

THE CHALLENGES OF NIGERIA'S ECONOMIC RECESSION ON THE FINANCIAL WELLBEING OF RETIREES OF ENUGU STATE LOCAL GOVERNMENT SYSTEM

Sunday Evaristus Abonyi Ph.D

Department of Sociology

Caritas University

Amorji-Nike, Enugu

Enugu State

E-mail: seabonyi@gmail.com

ABSTRACT

The present economic realities in Nigeria has posed a serious threat to the overall wellbeing of most of the Nigerian senior citizens who have now resorted to begging for help from relatives and friends because of irregular or non-payment of their entitlements. Consequent to this, the study examined the challenges of Nigeria's economic recession on the financial wellbeing of retirees of Enugu State local government system. Questionnaires and focus group discussion (FGD) were used to collect data from 240 retirees of the Enugu State local government system in three local government councils (one from each of the senatorial zones). Findings of the study reveals that majority of the respondents (62.1%) have had very difficult experience in meeting up with monthly expenses. In other words, many of the respondents have seen themselves as being more in debt compared to their working years. The findings showed that such corrupt practices like padding of figures and inclusion of ghost names by the accounts units, collaboration with Microfinance Banks for unnecessary deductions and other issues had contributed in worsening the situation. The study did made some recommendations which includes the immediate adoption of the new pension system as modified in 2014 in the State, entrepreneurship training of the seniors before retirement, involvement of EFCC ICPC and other relevant legal freamework.

Keywords: Economic Recession, wellbeing, financial wellbeing, retirement/retirees, local government system

1. Introduction

The present economic recession in Nigeria which has tightened the financial noose around the neck of Nigerian economy has now become a source of misery and untimely death of many of some senior citizens especially in the local government system. In other words, many of the retirees now have sad tales to tell as a result of many months and years of unpaid pension entitlements. Ologbon-Ori (2016) corroborating this view noted that in a recession, people especially the retirees with little or no buffer to resist the situation are most likely to be hit severely.

Studies and views of various experts have shown that failure by previous administration in Nigeria to have proper plans in place to tackle issues, such as the crude oil price drop, fall of the naira and struggles in other sectors have been the major issues that had gradually grinded the Nigerian economy into recession (Oladunjoye, Ogunwusi and Nzeako, 2016 Ogbemor, 2016, Okereocha, 2013). However, these researchers noted that in addition to the fall in price of petroleum in the international market, activities of vandals on oil installation, corruption, inflation, Nigerian stock exchange capitalization,

management and other factors peculiar to Nigeria had put the country's economy into a state of recession.

Wellbeing as a multi-dimensional phenomena refers to the general conditions of an individual, social, economic, psychological or emotional, spiritual, physical health, recreational as well as aesthetic values (Guthman, Levy, Louis & Shlomit, 2002). Financial wellbeing means the ability or inability of one to meet up with the economic or monetary demands of his/her daily living. Hence, high financial wellbeing implies that the retirees experience is positive while low financial wellbeing is associated with negative financial or economic conditions. Singh (2006) posited that retirees who have more financial resources are also more likely to have better physical health, because these resources help warrant better quality and consistency of health care. Panis (2003) also emphasized that annuities from pension increases retirement satisfaction and reduces the number of depression symptoms.

However, in most of the local government councils in Nigeria today including those in Enugu State, pensioners are groaning under the hardship of non-payment of their pension and other entitlements running into months and years. The usual refrain of council chairman and governors in these defaulting local governments and states is that there is no money. Moreso, many governors in the effected states could not still use the bail out fund and the Paris club grant from the federal government to settle these backlog of pension debt causing more harm to the overall wellbeing of distinguished men and women who had spent their life time serving their fatherland. This seems like a deliberate act of wickedness because there is no justification for subjecting these old men and women to such horrible situation especially in this period of economic recession.

