Governance and Funds Investment: The Experience in Nigeria's Pension Industry

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ABSTRACT

The major goal of an employee in a contributory pension scheme (CPS) arrangement is to attain financial security at retirement. This can be affected one way or the other by the quality of governance. Good governance would yield desirable outcome while poor governance would likely create problems. To mitigate this problem, the National Pension Commission (PenCom) has set out guidelines on good governance for Pension Fund Administrators (PFAs). Using the United Nations Economic and Social Commission for Asian and the Pacific's (UNESCAP) guidelines, the study examines five element of governance such as transparency, accountability, inclusiveness, participation and rule of law as it relates to the investment guidelines in Nigeria. Using survey research design, data were collected from eighteen (18) PFAs and one hundred and three (103) pension contributors. The collected data were analyzed descriptively to explore stated objectives and research questions. The results of the analysis indicate that the five governance elements play moderately high role in the investment of pension funds in Nigeria. Findings from the study suggest that the PFAs are largely transparent; accountable to pension contributors (PCs); give them a say (participation and inclusiveness) in how their fund are managed; and that PFAs are majorly in compliance with the rules established by PenCom on investment of pension funds. Implications of findings for practice and policy were pointed out and discussed. This is the first study that examines the impact of good governance on investment performance of pension funds in Nigeria.

Keywords: Pension, governance, accountability, transparency, compliance, and investment

Introduction

Governance has been described as the process of making decisions regarding the operations, plans, policies and programs, structures, and regulations of an organization. Good governance imparts in companies the essential vision, procedures and formations to make choices that ensure lasting sustainability (Rachel, 2009). Thus, governance is fundamental to the success of any organization. It is no longer a secret that an organization with poor governing system is bound to fail. The governance of a system encompasses majorly around three activities, namely: Decision making, transparency and accountability.

Pension as a vital form of employees' reimbursements has motivating effect on employees' devotion and alacrity in rendering service to an organization (Uzoamaka, 2016). Ugbaja (2013) submitted that a pension scheme that is well-funded and properly managed facilitates long- term financial security for employees and eradicates the problems of economic misfortune. Pension schemes are of two main types: defined contribution pension scheme and defined benefit pension system. The latter type which came into operation in Nigeria in 2004 could be sponsored through joint contribution of both an organization and its workers, hence the term contributory scheme, or it could be through sole contribution of either the organization or its worker which is known as the non-contributory scheme.

Section (1) of the Nigerian Pension Reform Act (PRA) 2014 as laudable objectives which establishes a uniform regulation and standards for the administration and payment of benefits as

at when due for employees in the private and public sectors. It was further stated that the Act aims to assist improvident individuals to cater for their old age and makes provision for the smooth operations of the defined contributory pension scheme. PRA 2004 set up a regulatory body known as the National Pension Commission (Pencom) to set the guidelines for achieving the fund's mission and to regulate the operators.

One unique feature of the new pension system is that the employee chooses the pension fund administrator (PFA) to manage his fund. He is also at liberty to change the PFA where one is deemed to be non-performing. In exercising this choice, the primary goal of the employee is to reap maximum investment outcome at retirement date. Admittedly speculative, the extent to which the scheme succeeds or fails in achieving this goal will be a function of the actions or inactions of both the regulator and the operators, hence the need for governance. If governance is good the outcome is likely to be good but if the governance is poor the expected result may not be achieved.

As the experience in other climes has shown, poor investment returns can be linked to a weak governance structure, continuous government interference, poor public accountability and meager transparency (Gregario, Ronan & Dimitri, 2008). While all these handicaps also exist in Nigeria, there is the additional problem of harsh operating environment occasioned by corruption and general ineptitude (Ogbeidi, 2012). If the Pension scheme is not to go awry it is essential to continuously keep a tab on the governance process. Unfortunately, not much attention has been given to governance and investment in the context defined by United Nations Economic and

Social Commission for Asia and the Pacific in the investment of pension funds in Nigeria (UNESCAP, 2009).

