

Impact of Statutory Retirement Age on the Civil Service System in Kwara State, Nigeria

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Abstract. The problems of fraudulent adjustment of official age by civil servants contained in their personnel record in order to elongate their stay on-the-job beyond the statutory retirement age is a prerequisite for corrupt practices in the civil service. The study therefore examined the effect of Statutory Retirement Age (SRA) of thirty-five years in service on the achievement of government programmes in Kwara State. Descriptive research design method was adopted for the conduct of the study with a population of 13,185. The sample size is 246 respondents. Purposive sampling technique was adopted and Regression Analytical tool was used to test the hypotheses formulated for the study. Data was presented with the aid of inferential statistics of simple percentage table. The result shows that the variability changes in the achievement of government programmes are largely explained by the SRA of thirty-five years in service. Therefore, the study rejected the null hypothesis and accepted the alternative hypothesis that stated that SRA of thirty-five years in service has significant effect on the achievement of government programmes. The study concluded that statutory retirement age has significant effect on civil service system in Kwara State, Nigeria. The study recommended that the Kwara State government should set up a monitoring committee similar to the Quality Assurance Unit in the government house. That the committee should comprise of people, of high integrity both in the private and public sectors, who have excelled in their callings and should report directly to the governors.

Keywords: Statutory, corrupt practices, respondents, official age, impact, retirement, Social Security, civil service, Kwara, Nigeria

1. Background to the Study

Statutory retirement age also known as enforced or mandatory retirement age is the set age at which

persons who hold certain jobs or offices are required by industry, custom or law to leave their employment by retirement. Typically, statutory retirement age is justified by the argument that certain occupations are either too dangerous (military) or mentally and physically requiring high skill levels (airline pilots). Most rely on the notion that workers' productivity declines significantly after certain age, particularly 60 in the case of Nigeria, and that statutory retirement age is the employer's way to avoid huge cost of unproductive workers. The statutory retirement age is often somewhat arbitrary and not based upon an actual physical evaluation of an individual employee's productivity. In countries like United States of America and Canada, statutory retirement age is unlawful except in certain industries (International Labour Organisation, 2016).

In developing countries such as Nigeria, increasing statutory retirement age is perceived as a temporary source of income, the stream of which a retiree may not receive, if retired. While this may be true of the civil servants in Ministries, Departments and Agencies (MDA), the same cannot be said of the judicial, health and academic institutions. Another issue raised by the statutory retirement age is that, government can create more jobs having known the expected number of civil servants that are due for retirement at a future date. Although, this practice is political, so also it can comfortably be said to mitigate unemployment rate (Kwara State Civil Service Commission, Bulletin 2011). The abolition of the mandatory 35 years in service while retaining only the 60 years statutory retirement age by the Edo state government threw up the challenge of reducing unemployment rate of older people than the youth in the face of a rising unemployment rates in Nigeria (Ibileke, 2014).

The primary aim of the statutory retirement age is to reduce the cost of pension liabilities and the wage bill (recurrent expenditure) on ageing workforce whose productivity has diminished (Asaju, 2014). However, it is noted in Nigeria that most civil servants prefer to remain on-the-job beyond the statutory retirement age, thereby giving rise to such problems as: fraudulent adjustment of official age by civil servants contained in their personnel record in order to elongate their stay on-the-job beyond the statutory retirement age (Agbaegbu, 2011). These fraudulent activities of the civil servants, will ultimately lead to huge waste of financial resources (recurrent expenditure) on unproductive and ageing workforce that did not retire as and when due. It is against this background that this study was carried out to examine the effect of SRA of thirty-five years in service on the achievement of government programmes in Kwara State. It also examined the effect of the SRA of sixty years of age on the practice of administrative corruption in Kwara State.

2. Research Questions

The study answered the questions of: What effect does SRA of thirty-five years in service have on the achievement of government programmes in Kwara State? And what is the effect of the SRA of sixty years of age on the practice of administrative corruption in Kwara State?

3. Objectives of the Study

The study examined the effect of SRA of thirty-five years in service on the achievement of government programmes in Kwara State. It also examined the effect of the SRA of sixty years of age on the practice of administrative corruption in Kwara State.

