

THE IMPACT OF DELAY IN THE PAYMENT OF RETIREMENT BENEFIT ON PENSIONERS' WELFARE IN GOMBE STATE

By

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Abstract

This paper examined the impact of delay in payment of retirement benefits on pensioners' welfare in Gombe state. The data was obtained through primary and secondary sources, which were analysed quantitatively and qualitatively. Pearson product moment correlation coefficient was used in testing the hypothesis which was computed using statistical package for social science (SPSS) version 23. The result shows that, delay in the payment of retirement benefits weaken the capacity and ability of pensioners to provide basic necessities of life such as food, water, electricity, shelter, health facilities, clothes and payment of children's school fees to themselves. based on the finding of the research, researchers recommend that: Gombe state government should ensure sufficient allocation of fund is made to the pension board so as to hasten the payment of the pension to retirees and government shouldn't allow external forces to interference with the affairs of the board.

Keyword: Delay, Retirement Benefit, Pensioners' Welfare

Introduction

Delay was generally acknowledged as the most common, costly, complex and risky problem encountered in the administration of pension scheme in both the developed and developing countries. Hence, delay especially under the budgetary pension scheme always affect the pensioners' welfare negatively all over the world" Ferguson (2020). Retired civil servants constitute a great percentage of the elderly population. Pension and gratuity are major welfare scheme the society puts in place to weather the storms of old age. Unfortunately, some stories about how pensioners are handled is not too encouraging. For instance, The Punch (2021) reported that most pensioners that worked for Lagos State Government do not have a happy story to tell at the end of their service. After putting in between 24 and 35 years of work, the government's failure to promptly pay their benefits has turned many of them into beggars. Some retirees, reported that, they are forced to depend on their family members and friends to survive. Those who retired between 2016 and 2020, their benefits and pensions are yet to be paid, despite the submission of all the required documents referred for the payment of their pension and gratuity.

In Nigeria, the delay in pension payment has been linked to poor performance of pension administration that is impinging on pensioners' welfare and mutilating their social life. Obi (2013) described delay in the payment of retirement benefits in Nigeria as administrative evil that hampers on pensioners well-being. Obi also lamented that, the key issues in retirement benefits are pension and gratuity, these are benefits to the pensioners. Pension is life annuity; that is payment made by the state under budgetary pension scheme to someone old by a former employer to an employee after long services, whereas, gratuity is a lump-sum of money given by an organization or government to employee who has retired from active services. Delay in payment of retirement benefits of pensioners is an aspect of maladministration which hamper the welfare of pensioners. The most fundamental aspect of administration is efficiency and effectiveness in the conducts of affairs.

Delay in payment means putting action for payment off until later or after period of time. So delay in payment of retirement benefit is when the services or process of payment of retirees benefits are subject to procrastination. Otinche (2013) asserts that delay in the

payment of pension and gratuity to retirees is a result of institutional failure and the consequent alienation and dehumanization of pensioners whose post retirement life become associated with socio-economic slavery. Delay in payment of pensioners' retirement benefits is measured by any failure to pay entitlement of the officers concerned (Agbo, 2021).

Pensioners' welfare is determined by the ability of pensioners to meet the necessities of life with their retirement benefits. For that, pensioners' welfare simply means the amount of money set aside either by the employee or both to ensure that at retirement from the meritorious service, there is something as a source of income for an employee to fall back on (Fapohunda, 2013).

Statement of Problem

It was observed by many researches that there are delays in the payment of pensioners' pension and gratuities in Gombe state. These delays have caused so many mixed-feelings among the retirees, their children, relatives, members of the community and government in general. Such delay caused an abject poverty among retirees in Gombe state. It reached a level at which retirees are in some cases unable to provide for their children's feedings, schooling, shelter and daily necessities. As a result, the children enter into different unadapted behaviours such as stealing, armed robbery, kidnapping, shops vandalization, and political thuggery. A rapid increase in such maladaptive attitudes of retiree's children in Gombe state needs urgent and powerful experimental investigation, that is why the researcher's intends to investigate the impact of delays in the payment of retirement benefit on pensioners' welfare in Gombe state.

Objective of the Study

The main objective of the study is to assess the impact of delay in the payment of pensioner's pension and gratuities on the retiree's welfare in Gombe state. Hence, the study spans period between 2012 and 2021, the choice is justified by the fact that it

marked the period which Gombe state pension board ever recorded mass numbers of retirement in the state. So study therefore covers the entire retired state government public servant. However, the hypothesis formulated to guide the study is that there is no significant relationship between delay in the payment of retirement benefit and pensioners' welfare in Gombe state.

