory explains social relationships as exchanges based

on expectations, trust, obligations, and reciprocal benefits. Within the context of pension administration, workers contribute their labour, time, and expertise to public institutions with the expectation that the government will provide economic security after retirement through a reliable pension system. Workers' perceptions regarding awareness, security, and sustainability of the CPS therefore influence their trust in government institutions and their commitment to organizational responsibilities. Where workers perceive the pension system as transparent, secure, and sustainable, confidence in the institution increases, thereby promoting organizational commitment and positive workplace behaviour. Conversely, where workers perceive the system as unreliable or poorly managed, distrust and retirement anxiety may emerge. The relevance of Social Exchange Theory to this study lies in its ability to explain how workers' perceptions of pension administration shape institutional trust, confidence, and attitudes toward the CPS.

Methodology

Research Design

The study adopted a cross-sectional descriptive survey research design. The design enabled the researcher to collect data from respondents at a single point in time and describe workers' perceptions regarding the CPS.

Population of the Study

The population comprised all academic and non-academic staff of the Federal College of Education (Technical), Gombe enrolled under the CPS. The total population was 830 staff members.

Distribution of Workforce Population

Staff Category	Population	Percentage (%)
Academic Staff	278	33.5
Non-Academic Staff	552	66.5
Total	830	100

Source: Establishment Office, FCE (T), Gombe.

Sample Size and Sampling Technique

The sample size of 260 respondents was determined using the Krejcie and Morgan (1970) sample size table. A stratified random sampling technique was adopted to ensure proportional representation of academic and non-academic staff.

Table 2: Sample Allocation

Staff Category	Population	Sample Allocation
Academic Staff	278	87
Non-Academic Staff	552	173
Total	830	260

Method of Data Collection

Primary data were collected using a structured questionnaire titled *Workers' Perception of Contributory Pension Scheme Questionnaire (WPCPSQ)*.

The questionnaire was divided into three sections:

- i. Section A: Awareness of the CPS
- ii. Section B: Perception of Pension Security
- iii. Section C: Perception of Pension Sustainability

Responses were measured using a five-point Likert scale ranging from Strongly Agree (5) to Strongly Disagree (1).

Validity of the Instrument

The questionnaire was validated by experts in Public Administration and research methodology at Gombe State University. Their suggestions regarding clarity and relevance were incorporated into the final instrument.

Reliability of the Instrument

A pilot study was conducted using 25 staff members from another federal tertiary institution outside the study area. Cronbach's Alpha reliability test produced a coefficient of 0.81, indicating acceptable internal consistency and reliability.

Method of Data Analysis

Data collected were analyzed using descriptive statistics including mean scores and standard deviation. Independent sample t-test was used to test the hypotheses at 0.05 level of significance.

Date Presentation and Analysis

Table 3: Questionnaire Distribution and Retrieval

Item	Frequency	Percentage (%)
Questionnaire Distributed	297	100
Questionnaire Returned	260	88
Questionnaire Not Returned	37	12

Source: Field Survey (2026).

Table 3 presents the distribution and retrieval of questionnaires for the study. The data show that out of 297 questionnaires distributed, 260 were returned, representing 88%, while 37 questionnaires were not returned, accounting for 12%. The high response rate of 88% indicates a strong level of participation from respondents and suggests that the data collected is adequate and reliable for analysis. The relatively low non-response rate further implies effective field administration and respondent cooperation.

Table 4: Demographic Characteristics of Respondents

Variable	Category	Frequency	Percentage (%)
Gender	Male	160	61.5
	Female	100	38.5
Work Experience	Less than 1 year	4	1.5
	1-5 years	65	25.0
	6-10 years	43	16.5
	11-15 years	51	19.6
	16 years and above	97	37.3
Qualification	HND	34	13.1
	First Degree	85	32.7
	Second Degree	65	25.0
	PhD	13	5.0
	Others	63	24.2
Staff Category	Academic Staff	87	33.5
	Non-Academic Staff	173	66.5
	Total	260	100

Source: Field Survey (2026).

Table 4 shows the demographic profile of the respondents. The gender distribution indicates that 61.5% were male (160 respondents) while 38.5% were female (100 respondents), suggesting a higher representation of male staff. Regarding work experience, the highest proportion of respondents had 16 years and above experience (37.3%), followed by those with 1–5 years (25.0%), 11–15 years (19.6%), 6–10 years (16.5%), and less than 1 year (1.5%), indicating that most respondents were experienced workers. In terms of educational qualification, the majority possessed a first degree (32.7%), followed by second degree holders (25.0%), others (24.2%), HND holders (13.1%), and PhD holders (5.0%). Staff category shows that non-academic staff constituted 66.5% of respondents, while academic staff made up 33.5%. Overall, the demographic distribution suggests that responses largely reflect the views of experienced, non-academic personnel with varied academic background.

Workers' Perception on Awareness of the CPS

Table 5: Awareness of the CPS

Statement	Mean	SD	Decision
Workers are aware of existing CPS guidelines	1.28	1.26	Disagree
Workers are aware of details of their pension savings	3.01	1.37	Agree
Workers understand how PFAs manage pension savings	2.60	1.01	Disagree
Workers know where to forward pension complaints	2.22	1.06	Disagree
Workers can calculate profits from pension investments	1.48	1.02	Disagree
Workers are aware of salary deductions	3.16	1.17	Agree
Workers know employers' contribution percentage	1.66	1.40	Disagree
Grand Mean	1.98	1.18	Disagree

Source: Field Survey (2026).