4. Research Hypotheses

The following hypotheses were tested in the course of the study:

Ho₁: the SRA of thirty-five years does not have any effect on the achievement of government programmes in Kwara State.

Ho₂: the SRA of sixty years of age does not have any effect on the practice of administrative corruption in Kwara State.

5. Literature Review

5.1 Conceptual Review

5.1.1 Statutory Retirement Age

Retirement is defined as the act of retiring or the state of being retired Bukoye (2005). That is to withdraw oneself from business public life or to remove oneself from active service. Thus, the process of retirement involves the transition of people's experience, when they move from a job role performed for pay to the role of retired person. Here, it is referred to a retired person who had previously worked for either a private organisation or public service for pay. However, after a stated period, such person exits the paid job either to permanently not be involved in any work activity or withdraw only from a paid job. Fisher (2011), a Normal retirement age is the age at which a retirement plan allows for full benefits. In private pension plans, the date is frequently calculated as a combination of age and years of employment. But for the nation's largest and most ubiquitous pension plan - Social Security - right to full benefits are determined largely by age. Social Security's normal retirement age varies by date of birth. It can range from people born in 1937 or before who get full benefits at age 65 to those born in 1960 or later who have to wait until they turn 67.

Statutory Retirement Age also known as Mandatory or Enforced Retirement Age has been in practice in both the private and public service worldwide (Osuala, 2005). It is a major stage in adult development and it marks the split from the middle years to the old age (Osuala, 2005). At the age of 65 years, our mental and physical abilities diminishes; however, it becomes rationale to relieve an employee of some strenuous and excruciating duties that may have a telling effect on and consequently threaten his health. This, therefore, results to normal retirement age of 65 years (Osuala, 2005). The statutory retirement age therefore is a set age backed by the law of a country.

In some developed and economically buoyant countries there is no statutory retirement age or even illegal to have a statutory retirement age. Some other countries have their statutory retirement age set at same age for both men and women or different for both sexes. In Nigeria, due to the economic crunch and high rate of unemployment among other factors the Statutory Retirement Age (SRA) was put at 55years or after 25years of service by General Ibrahim Babangida's regime. And until recently when the Federal Government of Nigeria pegged it to 60 years or 35 years of service or whichever is attained first (Osuala, 2005).

Statutory Retirement Age from the point of view of withdrawing oneself from business public life or and to remove from active service. Thus, the process of retirement involves the transition of people's experience, when they move from a job role performed for pay to the role of retired person. The role of a counsellor is not complete until an individual is able to realize himself and the realities of the world around him and also maximize his potentials in order to cope with life demands.

5.1.2 Gratuity.

A gratuity is a sum of money customarily tendered, in addition to the basic price, to certain service sector workers for a service performed or anticipated (Cindy, 2006). An employee is qualified for gratuity once his appointment is confirmed and the amount entitled to is subject to the length of service and grade level. Usually top management staff earns higher gratuities even with lesser years of service than junior workers with longer years of service. Gratuity is also a lump sum and it is paid once in a life time of a retiree or his next of kin at death. The practice of Gratuity payment began as early as year 1600 and had a meaning in 1706 and became a noun in this sense in 1755 (Cindy, 2006).

5.1.3 Pension.

It is a sum of money paid regularly as a retirement benefit or by way of patronage (Lawrence, 2008). A fixed amount other than wages, paid at regular intervals to a person or to the person's surviving next of kin (Lawrence, 2008). A retiree is qualified for pension after attaining 10 years of service.

5.2 Problem of Statutory Retirement Age.

Bukoye (2005) in her study suggested that the Federal Government should establish retirement bureau in each state to address problems of retirees and to assist them from wasting away. Many retirees in the Nigerian society are facing the same Problems in most states of the federation.

Bukoye (2005) stated that the problems of sudden death of retirees is one of the challenges bedeviling the SRA. Retirees that retired after the statutory retirement age may suddenly lose their lives. Inactivity arising from statutory retirement may lead to sudden loss of lives of retirees.