Research Methodology

The researchers employed Pearson product moment correlation coefficient as an analysis technique to test the statistical significance and strength of the effects of delay in the payment of retirement benefit on pensioners' welfare in Gombe State. The empirical data were obtained by survey method which gather data directly from persons within the population of the study using questionnaire, interview and observation while secondary data included pensioners register, staff list with the Gombe state pension board and other internet materials. Cluster sampling was used to divide the state into senatorial zones in which Gombe LGA was selected from Northern zone, Akko from Central and Kaltungo LGAs from Southern zone.

Population of the Study

The population of the study comprises entire state pensioners in Gombe state and all staff of the Gombe state pension board, which is five thousand, five hundred and eighty-five (5585) for pensioners and thirty-six (36) for the staff, the total population is five thousand six hundred and twenty-one (5621).

Sample and Sampling Techniques of the Study

Population of the study comprises 5585 retirees in the state and 36 staff in the state pension board. Cumulatively, 5621 is the population of the study. Yaro Yamani (1967) formula was used to determine sample size where 5% level of significance was used to determine the sample size. Thus, the sample size of the study $n=373$. The details are provided on table below;

Table 1: population and sample of the study

S/no	Category of population	Population	Number of Sample	Percentage
1	Staff of State Pension Board	36	4	0.6%
2	State Retirees/State Pensioners	5585	369	99.4%
	Total	5621	373	100%

Source: researchers' computation from the records of Gombe state pension Board.

Table 1 shows the population and sample size of the study, percentages and the total number of the retirees and staff of the pension Board. Sample of which was drafted from the staff of Gombe State Pension Board include four senior officers from the pension board capable of providing valid information about

the problem of delay in the payment of retirement benefits of state pensioners were purposively selected and interviewed. However, questionnaire instrument was served to pensioners randomly in the three sampled areas.

Table 2. The rate of returned questionnaire from Gombe, Akko and Kaltungo

S/no	Local Gov't	Total Number of Questionnaire Administered	Percentage (%) of Sample	Total Number of Questionnaire that Returned	Percentage (%) of Returned Questionnaire
1	Gombe	173	47%	165	47%
2	Akko	107	29%	101	29%
3	Kaltungo	89	24%	82	24%
	Total	369	100%	348	100%

Table 2. shows the total number of questionnaires administered to each sample area with the percentage as well as the total number of questionnaires returned from each sample area together with the percentage of returned questionnaire.

Pearson Correlation as a tool of analysis was used to test the hypothesis postulated which was computed using Statistical Package for Social Science (SPSS), while content analysis was used for secondary data, interview and observation.

Table 3. Cumulative Responses on the Delay in Payment of Retirement Benefits and Pensioners Welfare in Gombe State.

S/N		SA		A		U		D		SD		TOTAL	
		F	P	F	P	F	P	F	P	F	P	F	P
1	Pension and gratuity are not timely paid after retirement	101	29	154	44.3	37	10.6	32	9.2	24	6.9	348	100
2.	There is a deferral in the disbursement of gratuity and pension by Gombe state pension board	127	36.5	183	52.6	19	5.5	12	3.4	7	2.0	348	100

3.	The delay in the payment of pension is caused by mismanagement of the funds by the authority concern	98	28.2	165	47.4	35	10.1	27	7.7	23	6.6	348	100
4.	The delay in the payment of gratuity and pension is associated with untrained and inadequate personnel	110	31.6	178	51.1	26	7.5	19	5.5	15	4.3	348	100
5.	You could not eat three meal a day, drink clean water and wear good clothes because of delay in the payment of your retirement benefits	87	25	192	55.2	41	11.8	16	4.6	12	3.4	348	100
6.	You could not provide adequate household need to your family because of the delay in the payment of your retirement benefit	91	26.1	185	53.2	20	5.8	32	9.1	20	5.8	348	100
7.	You could not access good health facilities and pay children's school fees because of delay in the payment of your retirement benefits	85	24.4	195	56	18	5.2	33	9.5	17	4.9	348	100

8. You could not provide general wellbeing such as festive and payment of house rent because of the delay in the payment of pension and gratuity	98	28.2	176	50.6	20	5.7	24	6.9	30	8.6	348	100
9. Delay in the payment of your pension and gratuity made you an object of ridicule in your community	78	22.4	169	48.6	26	7.5	45	12.9	30	8.6	348	100

Source: Field survey 2022

Key: **F**: Frequencies, **P**: Percentage (%), **SA**: Strongly Agreed, **A**: Agreed, **U**: Undecided, **D**: Disagreed and **SD**: Strongly Disagreed