Table 5 presents respondents' perceptions regarding awareness of the Contributory Pension Scheme (CPS). The results show a generally low level of awareness, as reflected in the grand mean of 1.98, which falls under the "Disagree" decision. Respondents disagreed that they are aware of CPS guidelines (mean = 1.28), understand how PFAs manage pension savings (mean = 2.60), know where to lodge pension complaints (mean = 2.22), can calculate investment profits (mean = 1.48), and know employers' contribution percentage (mean = 1.66). However, they agreed that they are aware of salary deductions (mean = 3.16) and have some awareness of their pension savings details (mean = 3.01). Overall, the findings indicate that while basic awareness exists regarding salary deductions, comprehensive understanding of the CPS operational framework remains low among respondent.

Workers' Perception on Pension Security

Table 6: Perception of Pension Security

Statement	Mean	SD	Decision
CPS provides security of income	1.90	1.46	Disagree
Workers' pension funds are secure	4.00	1.16	Agree
Workers lack confidence in PFAs' investment management	3.96	1.24	Agree
Workers feel secure choosing PFAs	3.38	1.22	Agree
Workers trust PenCom's regulatory activities	2.19	1.28	Disagree
Workers are comfortable with investment principles of CPS	2.39	1.25	Disagree
Alerts from PFAs indicate transparency and security	2.50	1.28	Disagree
Grand Mean	2.90	1.27	Disagree

Table 6 shows respondents' perceptions of pension security under the CPS. The grand mean of 2.90 indicates an overall disagreement, reflecting mixed and largely negative perceptions. Respondents agreed that pension funds are secure (mean = 4.00), they lack confidence in PFAs' investment management (mean = 3.96), and feel secure in choosing PFAs (mean = 3.38). However, they disagreed that the CPS provides income security (mean = 1.90), trusted PenCom's regulatory activities (mean = 2.19), and believed that alerts from PFAs reflect transparency (mean = 2.50). They also expressed discomfort with CPS investment principles (mean = 2.39). Overall, the results suggest that while respondents acknowledge institutional safeguards, there is persistent distrust and concern regarding transparency and investment management within the CPS.

Workers' Perception on Sustainability of the CPS

Table 7: Perception of Sustainability of the CPS

Statement	Mean	SD	Decision
CPS guarantees regular pension payment	3.53	1.10	Agree
Investment of pension funds promotes sustainability	3.86	1.18	Agree
CPS favours PFAs more than contributors	3.52	1.43	Agree
PenCom regulation enhances sustainability	3.73	1.20	Agree
Prompt retirement benefits ensure sustainability	3.99	1.11	Agree
Elimination of ghost pensioners supports sustainability	3.72	1.22	Agree
PenCom sanctions improve sustainability	3.91	1.09	Agree
Grand Mean	3.75	1.19	Agree

Table 7 presents respondents' perceptions of the sustainability of the CPS. The findings reveal a generally positive perception, with a grand mean of 3.75, indicating agreement across most items. Respondents agreed that the CPS guarantees regular pension payments (mean = 3.53), pension fund investments promote sustainability (mean = 3.86), CPS favours PFAs more than contributors (mean = 3.52), and PenCom regulation enhances sustainability (mean = 3.73). They also agreed that prompt retirement benefits (mean = 3.99), elimination of ghost pensioners (mean = 3.72), and PenCom sanctions (mean = 3.91) contribute to sustainability. Overall, the results suggest that respondents

perceive the CPS as a sustainable pension framework, largely due to regulatory oversight and institutional reforms.

Discussion of Findings

The findings revealed low awareness of the operational procedures of the CPS among workers. Although respondents were aware of monthly pension deductions, many lacked understanding of pension investment structures, employer contribution mechanisms, and complaint procedures.

The study also found mixed perceptions regarding pension security. While respondents agreed that pension funds are institutionally protected, they simultaneously expressed concerns regarding PFAs' investment management and transparency.

Regarding sustainability, respondents generally perceived the CPS as sustainable due to structured contributions, regulatory oversight, and reforms introduced under the pension system.

Conclusion

The study concludes that although the Contributory Pension Scheme has improved pension administration in Nigeria, significant challenges relating to awareness, transparency, and institutional trust persist among workers in the Federal College of Education (Technical), Gombe.

Workers generally possess limited understanding of operational procedures under the CPS despite being aware of salary deductions and pension savings. Similarly, while respondents acknowledged the existence of institutional safeguards, concerns regarding transparency and investment management continue to affect confidence in pension administration.

Nevertheless, workers generally perceived the CPS as sustainable due to structured contributions, regulatory oversight, and improvements over the previous Defined Benefit Scheme.

Recommendations

1. PenCom and PFAs should organize regular pension education and sensitization programmes to improve workers' understanding of pension procedures, contribution structures, investment practices, and complaint channels.
2. Pension Fund Administrators should improve transparency by providing regular, simplified, and accessible updates regarding pension contributions, investment performance, and account statements.

3. Institutional management should ensure prompt remittance of pension contributions to strengthen workers' trust in the pension system.
4. PenCom should strengthen monitoring and enforcement mechanisms to improve accountability among PFAs and reduce administrative inefficiencies.
5. Government should implement broader economic stabilization policies capable of protecting pension assets against inflation and declining purchasing power.

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