Bukoye (2005) also observed that loss of the usual monthly salary. The thought of losing as usual monthly stream of income popularly known as salary is indeed one of the problems faced by retirees in

Nigeria. The anxiety about a residential home is also a challenge faced by many retirees who could not afford to build a personal residential home while actively in service may develop anxiety over this issue. This is common with retirees who still have bills of children to pay. Some retirees who lived in government quarters may fear ejections which could necessitate anxiety about residential home. Bukoye (2005) stated that most retirees faced the problems of dwindling status which they have variously carried while in active service. Some retirees have wielded influences and enjoyed societal status while in active service but such may ultimately diminished as soon as they retired. The personality they carry may not be enjoyed by them as soon as they retire.

A study carried out by the Bureau of Public Service Reform indicates that succession potential into the Civil Service on the basis of age profile is very low. Using 25 year as the optimum age of basic degree graduate into the Civil Service on GL.08 and a maximum 35 years in service to attain age of compulsory retirement age of 60 years; and the Federal Civil Service Commission prescribed promotion eligibility, grade level stay of 3 years between GL.08 and 15 and 4 years between GL.15-17, the study shows that 91.5% of the officers were found to be over aged for their grade levels and position occupied. Thus the succession potential was less than 20% in all cases. (Adegoroye, 2006).

Prospects

The Federal government of Nigeria created a policy on unemployment benefits program. Early reports indicate that very little has changed for the employment prospects of the long-term unemployed. Reduction of work week to 35 hours. The idea was to force job vacancies and hiring of the unemployed in France. Despite the above, France still has persistent unemployment rate greater than 11%. Subsidy Reinvestment and Empowerment Programme (SURE-P). it came into existence in Nigeria in January, 2012 through a prudent strategic economic intervention (Akaeze, 2011). The Federal government of President Muhammadu Buhari abolished the payment of oil subsidy to oil marketers. The FGN did not provide for subsidy in 2017 budget rather he introduced the NPOWER programme to replace the SURE-P to create job for 100,000 graduates in the first level scheme (Akaeze, 2011).

5.3 Empirical Reviews

The study examined the problems faced by retired civil servants and the pensioners in Kwara State. These problems include delay in the payment of

pension and maladjustment arising from economy, social health and psychological variables. The result of the study showed that the problems of pension and gratuity impact heavily on retirees in the employment of Ekiti State government. The result of the work shows that factors such as the nature of retirement, size of family, level of income and level of education are significant indices that determine the level of adjustment among the retired Civil Servants and the best predictor of adjustment in retirement among Civil Servants in Ekiti State is social factor. The population for the study was not specified and the methodology of the work was not properly structured in line with APA VI reporting format.

ZA (2011), in his work, 'Does Raising the Retirement Age Increase Employment of Older Workers'. The work studies how an increase in the statutory retirement age affects the labour market behaviour of older workers. Between 2000 and 2006 the Austrian government gradually increased the early retirement age from 60 to 62.2 for men and from 55 to 57.2 for women. Using administrative data on the universe of Austrian private-sector employees, the results from the empirical analysis suggest that this policy change reduced retirement by 19 percentage points among affected men and by 25 percentage points among affected women.

The reduction in statutory retirement age was accompanied by a sizeable increase in employment of 7percentage points among men and 10 percentage points among women. It had also important spill over effects into the unemployment insurance program. Specifically, the unemployment rate increased by 10 percentage points among men and 11 percentage points among women. In contrast, the policy change had only a small impact on the share of individuals claiming disability or partial retirement benefits.

