

Effects of Contributory Pension Scheme on Economic Development of Nigeria

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Abstract—This paper assesses effects of Contributory Pension Scheme (CPS) on economic Development of Taraba State, Nigeria. This study used both primary and secondary data; Primary data were gathered through questionnaires whereas secondary data were obtained from textbooks, Pension Act, journals, magazines and internet. Basically, descriptive statistics which include standard tables and simple percentages were employed to present data collected as well as the hypotheses formulated. The findings of this study revealed that Contributory pension Scheme make some effects on employment generation in Nigeria, Contributory pension Scheme make effects on capital market operation, and that Contributory pension Scheme make significant effects on Gross Domestic Products. This paper recommends that pension operators such as Pension fund Administrators as well as Pension Fund Custodians should provide quality jobs to the teeming youths; that enough pension funds be set aside to boost the operation of Capital Market in Nigeria as it is obtainable in other developed countries, and that the activities of Contributory Pension Fund should be geared toward improving the Gross Domestic Product of the entire nation.

Keywords— Pension, Pension Scheme, Contributory Pension Scheme, Economic Development, Employment Generation and Capital Market

I. INTRODUCTION

The issue of Pension came to the fore in the early 19th century, when the French and British government made special provisions for superannuated public servants. In 1981, Denmark launched cash transfer programs through a means – tested scheme for people over the age of 60. In Germany, a small flat pension financed by a tax on the tobacco monopoly was paid to workers at age of 65. This type of pensions connected benefits to workers contribution and they assisted in financing the scheme. (Portland Trust, 2007).

In Nigerian public service sector, pension came on board with the enactment of Pensions Ordinance during the British colonial era in 1959 with retrospective effect from January 1, 1946. Until 2004, the pension scheme that was in operation in Nigerian public sector was based on the Pay – As You – Go (PAYG) system which was bedeviled by the activities of corrupt personnel in pensions administration.. The pension

reform Act 2004 introduced contributory pension scheme within built security measures to guard against the vices associated with the old pension scheme. The guide lines and regulatory policy instruments issued to licensed independent operator by the supervisory agency is to ensure that interest of the contributors are protected. This will guarantee payment of pension rights to retirees as and when due. This article highlights insecurity of funds, lack of regulatory and supervisory agency, weak administration, corruption, mismanagement of pension funds, insufficient budgetary allocations and untimely release of inadequate fund for payment of pension obligations, which culminated in huge unsettled pension bills as main characteristics of the old unfunded defined pension scheme in Nigeria.

II. THE PROBLEM STATEMENT

Pension matters have taken center stage in public discussion because of the high level reform that have always been put in place from time to time. Opponents of the new pension scheme asserts that the reform which introduced the new pension scheme discouraged some number of staff from working with government since their wealth will be drained and channeled into Contributors savings account. This has raised some question on the ability of CPS to create job opportunities for the teeming youth.

III. OBJECTIVES OF THE STUDY

The main objective of this research is to assess the effects of contributory pension scheme on economic Development of Nigeria. The specific objectives are to:

- 1) Examine the effects of contributory pension scheme on employment generation.
- 2) Assess the effects of contributory pension scheme on capital market.
- 3) Evaluate the effects of contributory pension scheme on Gross Domestic Product.

B. Research Questions

- What are the effects of contributory pension scheme on employment generation?

- What are the effects of contributory pension scheme on capital market?
- What are the effects of contributory pension scheme on Gross Domestic Product?

C. Research Hypotheses

H₀₁: Contributory pension scheme do not have any significant effects on employments generation

H₀₂: Contributory pension scheme do not have any significant effects on capital market

H₀₃: Contributory pension scheme do not have any significant effects on Gross Domestic Product

D. Significant of the Study

The significant of this study will not be only to a particular aspects; "that is the effect of contributory pension scheme on economic development, if will also be important to Nigeria capital market, financial market and also it will be a beneficial to a different group of people such as: Investors, Employees and Co-student who may have interest in one way or the other to the field of study. It will provide a guide or knowledge to the prospective investors on how the pension funds are invested and how does it affect the Nigeria economic. Finally it will broaden the knowledge of the researcher and future researchers.