Hence, using the UNESCAP's guidelines, this study attempts to evaluate the extent of the observance of governance principles based on the interplay of critical governance elements such as transparency, accountability, inclusiveness, participation and rule of law as it relates to the investment guidelines in Nigeria. This research provided answers to questions on the extent of: PFAs transparency and accountability to pension contributors; Participation and Inclusiveness of Pension Contributors on Pension Fund Investment, and; PFAs Compliance with the rule of law on the Investment of Pension Fund Assets

The scope of this study is limited to five out of eight elements of good governance outlined in UNESCAP guidelines, leaving out the concept of responsiveness, efficiency and effectiveness, and consensus oriented. This is because of lack of uniformity about what constitutes these measures especially in a developing country. This study was faced with the limitation arising from the use of questionnaire to collate data, such as: some questions were left unanswered, tendency of some respondents being dishonest with their answers, and respondents have might be bias with their responses. Also, the study was concentrated in Lagos State, Nigeria because most of the PFAs (18 out of 21) have their head offices located in Lagos, the commercial hub of the nation. This study seeks to better improve the administration of pension funds by the PFAs so as to secure employees' fund at retirement.

Literature Review

Literature on governance and investment of pension funds in the CPS regime is scanty. An exploratory study which was carried out by Ferreira (2014) used qualitative and quantitative approach to evaluate the influence of corporate governance on the investment decisions of equity market's professional. The study suggest that corporate governance could only influence investment decisions based on the variables which serves as the context of corporate governance. Aysan, Nabli, and Veganzones-Varoudakis (2007) conducted an empirical research on the application of governance role in private investment, in Middle East and North Africa. The study categorized governance role into three variables, which are: administrative Quality (QA), public accountability (PA) and political instability (PS). Three-stage least squares(3SLS) was used to analyze the significance of governance role on private investment. Evidences from their study shows that governance plays a significant role in private investment decisions.

A survey conducted in India by Gill, Sharma and Mathur (2012) on the interrelatedness of corporate governance and investment decisions of small business firms, which focused mainly on real estate and investment advisors. They show that investment decision of a small business can be positively influenced by governance factors such CEO tenure & duality, total asset, board size and business performance. Babalola (2017) used simple linear regression to analyze the relationship between investment strategies and fund performance of PFA's in Lagos, Nigeria. It was discovered that there is a significant relationship between the dependent variable (Investment strategy) and the independent variable (fund performance).

Tseng, Tan, Jeng, Lin, Nagash, and Darsona (2019) used investor preference approach to study the interrelatedness of Corporate governance, market risk and economic preference on sustainable investment. The study discovered three most important criteria of corporate governance to be: board diversity, anti-corruption and transparency. It was concluded that market risk, economic performance and corporate governance are causal aspect of sustainable investment.

A study was conducted by Kurdi (2016) on the impact of good governance in improving administrative and financial performance, using Nablus municipality as a case study. The study revealed that Nablus municipality experienced a moderate level of good governance in the administrative aspect, financial disclosure, and accessibility of information. In Botswana, Sabudubudu (2010) found that good governance has helped in alleviating poverty and improving economic development in since independence in 1966.

Literature on governance and investment has been examined in different contexts, various sectors and in different countries. However, governance and investment has not been examined in the context defined by United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP, 2009) in Nigeria Pension Industry, thus the purpose of this research.

Concepts of Good Governance

This study seeks to examine governance and the investment of pension funds in Nigeria in the light of five out of eight governance element as defined by UNESCAP (2009), which are: transparency, accountability, equity and Inclusiveness, participation, and rule of law.

Figure 1: Element of good governance
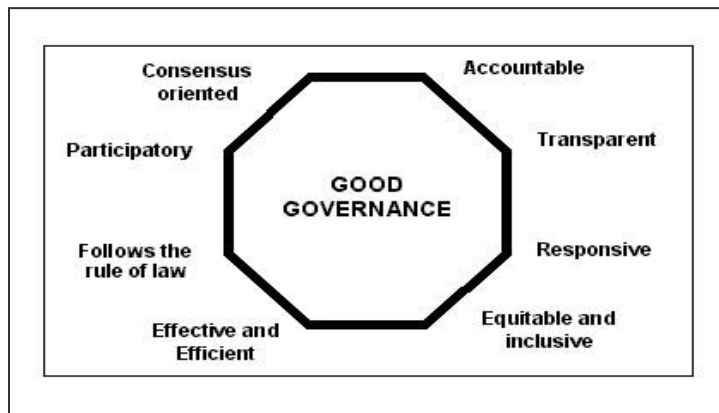
Source: UNESCAP (2009).