Oche (2016) attributes this situation to corruption/fraud and complete absence of democracy in Nigerian local government system. This also confirms the view of Obi (2005), that corruption has pervaded all systems and sub-systems in Nigeria especially in the local government administration. Some of these corruptible behaviours that are exploitative and humiliating are contrary to the defined norms in pension administration and welfare needs of older adults. Thus, the system of benefit administration of retired civil servants of Nigeria local government seems to be stressful, strenuous or uncertain and no longer justify the very reasons for their meritorious services to the nation. This is the focus of the study.

2. Objectives of the study

1. To ascertain the degree of financial crisis experienced by retirees of Enugu State local government system under the Nigeria's economic recession.
2. To find out whether corruption/fraud on the part of council chairmen has impact on the financial wellbeing of retirees of Enugu State local government system.
3. To make some recommendations or suggestions.

3. Conceptual Issues

For a meaningful discussion of economic recession, and financial wellbeing of retirees, there is the need to have a clear explanation of some key concepts.

Economic Recession

A recession is simply a sign that things are really bad with the economy of a nation. According to Akintola (2016), it is a consecutive declines in quarterly real domestic product (inflation adjusted) and a decline in activity across the economy, lasting longer than a three to four months.

Noko (2016) citing the National Bureau of Economic Research (NBER), defined a recession as a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in a real gross domestic product (GDP), real income, employment, industrial production and wholesale – retail sales. The author also see economic recession as a negative real Gross Domestic Product (GDP) growth rate for two consecutive quarters (say first and second quarters). The major causes of economic recession in a nation as Noko (2016) pointed out include; high inflation, accumulation of debt servicing especially foreign debts, high interest rate, fall in aggregate demand, wages/income, mass unemployment and general loss of confidence on the government, poor economic planning and lack of concrete implementation of economic planning.

Ogbebor (2016) in his view described economic recession as a period of general economic decline and is typically accompanied by a drop in stock market, an increase in unemployment and decline in housing market. Judging by the above definitions, Nigeria is said to have been experiencing economic recession since 2016 with the growth rate of 0.36% to 1.5% and vice versa. The implications of this situation is the inability of the individual to meet up with the income required to attend to basic family needs and obligations.

Retirement: This refers to the situation when an individual leaves paid employment as a result of having attained a specified age or other requirements associated with such job. According to Olatunji and Awosus (2011), it is an event that occur at a specified work period. In other words, retirement marks the period when the employee had spent a specified period of time with the employer which qualifies the employee to special financial entitlement (pension) for the meritorious services. Asonibare and Oniye (2008) see it as the terminal cessation, relaxation or change-over of financially remunerative employment. It is a transition in one's employment life or economic activities. Retirement emerged with the passage of the social security Act of 1935 in United States. Retirement in Nigeria occurs when a worker has been able to put in 35 years of service in the organization or having attained the age of 60 years (or 65 and 70 years for those in judiciary and universities). A retiree is therefore one who has stopped doing his or her regular work because he/she has reached a particular age or that he/she has spent the maximum years allowed in the services.

Wellbeing: Wellbeing is a general term for the condition of an individual or group. According to World Bank (2000), it is a measure of individual's possession of income, health, nutrition, education, assets, housing and certain rights such as freedom of speech. Financial wellbeing expresses the importance of adequate/sufficient income in retirement. Emphasis is placed on money because accessing good health services, good diet, education, housing and others are derivative of the availability or non-availability of money. Wellbeing is an important factor in people's subjective experience, as well as contents, satisfaction of the past, optimism for the future and happiness in the present. It is often equated with the experience of pleasure and the absence of pains overtime. High wellbeing means that in some sense, the individual or group's experience is positive while low wellbeing is associated with negative happenings.

4. Theoretical Orientation

The study adopted the social contract theory as its theoretical orientation. The social contract theory which was propounded by Thomas Hobbes, John Locke and Jean Jacques Rousseau emerged in Europe in the 17th and 18th centuries and focus on the state or government as an instrument for harmonizing the interest of all individuals and all sections of the society (Gaubu, 2007). In other words, the theory defines the expectations

and what the individual desires from government and the economy in which regular payment of retirees financial entitlements is inclusive.