E. Scope and Limitations of the Study

This study embraces contributory pension scheme and Economic growth in Taraba State Nigeria. This study covers the period of nine (years) ranging from 2007-2015.

The researcher encountered some problems in the course of this research work. These problems include among the following: First of all the existing literature covers noncontributory pension administration which is the old pension scheme which became unsustainable as a result of high pension liabilities. The second problem boarder on time constraint which could not allow the researcher to cover all the PFAs operational in Nigeria despite the fact that all the PFCs were adequately cover.

F. Definition of Terms

1) *Pension*: It is a monthly payment made to retired officers who has served for a statutory period.

2) *Gratuity*: It is a lump sum of money paid once to a retired officer who has served for a minimum period of five years.

3) *Qualifying Service*: It means service after and other officer has served for a period of not less than the qualifying year.

4) *ACT*: This can be defined as the scheme for payment benefits of employees to who the scheme applies.

5) *PAY-AS-YOU GO*: This is an unfunded non-contributory scheme where he payment of retirement benefits i.e gratuity and pension are from the government in a pay-as-you go system the government taxed activities workers to pay benefit of retired work.

6) *Capital market*: It is the long term end for financial market. It is made up of market and institutions, which

facilitate the issuances and secondary trading of long-term financial instruments.

7) *Economic Development*: It is the human development index which takes into account the literacy rate and life expectation which in-turn has an out ring impact on productivity and could lead to economic growth.

IV. THE CONCEPT OF PENSION

Pension can be conceptualized as a regular payment by an employer to a retired employee usually to the death of the employee; such payment may also be made to the next of kin of a pensioner for a given period (Ogwumike, 2008). In the words of Chizueze, Nwosu and Agba (2011), pension entails money paid at regular bases by government or any establishment to someone who is officially considered retired from active service after serving for a stipulated time usually minimum of ten years and maximum of thirty five years. Thus, it is simply the amount set aside either by an employer or employee or both to ensure that the employee has income to fall back on at retirement. Pension schemes are social security maintenance plan for workers after their disengagement as employees through retirement (Ilesami, 2006).

It is the amount paid by government or company to an employee after working for some specific period of time, considered too old or ill to work or have reached the statutory age of retirement (Adam, 2005). As a scheme, Pension is the periodic payment granted to an employee for services rendered, based on contractual legal enforceable agreement, paid by an employer at the agree time of termination of appointment (Iwu, 2007). In the words of Thomas and Lemke (2010) a pension is a fund into which a sum of money is added during an employee's employment years, and from which payments are drawn to support the person's retirement from work in the form of periodic payments. A pension may be a "defined benefit plan" where a fixed sum is paid regularly to a person, or a "defined contribution plan" under which a fixed sum is invested and then becomes available at retirement age.

A. The Concept of Pension Scheme

According to Wikipedia (2015) A Pension Scheme is a plan, procedures and legal processes of setting aside funds to meet the social obligation which employers owe their employees on retirement or in case of death and disability. In the words of Onifade (2001) Pension scheme can also be viewed as a structured method of providing economic security to an individual when he can no longer support himself. It gives the beneficiaries the confidence that the benefits promised are being properly arranged and will be paid at the appropriate time. According to Business Dictionary (2016) a pension is an arrangement by which an employer and the employee pay into a fund that is invested to provide the employee with pension on retirement.

B. The Concept of Contributory Pension Scheme

Contributory Pension Scheme is a full funded pension scheme that tries to generate adequate funds (contribution) through savings. The scheme assists improvident individuals to save, and these savings are meant to satisfy the interest of the employee at retirement, shareholders, and also contribute effectively to economic development. Contributory Pension Scheme has been identified as an institutional investor that

generates long-term contractual savings and stimulates the development of securities market (Mesike and Ibiwoye, 2012).

In the words of Madukwe (2015) a defined contribution scheme is a type of retirement plan in which the amount of the employer's annual contribution is specified. Individual accounts are set up for participants and benefits are based on the amounts credited to these accounts (through employer contributions and, if applicable, employee contributions) plus any investment earnings on the money in the account ().