Transparency: Johnston (2002) asserted that transparency provides an enabling environment which allows official business to be performed in a way that fundamental information is made available to people in an understandable format, whilst ensuring that privacy and security matters are well protected. Transparency as a core governance element should guarantee easily accessible and free flow of information on public structures, practices, appointments and investment decisions in a comprehensive and monitorable form Mehta (cited in Hye,2005). As it's necessary for PenCom to be transparent in its dealing with pension operators and to be firm where required, the same also is required for PFAs whilst handling employees fund. Information on contributions, administrative charges, and pension accumulation must be freely disseminated to pension contributors in an easily understandable and accessible way, through periodic individual statements. (Ibiwoye,2008)

Accountability: Accountability according to Adagbabiri (2015) "has to do with holding officers answerable or accountable for the resource entrusted to them as well as ensuring that the officers

give up-to date account of what they have done and what they have not done with the resources in their custody". This principle is core in good governance theory. It accentuates that all players especially those holding political positions, government agencies, organisations, associations, public offices are to be accountable to the public (Rothstein & Teorell, 2008). From a broad perspective, accountability is concerned with the formation and administration of governance policies. A narrow perspective shows that it centers on accounting for the apportionment, utilization, and management of public assets in line with legal conventional criterions (IFAD,1999). Accountability deals with governance ability and keenness to show the degree by which its activities and resolutions are coherent with unambiguous and uncontroversial objectives (OECD, 1995 as cited in Gisselquist, 2012). It should be noted that transparency and accountability are intertwined.

Equity and Inclusiveness: The principle of inclusiveness gives the members of a society the feeling that they have a stake in the affairs of the society whilst granting them equal privileges and ability to influence crucial decisions in the society (UNESCAP, 2009).

Participation: Participation as an essential attribute of good governance requires that all stakeholders must be involved in the decision-making process of an organization, either in person or by proxy (Osmani, 2007; Weiss, 2000).

Rule of Law: Rule of law utilizes a written and published code of conduct (in form of constitution) that takes into cognizance societal norms and values, that is widely accepted by the

public (Johnston, 2002). This is a vital philosophy of good governance theory, which assures fairness, equity, protection of peoples' right and justice in the society. Good governance theory seeks unbiased implementation of the laws and absolute entrenchment of both group and personal rights which sequentially require an autonomous judiciary along with an unprejudiced and corruption-free enforcement agency (Harrison, 2005; Moloney, 2009; Ali, 2015).

Effectiveness and Efficiency: This concept makes sure that organizational practices produce result that meets the demands of society through thorough maximization of available resources within their reach (UNESCAP). It ensures principals get maximum return for their investment at the lowest possible cost within the shortest time frame.

Responsiveness: This element of good governance requires all organizational practices to serve the masses within a stipulated time frame (Ekundayo, 2017). Responsiveness is government's ability in accommodating societal changes in a flexible manner (Nanda, 2006). Responsiveness in governance requires that all stakeholders are served by institutions and processes within a reasonable timeframe (UNESCAP,2009).

Consensus Orientation: This element combines the views of different individuals, bodies, parastatals in reaching an agreement on what is considered to be in the best interest of the society, and the development of how a sustainable plan could be achieved (UNESCAP, 2009; IFAD,1999; Ekundayo, 2017).

Guidelines on Pension Fund Investment

Section 2.1 of the regulations on the investment of pension funds stipulates that PFAs shall invest pension funds in portfolio that guarantees fair returns and safety of the fund. Regulations on the investment of funds in the Defined Contributory Pensions Scheme is considered as being generally stringent, cautious, and conventional. PFAs have a fiduciary duty towards pension contributors, who shoulders the risk associated with return on investment (Ezugwu & Itodo, 2014).

The introduction of multi-fund (Fund I, II, III, and IV) structure, one of the amendments to the regulations on the investment of pension fund, seeks to address the divergent risk appetite of the contributors. Membership of fund I comprises of young contributors and it is strictly by formal request of the contributors, fund II consist of contributors of ages 49 and below, fund III comprises of contributors of ages 50 and above, while fund IV has been strictly designed for retirees only. PFAs are to invest pension funds in such a way that the risk of variable income increases as the Fund type increases.

Research Methodology

The data used for the purpose of this research were collected from the Primary Source, using well-structured questionnaire drawn from related literatures to attain the objective of this study.