When the government is fulfilling their obligations or keeping to the terms of the contract, there is bound to be absence or reduction in feelings of discontent. This implies that regular payment of pension entitlements and other benefits by the authorities of our local government system is likely to enhance the financial and overall wellbeing of our senior citizens. Anything contrary to this means that these old men and women will now go back and remain financially dependent on their family members, relatives and friends for survival.

5. Methodology

The study was carried out in Enugu State, Southeast Nigeria. Enugu State was created in August 27, 1991 under the administration of the former president Gen. Ibrahim Babangida with Enugu city as its capital. The state is predominantly occupied by the Igbo ethnic group with some pockets of Igala speaking communities of Ette in Igbo-eze North A, Ogurugu and Ojor in Uzo-Uwani local government area respectively. Enugu State share borders with Abia State and Imo State in the South, Ebonyi State to the East, Benue State to the North-East, Kogi State to the Northwest and Anambra State to the West. The mean daily temperature is 26.7°C (80.1°F) (ENSG, 2015).

Economically, the state is predominantly rural and agrarian with a substantial proportion of its working population engaged in farming, although in the urban areas, trading is the dominant occupation followed by services, while a small proportion of the population is also engaged in manufacturing activities with the most pronounced among them located in Enugu, Orji River and Nsukka.

Enugu State has seventeen local government councils with a population of 3,267,837 (NPC, 2006). However, with 2.5% annual growth rate, the projected population of the state as at 2016 was 4,183, 108.

The study adopted the multi-stage sampling technique sampling in the selection of 240 respondents (80 respondents from each of the three senatorial zones of the state; Nsukka, Enugu north and Oji River) who were retirees of Enugu State local government system. The respondents in addition were expected to be between 60 years and above or who had put in at least 35 years or above in the service of Enugu State local government system. The selection of respondents was done using the Register of retirees during the verification exercise or monthly meetings. Furthermore, while selecting the respondents, gender equity was also taken into consideration. Questionnaires were distributed to these respondents by the researcher assisted by three trained field officers during the pension verification exercise undertaken by a special committee headed by the speaker of the Enugu State House of Assembly, Hon. Edward Ubosi in 2016. The researcher and the field officers were in attendance during the exercise. In addition, focus group discussion (FGD) was used to complement the quantitative data using five respondents purposively chosen and not sampled by the questionnaire instrument from each of the selected council areas (Nsukka, Enugu North and Oji River). Data obtained were analysed using descriptive statistics; frequency tables, and percentages.

6. Findings

The results and discussion of findings of the study are presented below

Table 1: Distribution of respondents by socio-demographic characteristics (n=240)

Variables	Frequency	Percentage (%)
<i>Gender</i>		
Male	120	50.0
Female	120	50.0
<i>Age (in years)</i>		
Below 60 years	23	9.6
61 – 65	89	37.1
66 – 70	66	27.5
71 – 75	45	18.8
76+	17	7.3
<i>Marital status</i>		
Single	20	8.3
Married	138	57.5
Ever married	82	34.2
<i>Educational qualification</i>		
No formal education	25	10.4
FLSC	63	26.3
Secondary education	77	32.1
OND/NCE/HND or Degree and above	75	31.3
<i>Religious affiliation</i>		
Christianity	191	79.6
Islam	22	9.2
ATR	27	11.2
<i>Pension scheme affiliation</i>		
Defined Benefit Scheme (DBS)	240	100
Contributory Pension Scheme (CPS)	-	-
<i>Last cadre before retirement</i>		
Senior staff	71	29.6
Intermediate	96	40.0
Junior staff	73	30.4
<i>Pension benefits/income per month</i>		
Below ₦20,000	52	21.7
₦21,000 - ₦40,000	105	43.8
₦41,000 - ₦60,000	66	27.5
₦61,000 - ₦80,000	17	7.0
₦81,000 +	-	0.00