The inception of CPS saw the employees contribute a minimum of 7.5% of their Basic Salary, Housing and Transport Allowances and 2.5% for the Military. Employers shall contribute 7.5% in the case of the public sector and 12.5% in the case of the Military. Employers and employees in the private sector will contribute a minimum of 7.5% each. An employer may elect to contribute on behalf of the employees such that the total contribution shall not be less than 15% of the Basic Salary, Housing and Transport allowances of the employees. The latest changes and modification in the new pension law requires the employee to open an account to be known as a Retirement Savings Account (RSA) in his name with personal identification number with a Pension Fund Administrator of his choice into which all his contributions and returns on investment are paid (Pension Reform Act 2015). The contribution for any employee as set out by the Act requires the employer to contribute ten per cent (10%) and the employee contributes eight per cent (8%) of the employees current basic salaries, housing and transport allowance to be remitted to the PFCs who is responsible for warehousing of the pension fund assets (Pension Reform Act 2014).

C. The Concept of Economic Development

Umar and Tsado (2012) defined contributory pension scheme as a tool of economic growth in Nigeria and reveals that pension fund investments in domestic quoted equities amounted to N240.38 billion (2.36% of total market capitalization) in 2007, 3.17% in 2008, 4.42% in 2009 and 4.53% in 2010, also the value of total Pension Fund Assets stood at N2,029 billion as at 2010. Economic development is the sustained correlated action of policy-makers and communities that promote the standard of living and economic health of specific areas. Economic development can also be referred to as quantitative and qualitative changes in the economy (Wikipedie, 2015). Musa (2009) posit that economic development law and policies provide the basis for effective state action that lifts society from underdevelopment improved the standard of living.

According to CBN (1995) Economic growth is defined in terms of increase in a nation's output of goods and services as measured by the Gross Domestic Product. In the same vein Kuznets (1971) defined a country's economic growth as a long-term rise in capacity of supply increasing diverse economic goods to its population, this growing capacity, based on advancing technology and the institutional and ideological adjustments that it demands.

D. Contributory Pension Scheme and Employment Generation

Iyoha (1978) averred that employment generation is a significant drive of the growth rate of GDP in Nigeria. However, in the Nigerian economy, most employment is in the

informal sector. It is perhaps because of the important position that employment occupies in the economy that Fofana (2001) opined that the issue of real output and employment growth in developing nations is an essential condition for poverty reduction and a more equitable income distribution. According to Duhaime (2016) employment can be defined as a contract in which one person called the employee agrees to perform work for another party called the employer. In the same vein, the Trade Union and Labour Relations (Consolidation) Act 1992 (218) define employment as a professional engagement under a contract for services in any trade, business, profession, office or vocation and any relationship whereby one person personally does work or performs services for another is called employment.

In the opinion of Stephen and Armstrong (1989) employment is a relationship between two parties, usually based on a contract where work is paid for, where one party, which may be a corporation, for profit, not-for-profit organization, co-operative or other entity is the employer and the other is the employee. Employment generation has been seen as a vehicle for alleviating poverty, increasing the level of economic activity which ultimately translates to economic growth. Employment has been defined to mean a situation whereby an individual in the labour force bracket willing to work is engaged in a satisfactory economic activity while if otherwise are said to be unemployed.

According to Ahmad (2007) with the inceptions of Contributed pension scheme (CPS) so far about 3,000 Nigerians have been directly employed into the Pensions industry and CPS has created opportunities for many third party service providers.

E. Contributory Pension Scheme and Capital Market

It is an established fact that the new contributory pension scheme in Nigeria has direct relationship with capital market development (Walker and Lefort 2002; Meng and Pfau 2010; Mesike and Ibiwoye; 2012 and Gunu, and Tsado, 2012), though large proportion of the pension funds are been taken by Government as Bond (PENCOM, 2014). Capital market is an engine of economic growth and development globally, Nigeria inclusive. Capital market is made up of markets and institutions which facilitate the issuance and secondary trading of long-term financial instrument. Capital market offers a variety of financial instruments that enable economic agents to pool, price and exchange risk. Through assets with attractive yields, liquidity and risk characteristics, it encourages saving in financial form. This is very essential for government and other institutions in need of long term funds (Nwanko, 1990).