5.4 Theoretical Review of Statutory Retirement Age.

Bloom, Canning, and Moore (2007) titled: A Theory of Life-Cycle of Saving and Retirement. It stated that people may engage in precautionary saving to guard against income shocks, and they may also save to provide bequests (Skinner, 2005). In the interest of simplicity, the researcher assumed that the life cycle has no period of schooling. Schooling will affect the productivity of workers, their health and longevity, and their utility of leisure (Heckman, 2006) complicating a retirement. The results give the optimal retirement and savings behaviour of fully rational agents under complete capital markets. In

practice, imperfect capital markets (particularly annuity markets), lack of foresight about the need to save for retirement, and time inconsistency in preferences will distort private decisions, generating a role for social security systems. Mandatory retirement may prevent individuals from responding optimally to longer life spans through longer working lives. Although few social security systems have mandatory retirement, a substantial body of evidence indicates that retirement in industrial countries clusters around specific ages that depend on retirement incentives inherent in the national social security system. Mandatory retirement, or incentives that amount to the same thing, are not required in social security systems. It is possible to sever the link between social security pensions and stopping work, or to allow a longer working life with an actuarially fair benefit adjustment when retirement does occur.

5.5. Research Gaps

So many works have been carried out on statutory retirement age, corruption in civil service, pension reforms and civil service reforms. Empirical review revealed that studies have not been previously carried out to test the impact of statutory retirement age on the variables of administrative corruption and achievement of government programmes. The study therefore provide a template for further research to test the bi-virates of SRA of thirty-five years in service or sixty years of age and their impact on other characteristics of a civil service system.

6. Methodology

6.1 Research Design

Descriptive research design method is adopted for the conduct of this study, because of the qualitative in nature of the data used.

6.2 Population for the Study

The study population is the addition of staff employed by the Office of Head of Service (GL 1-6) and Kwara State Civil Service Commission (GL 7-17) which is 1,651 and 11,534 respectively. The population is therefore 13,185. (source: Ministry of Finance).

6.3 Sampling Technique and Sample Size.

The sample size of 246 respondent was selected using Krejcie & Morgan (1970). Purposive sampling technique was adopted for the study.

6.4 Method of Data Collection and Analysis

The collection of primary data was done through the administration of questionnaire. 246 copies of questionnaire were administered to the randomly selected respondents. The data obtained from the field was presented using descriptive statistics of simple percentage table. Regression Analytical tool

was used to test the hypotheses formulated for the study.

7. Data Presentation and Analysis

Hypothesis One:

Ho₁: SRA of thirty-five years in service has no effect on the achievement of government programmes.

Table 1 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.796 ^a	.633	.630	.456

Source: Author's computation from SPSS 22.0 version 2017.

a. Predictors: (Constant), SRA of 35 years in service in Kwara State Civil Service.

Table 1, showed the adjusted R² value of 0.633 (63.3%). This indicates that the variability changes in the achievement of government programmes are largely explained by the SRA of thirty-five years in service. That is, government programmes can be achieved through other means different from the civil servants who are in the employment of Kwara State government for thirty-five years.

Table 2 ANOVA^b

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	594.024	1	594.024	4.6943	.010 ^a
	Residual	43.536	244	.127		
	Total	637.561	245			

Source: Author's computation from SPSS 22.0 version 2107.

a. Predictors: (Constant), SRA of thirty-five years in service in Kwara State Civil Service.

b. Dependent Variable: achievement of government programmes.

Table 2, showed that the calculated P-value of 0.010 (1%) which is less than alpha value of 0.05 level of significance. The study rejected the null hypothesis which states that: SRA of thirty-five years has no effect on the achievement of government programmes.

Table 3 Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.049	.044		1.118	.264
	Achievement of government programmes ^a	1.025	.015	.633	68.510	.010

Source: Author's computation from SPSS 22.0 version 2017.

Dependent Variable: achievement of government's programme.

Hypothesis Two.

Ho₂: Statutory retirement age has no effect on administrative corruption in the civil service system.

Table 4 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.951 ^a	.904	.904	.440

Table 4 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.951 ^a	.904	.904	.440

Source: Author’s computation from SPSS 22.0 version, 2017.

a. Predictors: (Constant), SRA of sixty years of age in Kwara State civil service.

Table 4, showed the adjusted R² value of 0.904 (90.4%). This indicates that the variability changes in the practice of administrative corruption is largely explained by SRA of sixty years of age. Although there are other factors responsible for the practice, but are not as germane as the SRA of sixty years of age in Kwara State civil service. However, 9.6% variability in the changes in the practice of corruption is accounted for by other factors different from the SRA of sixty years of age in the Kwara State civil service.