A mixed questionnaire, comprising of both Rensis Likert 3-point scale, structured (closed questions), and unstructured (open questions) questionnaire were used to gather data. The Rensis Likert is an answer gauge of a psychometric nature that uses questionnaire to asses participant's response scale to obtain participant's extent of agreement with a proposition or set of propositions (Bertram, 2016). A 3-point Likert scale was employed in this research so as to enable the respondents chose a more precise answers while completing the questionnaire compared to a 5-point Likert Rensis scale. It ranges from True (3), to False (2), to Can't Say (1). The questionnaire was completed by two kinds of respondent: Pension contributors and top executive staffs of PFAs.

The questionnaire completed by Pension contributors elicited information on the social demographic characteristics of respondents, extent of accountability and transparency of PFAs to Pension Contributors, and Level of Participation and Inclusiveness of Respondents on Pension Fund Investment. Also, the questionnaire completed by the top executives of PFAs examined questions on the socio- demographic characteristics of the respondents, level of transparency and accountability of PFAs to pension contributors, and Level of Compliance with the rule of law on the Investment of Pension Fund Assets.

The population of the study consist of active pension contributors and Pension Fund Administrators (PFAs) licensed by Pension commission (PenCom) to operate in the Nigerian Pension Industry in Nigeria. An active pension contributor is an employee of either a private or public sector whose employer regularly remits a joint monthly contribution into his Retirement Saving Account (RSA). PFAs are organizations licensed by PenCom to manage pension funds

under PRA 2014. This study adopted a survey research design in gathering data. As at the period of this research, there were twenty-one PFAs licenced by PenCom (Pencom, 2019). However, three out of twenty-one PFAs were not accessible to the researcher due to the organizational policy of those PFAs, thus Eighteen out of twenty-one PFAs were used for the study. Questionnaires were administered to a top executive in each PFAs because the questionnaire was drawn based on the operation of the organization.

As at the second quarter of 2018, Trading Economics (2019) has it that there were 69,542,900 employed persons in Nigeria, which was last updated February 2019. This study further adopted a simplified formula by Yamane (1967) to arrive at the sample size of 100 employed persons in Nigeria. However, one hundred and three fully completed questionnaire were gotten because the researcher used an online survey technique. It should be noted that the prerequisite for the completion of the questionnaire was for each participant to be an active pension contributor. We used Descriptive statistics to analyze our data

Analysis and Discussion of Findings

Table 4.1: Socio-Demographic Characteristics of RSA holders

	Items on Questionnaire	Responses	Frequency	Percent
1.	Age	15-24	9	8.7
		25-34	57	55.3
		35-44	23	22.3
		45-54	11	10.7
		55-64	3	2.9
2.	Sex	Female	57	55.3
		Male	46	44.7
3.	Educational Qualification	HND/BSc.	57	55.3
		MSc.	43	41.7

		Ph.D.	3	2.9
4.	Length of work experience	1-10 years	79	76.7
		11-20 years	18	17.5
		21-30years	4	3.9
5.	Employment Sector	Federal Government	19	18.4
		State Government	5	4.9
		Private Sector	79	76.7

Source: Author, 2019.

The *Table* above reveals that majority of the respondents are above 25 years old 94(91.3%) with the highest participants falling within the age group of 25-34 years which is 57(55.3%). The research had more female participants 57(55.3%), fewer post graduate participants 46 (43+3) representing 44.6% (41.7 + 2.9). Also, vast majority of the respondents 79 (76.7) had less than 10-years work experience and they work with private organization.

Table 4.2: Assessment of PFAs Accountability and Transparency to Pension Contributors

S/N	Items on Questionnaire	Responses	Frequency	Percent	Mean	S.D
		Transparency				
1.	Simplicity of Statement of Retirement Savings Account	False	8	7.8	2.7573	0.58521
		Can't Say	9	8.7		
		True	86	83.5		
2.	Statement of Retirement Savings Account (RSA) shows Returns on contributors Fund.	False	23	22.3	2.3495	.82496
		Can't Say	21	20.4		
		True	59	57.3		
3.	Awareness on Contributory Rate which applies to Pension Contributors Monthly Income	False	67	65.0	1.6408	.90591
		Can't Say	6	5.8		
		True	30	29.1		
		Accountability				
4.	Issuance of Statement of RSA to Pension Contributors	No	6	5.8	2.8641	.4861
		Can't Say	2	1.9		
		Yes	95	92.2		
5.	Statement of Retirement Savings Account States How Pension Funds are Invested	False	63	61.2	1.5146	0.71214
		Can't Say	27	26.2		
		True	13	12.6		
6.	Willingness of Pension Contributors to Continue with Define	Negative	78	75.7	1.2718	0.50863
		Indifferent	22	21.4		

	Contributory System	Positive	3	2.9		
7.	Issuance of Statement of RSA to Pension Contributors	1 year and above	3	2.9	4.88155	.71053
		3-6 months	7	6.8		
		0- 3 months	93	90.3		
8.	Promptness of treating to customers complaint	Not Applicable	45	43.7	2.8252	1.78461
		I don't get response	6	5.8		
		Within a month	6	5.8		
		Within 7days	14	13.6		
		Within 24 hours	32	31.1		
	Overall mean for questions on 3-scale				2.06635	

Survey, 2019.