According to Onyiuke (2008) the capital market is the segment of the financial system which facilitates the channeling of long-term funds from surplus to deficit economic units thereby stimulating capital formation and socio-economic development. The capital market does not only serve as a source of finance for the government and industries, but provide a wide range of socio-economic benefits to any country. By mobilizing funds for channeling into productive investments, the market brings together those who have and those who need funds at usually competitive prices and conditions acceptable to both parties, thereby ensuring efficient resource allocation while promoting economic growth.

The capital market can affect economic development through the mobilization of long-term resources, the provision of liquidity, risk diversification, privatization, securitization or risk transfers and determination of the cost of capital for project valuation (Chiwuba and Amos, 2011). In the same vein Ahmed (2007) opined that CPS generated long term investible funds for the first time in Nigeria and has created domestic institutional investors including PFAs and PFCs. Chamberlain (2005) maintained that the Defined Contributory Pension Plan that is introduced in Nigeria is capable of transforming both the capital market and Nigeria economy at large if it is successful. This is in line with the view of Vittas (2000) who averred that the creation of funded pension plans has major long term implications for the functioning and growth of financial markets. In the words of Edogbanya (2013) a lot of opportunities are created in the modern CPS and the scheme has boasted the capital and money markets and this has brought a tremendous growth to the economy. As it stands, all PFAs have their funds invested in the capital market through equities and bonds.

According to PenCom (2014) the influence of the Pension Funds on the development of the local capital market has arisen largely through the investment of the System's resources in different securities and their trading on specific markets. In the opinion of Akeem (2009) Stock broking firms stand to profits from the higher business volumes which the increased transactions on retirement bonds, corporate bonds and equities consequent upon the higher capital market operations that increase pension funds would engender.

F. Contributory Pension Scheme and Gross Domestic Product

As one of the primary indicators that are frequently used to measure the performance of the economy, Gross Domestic Product (GDP) can be defined as the monetary value of all the finished goods and services produced within a country's borders in a specific period of time. Though GDP is usually calculated on an annual basis, it can be calculated on a quarterly basis as well. GDP includes all private and public consumption, government outlays, investments and exports minus imports that occur within a defined territory. Put simply, GDP is a broad measurement of a nation's overall economic activity (Investopedia, 2016). According to Anderson (1986), Gross domestic product, the official measure of total output of goods and services of any economy, represents the capstone and grand summary of the world's best system of economic statistics.

In the words of Okoro (2014) relating Contributory Pension Scheme (CPS) to Gross Domestic Product (GDP), the value of pension assets has grown from a meager less than 2% in 2006 to about 5% of the recent rebased GDP, an average growth rate of 30% in pension asset over the last four years with amendment of the Pension Act in 2014.

V. METHODOLOGY

A. Study Area

This research work was carried out in Jalingo the state headquarters of Taraba State. The city is situated at latitude 8o61"N and longitude 11o25"E. Jalingo metropolis shares common boundaries with Lau, Yorro and Ardokola Local

Government Areas. The major inhabitants of Jalingo metropolis are Jukun, Fulani, Kona, Mumuye, Wurkun and Kuteb. The state was created on 21st August, 1991; it is bounded by Bauchi and Gombe states in the North East and Adamawa on the East, by Plateau state in the North West. The state is equally bounded to the West by both Nasarawa and Benue states, however, it shares international boundary with Republic of Cameroon to the South and South East. It has a landmass of 60291.8km² and comprised of sixteen Local Government Areas including Ardo Kola, Bali, Donga, Gashaka, Gassol, Ibi, Jalingo, Karim Lamido, Kurmi, Lau, Sardauna, Takum, Ussa, Wukari, Yorro and Zing and according to the 2006 Census figures released by the National Population Commission (NPC, 2007) the state has about 2,300,736 population.