The Table 3 shows the frequencies and percentage of respondents and their level of agreement and disagreement via Likert five-point scales form Gombe, Akko and Kaltungo LGAs of Gombe State. The statement one as indicated in the table above shows that the agreed has 255 (73.3%) responses this implies that Pension and gratuity are not timely paid after retirement in Gombe State while disagreed has 56 (16.1%) responses and 37 (10.6%) responses are undecided. Second statement indicated that the highest frequency 310 (89.1%) on agreed while disagreed has 19 (5.4) responses and undecided has 19 (5.5) responses respectively. On The third statement agreed has 263 (75.6%) responses while 50(14.3%) responses and 35(10.1) responses goes for disagreed and undecided respectively. Also, 288 (82.7%) responses

agreed with fourth statement, disagreed has 34 (9.8%) and undecided got 26 (7.5%) responses similarly, the statement five as indicated agreed has 279 (80.2%) responses, 28 (8%) disagreed and 41 (11.8%) for undecided. On The Sixth statement 276 (79.3%) responses agreed, 52 (14.9%) responses disagreed and 20 (5.8%) responses undecided. However, on statement Seven, agreed got 280 (80.4%) responses, 50 (14.4) responses disagreed, while undecided 18 (5.2%). To the Statement eight as indicated in the table above 274 (78.8%) responses agreed, 54 (15.5%) responses disagree to the statement and undecided has 20 (5.7%) responses then. To statement nine agreed got 247(71%) responses, 75(21.5%) responses disagreed and 26(7.5%) for undecided.

Table 4: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	Kurtosis
PWF	348	3.00	11.00	8.0912	3.94768	-.630	.137
DPRB	348	4.00	16.00	11.9025	5.28922	-.574	.137
Valid N	348						

Source: SPSS output 23

From the table 4, the delay in payment of retirement benefit (DPRB) in Gombe State is 11.90, while the pensioners' welfare (PWF) is 8.09. The Standard deviation of delay in payment of pension and gratuity which is the highest 5.29 whereas pensioners' welfare stood at 3.95; this shows that delay in the payment of the retirement benefits in Gombe has adverse effects on pensioners' welfare in the state.

The result of skewness however, is -.574 for the delay in payment of retirement benefit (DPRB) and that of pensioners' welfare (PWF) is -.630. Moreover, the result of kurtosis is -.945 for the delay in payment of retirement benefit (DPRB) and -1.234 for the pensioners' welfare (PWF) as such this means that data is skewed and normal.

Table 5: Summary of the relationship between Delay in the payment of retirement benefit (DPRB) and Pensioners welfare (PWF)

	PWF	DPRB
Pearson Correlation	1	.984**
Sig. (2-tailed)		.000
N	348	348
Pearson Correlation	.984**	1
Sig. (2-tailed)	.000	
N	348	

** Correlation is significant at the 0.01 level (2-tailed).

From table 5, Pearson product moment correlation was used to find out the significant relationship between delay in the payment of retirement benefits and pensioners welfare in Gombe State. The cumulative impact of independent variable on dependent variable is up to (98%) this implies strong relationship as indicated by Pearson correlation.

The result shows that delay in the payment of retirement benefit is positively correlated with the pensioners' welfare. It therefore, indicated that delay in the payment of retirement

benefits in Gombe is significantly correlated with the dependent variable pensioners' welfare. This signifies that delay in the payments of retirement benefits has effects on the pensioners' welfare in Gombe State. The implication is that the higher the delay in the payment of retirement benefits the further the lower pensioners' welfare in the state. The significant level of 1% (.000) provides us with evidence to reject the null hypothesis which states that there is no significant relationship between delay in the payment of retirement

benefits and the pensioners' welfare in Gombe State.

Findings and Discussion

Based on the interview report and observation by the researchers, the pension officers were asked about whether the board is fully funded to meet the demand of state pensioners. Most of them believe that the continuous delay in the payment of retirees benefits is caused by the insufficient funding of the board by government as well as misappropriation of bailout funds which was meant to settle down outstanding retirees benefit.

When asked why the delay in payment of pension and gratuity of retirees in Gombe State. Majority of the respondents said that, there is interference by some external forces which leads to the delay. One of the senior officer with the board narrated how they have been instructed by high government dignitaries, politician as well as state elites in the state to pay the benefits of their retired relatives. By the time we meet their demand those that were waiting for long and the next in the queue would have nothing left to receive as payment". The study found that there is significant relationship between delay in payment of retirement benefits and the pensioners welfare in Gombe state.

Conclusion

This paper revealed that delay in the payment of retirement benefits undermined the capacity and ability of pensioners to provide basic necessities of life such as food, clean water, shelter, health facilities, clothes and payment of children's school fees.

Recommendations

Drawing from the result of the study, the following recommendation are made:

1. The Gombe state government should ensure adequate funding of the pension board for proper payment of retirement benefits.
2. The principle of first come, first pay should be encouraged and respected by the high dignitaries of the state thereby avoiding favouritism. This means that there should be no external forces

interference with the activities of the board.

3. There is need for more workforce by the board as well as encouraging the staff to discharge their duties and render faithful service to the retirees. If this is achieved, it will reduce the level of delay in the payment of retirement benefits after retirement in Gombe state.

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