As shown in table 1, equal percentage of both gender (50% each) constitutes the entire sample. This implies that gender preference is not obtainable in personnel recruitment of Enugu State Local Government system. A greater percentage (37.1%) of

respondents fell within the ages of 61 – 65 followed by those within 66 – 70 that constitutes 27.5% while the least proportion of the respondents were those above 76 years (7.3%) and others below 60 years who may have retired as a result of having put in the required number of years (35 years) into the services of their establishments. The respondents marital status shows that more of the respondents (57.5%) were married while a small proportion (8.3%) were single and 34.2% constitutes ever married (i.e the widowed, divorced and separated). In terms of the respondents educational qualifications, more of the respondents (32.1% and 31.2%) were holders of secondary and tertiary educational certificates respectively while 10.4% had no formal education. The respondents religious affiliation also shows that 79.6% belong to the Christian religious faith leaving only 11.2% and 9.2% for worshipers of African Traditional Religion (ATR) and Muslim faithfuls. This implies that the study area was dominated by adherents of Christian religion. Also, respondents pension scheme affiliation shows that all the respondents (100%) were of the defined benefit system (DBS). This shows that Enugu State government is yet to fully introduce the new pension scheme (i.e the contributory pension system) into the local government system. Furthermore, it was found from Table 1, that 40% of respondents out of the total sample retired as intermediate staff while 30.4% and 29.6% retired as junior and senior staff respectively. Concerning the pension benefits or income per month, a greater percentage of the respondents (43.8%) fell between N21,000 – N40,000 followed by those within N41,000 – N60,000 that constitutes 27.5% while no respondent indicated to earn above N80,000. This portrays the meager nature of pension entitlements and high level of poverty among the seniors in the study area.

Table 2: Respondents view on the degree of financial crisis experienced by retirees of Enugu State Local Government System under the economic recession (N = 240)

Variables	Frequency	Percentage (%)
<i>(a) How difficult is it for you to meet monthly expenses?</i>		
Not at all difficult	-	0.0
Not very difficult	6	2.5
Somewhat difficult	85	35.4
Very difficult	149	62.1
<i>(b) How satisfied are you with your present financial situation</i>		
Very satisfied	5	2.0
Satisfied	7	2.9
Not satisfied	57	23.8
Not satisfied at all	171	71.3
<i>(c) Do you see yourself as being more in debt than the time you were working</i>		
Yes	188	78.3
No	10	4.2
Don't know	42	17.5
<i>(d) How regular is your pension payment</i>		
Not at all	229	95.4
Very regular	-	0.00
Don't know	11	4.6

Data in Table 2 shows that 62.1% of respondents indicated having very difficult experience in meeting up with monthly expenses followed by 35.4% of others who expressed the situation to be somewhat difficult while 2.5% had a contrary view. This finding is in tandem with the views of Ologbon-Ori (2016) that during recession, people with little or no buffer to resist the effects are most likely to be hit. Revelations from participants during the FGD sessions also upheld similar view. One of the participants unequivocally stated, “what we are passing through has pushed many of our colleagues who are about retiring to go ahead and change their age declaration in the courts because it is now apparent that retiring from local government system in this state means instant death”. 71.3% of respondents therefore expressed total dissatisfaction with the situation. Also, 78.3% of respondents revealed that since their retirement, they had found themselves being more in debt compared to their working years. Participants opinion in the FGD also confirmed this finding. From Table 2 also, 95.4% of respondents indicated that for quite a long time now, pension payment in their local government councils has never been regular. This revelation corroborates the participants view in the FGD. Many of the participants indicated that they were being owed up to eight months or more by their councils. This confirms the view of Agbo (2016) that recession increases the level of poverty and misery especially to the vulnerable groups such as the retirees.

Table 3: Respondents view on common corrupt practices/financial frauds in local government system that affect retirees financial wellbeing (n = 240)

Variables	Frequency	Percentage
Padding of figures and inclusion of ghost names by the accounts department	96	40.0
Collaboration of council chairmen and Treasurers to divert part of the fund	31	12.9
Collaboration with microfinance Banks for unnecessary deductions	85	35.4
Others	28	11.7

Information from Table 3 reveals that one of the corrupt practices prevalent in the local government system in Enugu State is the padding and inclusion of ghost names by the Accounts Department. 40% of the respondents made the revelation, 35.4% on the other hand mentioned the issue of collaboration with managers of Microfinance Banks to make unnecessary deductions while 12.9% indicated cases of diversion of funds mapped out for payment by Chairmen and Treasurers of local councils. Finally, 11.7% mentioned others such as involvement of the government in the election of the executives of the union of the pensioners by sponsoring candidates who at the end may not challenge the decision of the authority on issues bordering on the welfare of the seniors. This finding confirms the view of Obi (2005) that corruption has pervaded all systems and sub-systems, small or large, open or closed in Nigeria including the local government administration.