B. Population of the Study

This study utilizes the total population of ninety seven (97) respondents comprising of thirty Seven (37) staff of Pension Fund Administrators (PFAs) that are operating in Jalingo Head Quarters of Taraba State, Nigeria and sixty (60) staff of Pension Fund Custodian (PFCs) operating in the State. Two reasons are adduced for the choice of PFAs and PFCs: Firstly, the staff of PFAs and PFCs has an in depth knowledge of topical issues under consideration which is the Effects of Contributory Pension Scheme of Economic Development of Taraba State, Nigeria. Secondly, it is intended to enable the researcher generate first hand primary data for onward analysis and decision making.

C. Sample and Sampling Technique

Sample for the purpose of this research work is ninety six staff comprising of thirty seven (37) staff of PFAs that are already operating in Jalingo and sixty (60) staff of Pension Fund Custodian (PFCs) operating in the State. For the purpose of this study, the total population is used because the total population is manageable. Census sampling technique was used in respect to the staff of PFAs because it allows the researcher to employ the totality of the population of the study whereas convenient sampling was adopted in determination of the sample size in respect to the PFCs, hence, only staff of the PFCs that were available in the office at the time of administering the questionnaires that were considered for the study.

D. Methods of Data Collection

This study collects primary data by administering ninety seven (97) questionnaires on and retrieving them from the respondents. Secondary data was obtained from textbooks, journals, Pension Fund Acts and internets. By extension, this research work used both primary and secondary data

E. Methods of Data Analysis

This research work adopted descriptive as well as inferential statistics to analyze the data collected from the respondents to meet the need of the objective of the study. The descriptive statistics comprised of standard tables and simple percentages whereas the inferential statistics used is Analysis of Variance popularly known as ANOVA to test the hypotheses formulated.

VI. DATA PRESENTATION AND ANALYSIS

The number of respondents that participated actively to the point of returning questionnaires administered is expressed in Table I.

A. Presentation of the rate of response

TABLE I. THE RATE OF RESPONSE

S/NO	Name of Pension Fund Administrators	Respondents	Response Rate	Percentage
A PFA's				
1	ARM			
2	IEI	4	4	10
3	Lead way	3	3	8
4	Legacy	5	5	14
5	PAL	5	5	14
6	Premium	6	6	16
7	Sigma	4	4	10
8	Stambic	3	3	8
	Sub Total	37	37	100
B PFC's				
1	Diamond	10	10	17
2	First Bank	15	15	25
3	UBA	20	19	34
4	Zenith	14	14	24
	Sub Total	60	59	100
	Grand Total	97	96	99

^a. Field Survey, 2016

From Table I, it is conspicuous that 99% of the respondents filled and returned the entire administered questionnaire. Almost all the respondents expect one staff of UBA Bank who was transferred to another state that could not return the filled questionnaire. This is a clear indication that the respondents were committed to the actualization of this study which dwells basically on area of their career and abilities.

B. Presentation of Demographic Data

This aspect of the research expresses attributes of the respondents which relate to age, sex, marital status, education and working experience of the respondents in their work places which are shown in Table II. Descriptive statistics in the form of Standard Table and simple percentages were used to carry out analysis as appropriate.

TABLE II. PRESENTATION OF DEMOGRAPHIC DATA

S/N	Factors	Management	Senior Staff	Junior Staff	Frequency	Percentage
1	Age in Years					
	18 – 24	0	2	5	7	7
	25– 34	5	14	26	45	47
	35- 44	11	13	14	38	40
	45 and above	2	3	1	06	6
	Total	18	32	46	96	100
2	Sex					
	Male	13	21	32	66	69
	Female	5	11	14	30	31
	Total	18	32	46	96	100
3	Marital Status					
	Single	4	8	16	28	30
	Married	8	18	25	51	53
	Divorced	4	3	1	8	8
	Widowed	1	2	2	5	5
	Separated	1	1	2	4	4
	Total	18	32	46	96	100
4	Education					
	Secondary	0	0	14	14	15
	OND/ NCE	3	7	26	36	37
	Degree and above	15	25	6	46	48
	Total	18	32	46	96	100
5	Working Experience					
	0 – 5	2	18	28	48	51
	6 – 10	10	8	15	33	34
	11– 15	4	4	3	11	11
	16and above	2	2	0	4	4
	Total	18	32	46	96	100

^b Field Survey, 2015

For the purpose of this study, the staff was classified according to their levels in their work place ranging from management, senior staff to Junior Staff. The management includes decision makers in the state Headquarters while the senior staff includes the staff of PFAs and PFCs that assist the management immediately or those who run the office in the absence of the management. At the extreme end, we have the junior staff who serves as subordinate staff in the organization as they deal directly with the Pension Fund Contributors.