Table 4.2 which assesses the accountability and transparency of Pension fund Administrators (PFAs) to pension contributors, shows that most participants 95 (92.2%) had their statement of account issued to them by their PFAs with mean 2.8641 and a cluster round the mean of 0.4861. 86 (83.5%) respondents opined that their statement of retirement savings account is easy to understand with average of 2.7573 and standard deviation (SD) of 0.58521. The mean of 2.3495 with SD= 0.82496 aligns with the fact that 59 (57.3%) participants said that their statement of retirement savings account shows return on contributor's fund. 63 (61. 2%) respondents attested that the statement of retirement savings account issued to them by their PFAs does not show pension funds are invested, this has an average of 1.5146 and dispersion of 0.71214 round the mean. An average of 1.6408 and dispersion of 0.90591 denotes that 67 (65%) respondents are not aware of the contributory rate which applies to pension contributor's monthly income while 30 (29.1%) are aware and the remaining participants are not of sure of the contributory rate.78 (75.7%) of the research participants are not willing to continue with the defined contributory system, with mean of 1.2718 and SD= 0.71214.

The *Table* further reveals that 93 (90.3%) participants are issued their statement of retirement savings account in less than 3months, this having a mean = 4.88155 and SD = 0.71053. 32 (55.17%) out of 58 (6+6+14+32) participants who ever logged complaint with their PFAs got response to their complaint within 24 hours.

Table 4.3: Level of Participation and Inclusiveness of Respondents on Pension Fund Investment

S/N	Questionnaire Items	Responses	Percent	Frequency	Mean	S.D
		Inclusiveness				
1.	Level of Pension Contributors enlightenment of Multi-fund Structure	No	48	46.6	2.0485	.99389
		Can't Say	2	1.9		
		Yes	53	51.5		
		Participation				
2.	Pension Contributors disposition to investment of Pension funds in portfolio with higher exposure to variable income	Negative	27	26.2	2.3226	.90874
		Indifferent	10	9.7		
		Positive	66	64.1		
	Overall mean				2.18555	

Survey, 2019.

Table 4.3 is analyses the level of participation and inclusiveness of active pension contributors on the investment of pension funds. It examines the participatory role and inclusiveness of pension contributors in the Defined Contributory Scheme. It reveals that an average number of the research participants 53 (51.5%) are enlightened on the multi fund structure. This has a mean of mean =2.0485 and SD= 0.9989. Also, 66 (64.1%) participants prefer that their fund is invested in a portfolio with higher exposure to variable income with mean =2.3226 and SD= 0.90874.

The overall mean in this section is 2.18555 which indicates a moderately high inclusiveness and participation of pension contributors on pension fund Investment decisions in the defined contributory system.

Analysis of Data for PFA

Table 4.4: Socio Demographic Characteristics of Staff of PFAs

S/N	Items on Questionnaire	Responses	Frequency	Percent
1.	Age	35-44	3	16.7
		45-54	15	83.33
2.	Sex	Female	6	33.3
		Male	12	66.7
3.	Educational Qualification	BSc	2	11.1
		MSc.	16	88.9
4.	Length of Experience	11- 20years	4	22.2
		21-30years	14	77.8

Source: Author, 2019.

Table 4.4 indicates that vast majority of the participants who are top management staff of the accessible Pension Fund Administrators were males -12 (66.7%), 15 (83.33%) of them were within the age range of 45-54, 16 (88.9%) were Master's degree holders, and 14 (77.8%) had 21-30 years of working experience.