Equally, findings from the qualitative data showed that retirees of Enugu State local government system are passing through hard time especially in the present economic recession as a result of non-payment and meager nature of pension entitlements. A male FGD participant affirmed this as he stated thus;

My financial entitlement from pension is not enough to keep me on the road for two weeks especially in this recession period, not to talk about paying my house rent or feeding the family. All I am doing is ‘wait and see’.

Another male participant also toed the same view as he stated,

My pension is very poor compared to what is facing me. Moreover, payment is not regular, it takes 3 – 5 months for one payment to be made. I have chosen to rely totally on God as my helper.

A female participant also expressed her view thus:

The corrupt practices of our leaders have been the bane of pensioners ordeal. The politicians embezzle the money meant for our entitlements and use it to build hotels. Their usual response is that Nigeria is passing through recession and there is no money to pay. May God be our judge.

7. Discussion of Findings

The income security or financial wellbeing of retirees in Nigeria local government system has become a topic of discussion on the lips of many employees preparing to join the retirement league. Results presented above indicate that majority of the seniors have had very difficult experience in meeting up with their monthly expenses especially under recession. This is consistent with the views of Ogbueghi and Okeke (2016) that administrative bottlenecks or bureaucracies, corruption and economic downturn have resulted to the erratic and non-payment of terminal benefits as at when due. Many of the retirees as a result have gone into age falsification as affirmed by some FGD participants. This implies that the Nigerian pension system has not yet been designed or properly implemented to take care of the suffering of retired Nigeria civil servants.

Findings of the study also showed that padding of figures, inclusion of ghost names and collaboration with officials of Microfinance Banks for unnecessary deductions amongst others were the sharp practices adopted by some corrupt pension officers, council chairmen/treasurers and others to frustrate these senior citizens more and send them to untimely death. As affirmed by one of the FGD participants, ‘our politicians have ended up stealing our pension entitlements to build hotels’. This may be the more reasons why the Global Retirement Index (GRI) 2017 tagged Nigeria as one of the worst countries for workers to retire using the 18 drivers of retirees welfare (Iloani, 2017).

8. Conclusion

The findings of the study had clearly demonstrated that a greater percentage (62.1%) of respondents have had very difficult experience in meeting up with monthly expenses in this period of economic recession, a situation that is likely to push other people preparing for their retirement to go for age falsification. This is because, retirement to them in Enugu State local government system means instant death. In fact, 78.3% of respondents expressed total dissatisfaction with their situation since they can see themselves as being more in debt compared to their working years. It was also revealed from the study findings that some council areas were owing the retirees up to eight months and more.

The study further found that such corrupt practices like padding of figures and inclusion of ghost names by the Account Department of local government councils, collaboration of council Chairmen and Treasurers to divert the pension fund, collaboration with Microfinance Banks for unnecessary deductions, and others such as government secret involvement in choosing the executives of the union of pensioners.

9. Recommendations

Arising from the findings of this study, the following recommendation were advanced.

- (a) There is the urgent need to adopt the present contributory pension system in Enugu State without further delay in line with the 2014 modification by the National Assembly.
- (b) In addition, issues bordering on the welfare of retirees and attitudes of the public towards these seniors should form topical issues in admonition during evangelism and crusades for both Christians and Muslims or other religious groups. Many of the retirees do not have anybody to provide immediate care and support services for them.
- (c) Pension benefits of retirees of local government system should be undertaken by the federal government directly and constantly reviewed in line with changes in the economy.
- (d) The EFCC, ICPC and other relevant legal framework should be set up and be at alert on any attempt to divert pension fund meant for this vulnerable group.
- (e) Finally, there is the need to engage retirees in entrepreneurship training at least two years before retirement.

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