Table II shows that 7% of the respondents were between the ages brackets of 18-24, an overwhelming 47% of the respondents were between the age brackets of 25 – 34, 40% of the respondents were between the age brackets of 35-44, while 6% of the respondents were between the ages brackets of 45 and above. This implies that the employees in the PFAs and PFCs were mostly of middle age between the age brackets 31-40 years which is the period of high level of productivity in every personnel that can result to the economic growth of our dear nation.

Taking gender into consideration, it is important to note that an overwhelming majority of about 68% of the respondents were male while a small number of 18% of the respondents were female. This implies that the greater percentage of male participation is noticed in the operation of Contributory Pension Scheme than their female counterpart.

Table II also indicates that 30% of the respondents were single, an overwhelming majority of 53% of the respondents were married, 8% of the respondents were divorced, 5% of the respondents were widowed and 4% of the respondents were separated. Because the greater proportions of the respondents were married, it therefore implies that the employees in the

studied PFAs and PFCs were responsible respondents with sound mind, so their opinion about the subject matter carry weights.

Table II also reveals adequate educational background of the respondents as only a microscopic 15% possess Secondary school certificates; 37% of the respondents holds OND/ NCE whereas an overwhelming majority of 48% of the respondents were graduates and had degree certificate and above. Educational qualification of the respondents became of importance because it determines the level of the knowledge and abilities of the respondents as it relates to pension matters in Nigeria. Since the greater proportion of the respondent's possess degree and above, it means the opinion of the respondents can be relied on.

Table II finally reveals the level of experience of the respondents and an overwhelming majority of the respondents of 51% had 0-5 year working experience on pension matters generally, 34% of the respondents had 6-10 years' experience; 11% had 11-15 years working experience while only 4% of the respondents had about 16 years and above working experience. This implies that the opinion of the respondents is predicated on their good number of working experience which is therefore reliable.

C. Presentation of Topical Data

This segment of the research work deals directly with the core issues to address the objectives of the study. Specifically, this aspect covers the effects of Contributory Pension Scheme (CPS) on Employment Generation, the effects of CPS on Capital Market, and the effects of CPS on Gross Domestic Product (GDP).

TABLE III. THE EFFECTS OF CONTRIBUTORY PENSION SCHEME (CPS) ON EMPLOYMENT GENERATION

Variable/ Responses	SA	A	U	D	SD	Total
a There is high level of unemployment in Nigeria	21	28	20	16	11	96
b Employment provision is a key activity in the growth of the economy.	29	22	12	17	16	96
c Contributory pension scheme was not conceived to provide jobs.	15	17	13	24	27	96
d Contributory Pension Scheme cannot provide all the required Job for the teeming youth	27	20	22	10	17	96
e Contributory Pension Scheme played a vital role in Job creation	13	22	17	29	15	96
Frequency	105	109	84	96	86	480
Percentage	21	23	18	20	18	100

^c Field Survey, 2015

Table III reveals that 21% of the respondents strongly agreed that CPS provides employment to the teeming youths; An overwhelming 23% of the respondents agreed that CPS provides good employment to the youths, 18% of the respondents were undecided as far as job provision is

concerned as it relate to CPS; while 20% of the respondents disagreed totally with the fact CPS provides job and 18% of the respondents strongly disagreed with the assertion that CPS provides job opportunities to the graduates.