Table 5 ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	628.830	1	628.830	3.2523	.000 ^a
	Residual	66.522	244	.193		
	Total	695.353	245			

Source: Author’s computation from SPSS 22.0 version, 2017.

a. Predictors: (Constant), SRA of 60years of age in Kwara State civil service.

b. Dependent Variable: Administrative corruption in the civil service system

Table 5 shows that the calculated P-value of 0.000 (0%), which is less than alpha value of 0.05 significance level. Therefore, the study rejected the null hypothesis which states that SRA of sixty years of age has no effect on the practice of administrative corruption in Kwara State civil service.

Table 6 Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.182	.054		3.363	.001
	Administrative corruption in civil service	1.067	.019	.951	57.025	.000

Source: Author’s computation from SPSS 22.0 version, 2017.

a. Dependent Variable: The current civil service system

8. Discussion of Findings

The adjusted R² value of 0.633 (63.3%) in table 1, indicates that the variability changes in the achievement of government programmes is largely explained by the SRA of thirty-five years in service. Prior to the country’s return to democracy in 1999, all government programmes were done exclusively by the civil servants through various ministries, departments and agencies (MDAs). The privatisation of government business through the policy of Public-Private-Partnership (PPP), opened the alternative window for the execution of government programmes through other proxies different from civil service. Despite the PPP scheme, most government’s programmes were executed by the SRA of thirty-five years in the service of Kwara

State government. The PPP window, community effort, philanthropic gestures and foreign support constitute 36.7% variation in the execution of government programmes. The calculated P-value of 0.01 (1%) is significant because it is less than the tabulated value of 0.05 level of significance. Therefore, the study rejected the null hypothesis (H₀₁) which stated that SRA of thirty-five years has no effect on the achievement of government programmes, and accepted the alternative hypothesis that stated that SRA of thirty-five years in service has significant effect on the achievement of government programmes.

The adjusted R^2 value of 0.904 (90.4%) in model 2 of the second hypothesis indicates that the variability changes in the SRA of sixty years of age in civil service is 90.4% responsible for the practice of administrative corruption in Kwara State. The magnitude of corruption in civil service has permeated every facet of the civil service. The cycle of completion of administrative corruption ends in financial corruption which is majorly achieved through budget padding, award of contracts, disbursement of funds, appraisal of project executions and issuance of certificate of completion. The calculated p-value of 0.000 is less than the alpha value of 0.05 (5%) significant value. Therefore the study rejected the null hypothesis which stated that SRA of sixty years of age has no significant effect on administrative corruption. And accepted the alternative hypothesis which stated that the SRA of sixty years of age has significant effect on the practice of administrative corruption in Kwara State. Administrative corruption of term of 'Ten Percent' has graduated into brazen collusion of government officials with politicians, appointees, government aides, government contractors and worst with government auditors, to rip the state of huge billions of naira under the guise of various programme executions. About 9.6% of administrative corrupt practices happened in the agencies and departments of government because of accountability and private business mentality of their staff.

9. Conclusion

The study concluded base on the findings that the SRA of thirty-five years in the service of Kwara State has effect on the achievement of government programmes. Also, the SRA of sixty years of age has effect on the practice of administrative corruption in Kwara State. Therefore, statutory retirement has effect on civil service system in Kwara State, Nigeria.

10. Recommendations

The study recommended that the Kwara State government should set up a monitoring committee similar to the Quality Assurance Unit in the government house. The committee should comprise of people of high integrity both in the private and public sectors, who have excelled in their callings. They should report directly to the governors instead of the Chief of Staff as it is with the Kwara State Quality Assurance Committee whose major task is to conduct snap checks on civil servants activities. The

reason why administrative corruption flourished in civil service is largely due to the absence of deterrents and the bureaucratic process of disciplining corrupt officials culpable of corrupt practice in civil service. The study therefore, recommended the establishment of Economic and financial crimes commission (EFCC) at the state level empowered to investigate and prosecute corrupt civil servants at the Code of Conduct Tribunal.

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