TABLE IV. THE EFFECTS OF CPS ON CAPITAL MARKET

Variables/ Responses	SA	A	U	D	SD	Total
a Capital market facilitate trading of long term financial instruments	33	40	5	12	6	96

b	The resources of Contributory pension scheme is not invested in Capital market	43	33	10	8	2	96
c	Contributory Pension Scheme has created domestic institutional investors including PFAs and PFCs.	25	46	8	11	6	96
d	Contributory Pension Scheme do not have the ability to transform the capital market	42	35	9	7	3	96
e	Contributory Pension Scheme do not have the ability to transform the economy	31	40	11	7	7	96
	Frequency	174	194	43	45	24	480
	Percentage	36	40	9	10	5	100

^d Field Survey, 2015

Table IV reveals that 36% of the respondents strongly agreed that Contributory Pension Scheme contributes to the development of capital market in Nigeria, an overwhelming majority of 40% of the respondents agreed that Contributory Pension Scheme contributes to the development of capital market in Nigeria, 9% of the respondents were not sure if Contributory Pension Scheme contributes to the development of capital market in Nigeria, 10% of the respondents disagreed

totally with the fact that Contributory Pension Scheme contributes to the development of capital market in Nigeria, where as 5% of the respondents strongly disagreed with the assertion that with the assertion that Contributory Pension Scheme contributes to the development of capital market in Nigeria. This implies that Contributory Pension Scheme contributes to the development of capital market in Nigeria.

TABLE V. THE EFFECTS OF CPS ON GROSS DOMESTIC PRODUCT (GDP)

Variable/ Responses		SA	A	U	D	SD	Total
A	Contributory Pension Scheme has not improved the welfare of the participants in any way	41	34	6	10	5	96
B	Gross Domestic Product is an indicator of the performance of the economy	27	20	17	18	14	96
C	Contributory pension scheme contributes to the value of finished goods and services within the economy	22	23	18	17	16	96
D	Contributory pension scheme does not improve the level of savings and investment of the contributors	24	21	22	18	11	96
E	GDP does not measure the economic activity of a nation	20	27	18	16	15	96
	Frequency	134	125	81	79	61	480
	Percentage	28	26	17	16	13	100

^e Field Survey, 2015

Table V show that an overwhelming 28% of the respondents strongly agreed that CPS has a significant effects on Gross Domestic Product; 26% of the respondents agreed that CPS has an effects on Gross Domestic Product , 17% of the respondents were undecided in respects to the fact that CPS has a significant effects on Gross Domestic Product , 16% of the respondents disagreed with the assertion that CPS has effects on Gross Domestic Product and 13% of the respondents strongly disagreed with the fact CPS has effects on Gross Domestic Product . This imply that CPS effects Gross Domestic Product.

D. Summary

This paper assesses effects of Contributory Pension Scheme (CPS) on economic Development of Taraba State, Nigeria and the study categorized the respondents in to three broad classis including the management, the senior staff and the Junior staff of Pension Fund Administrators (PFAs) as well as those of

Pension Fund Custodians (PFCs). This study obtained primary data from through the administration of questionnaire whereas secondary data was gotten from textbooks, Pension Act, journals, magazines and internet.

This study shows that the employees in the PFAs and PFCs were mostly of middle age between the age brackets 31-40 years which is the period of high level of productivity in every personnel that can result to the economic growth of our dear nation. This paper also reveals that the greater percentage of male participation is noticed in the operation of Contributory Pension Scheme than their female counterpart. This paper also shows that the employees in the studied PFAs and PFCs were responsible respondents with sound mind, so their opinion about the subject matter carry weights since an overwhelming majority of 53% of the respondents were married. This study reveals that the greater proportion of the respondents of about 48% posses' degree and above and that all the respondents have variety of working experience.

CONCLUSION

This paper concludes that the introduction of Contributory Pension Scheme has succeeded in improving the standard of economic growth in the area of provision of Jobs, earmarking some pension fund for operation the Nigerian Capital market and well as making impact in the Gross domestic product of Nigeria.

RECOMMENDATION

This paper recommends among the following:

1) *That pension operators such as Pension fund Administrators as well as Pension Fund Custodians should provide quality jobs to the teeming youths.*

2) *That enough pension funds be set aside to boost the operation of Capital Market in Nigeria as it is obtainable in other developed countries*

3) *That the activities of Contributory Pension Fund should be geared toward improving the Gross Domestic Product of the entire nation.*

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