Table 4.5: Level of Transparency and Accountability of PFAs to Pension Contributors

S/N	Items on Questionnaire	Responses	Percent	Frequency	Mean	S. D
			Transparency			
1.	Statement of RSA issued to employees shows how their funds are invested	False	15	83.3	1.3333	.76696
		True	3	16.7		
2.	Statement of RSA shows the employer and employees' rate of contribution	True	18	100.0	3.0000	.0000
3.	Statement of RSA issued to employees shows the income earned on invested pension funds	True	18	100.0	3.0000	.0000

Accountability						
4.	Information on Pension Activities is Regularly Disseminated	Can't Say	2	11.1	2.8889	.32338
		True	16	88.9		
5.	Time Interval on Issuance of Statement of Retirement Savings Account to Pension Contributors	Quarterly	10	55.6	2.4444	.51131
		Monthly	8	44.4		
	Overall mean				2.53332	

Survey, 2019.

From the *Table* above, it can be seen that 15 (83.3%) respondent PFAs do not do not issue statement of account which shows how their pension funds are invested to employees, with mean =1.3333, SD=0.76696. All PFAs 18(100%) that participated in the research asserted that the statement of retirement savings account issued to pension contributors shows the income earned on invested pension funds and also employer & employee's rate of contribution to the fund, with mean =3.0000 and SD= 0.0000. 16 (88.9%) participants with an average of 2.8889 and SD of 0. 32338 indicates that PFAs regularly disseminates information on pension activities. Also, 10 (55.6%) issue Statement of Retirement Savings Account to Pension Contributors every quarterly while 8 (44.4%) issue Statement of Retirement Savings Account to Pension Contributors monthly, with mean = 2.4444 and SD= 0.51131.

The overall mean of 2.5332 signifies a high extent of transparency and accountability based on the perception of the participating PFAs.

Unstructured Question

Section 7.5 of theRegulation on Investment of Pension Fund Assets (2017 p.42), which provides that "Subsequent to the implementation of the Multi-Fund Structure, employees are allowed to choose the Type of Fund in which they desire to be. However, the following rules shall apply:

i. An active contributor in Fund II who wishes to be assigned to Fund I shall make a formal request to the PFA.

ii. An active contributor in Fund III who wishes to be assigned to Fund II shall make a formal request to the PFA.

iii. An RSA Retiree or active contributor who is 50 years and above shall not be allowed to choose Fund I".

What measures are in place to ensure employees grasp the pension plan and their obligations to enhance their benefits?

Response: The collective response of 13 (72.22%) PFAs that answered this question were: Display of information on website; communicating to pension contributors through text messages, calls, and emails; social media, television, radio, customer service unit, continuous enlightenments, workshop/seminars, newsletters, and by organizing interactive sessions with employees; while 5% (27.78) did not answer the question.

Table 4.6: Level of Compliance with the rule of law on the Investment of Pension Fund Assets

S/N	Items on Questionnaire	Responses	Frequency	Percent	Mean	SD
1	Investing as stipulated in the	False	3	16.7		

#						
	PRA is preferable to discretionary choice of investment pattern.	True	15	83.3	2.6667	.76696
2	Membership of the multi- fund structure is based on PFA's discretion.	True	18	100	3.0000	.0000
3	Exposure to Variable Income Increases as Fund Type Increases	False	12	66.7	1.6667	.97014
		True	6	33.3		
4	Pension fund assets are invested in stocks affiliated with PFA.	False	16	88.9	1.2222	.64676
		True	2	11.1		
5	Regular Review of PFAs Investment Pattern	No	1	5.6	2.8333	.51450
		Cannot Say	1	5.6		
		Yes	16	88.9		
6	Presence of Benchmark on Returns on Investment Portfolio.	False	6	33.3	2.8889	.32338
		Cannot Say	2	11.1		
		True	10	55.6		
	Overall Mean				2.3796	

Survey, 2019.

As seen in *Table 4.6*, 15 (83.3%) participants opined that Investing as stipulated in the PRA is preferable to discretionary choice of investment pattern, this has it mean = 2.6667 and SD= 0.76696. All 18 (100%) participants stated that Membership of the multi- fund structure is based on PFA's discretion. 12 (66.7%) participants affirmed that exposure to variable income does not increase as the fund type increases, with 0.97014 dispersion around the mean of 1.6667. 16 (88.9%) participants asserted that pension fund assets are not invested in stocks not affiliated with the PFA, with mean= 1.2222 and SD=0.64676. 16 (88.9%) participants admitted that their organization regularly review its investment pattern, which is 0.51450 clustered around the mean of 2.8333. Furthermore, quite a number of the participants 10 (55.6%) have benchmark on returns on investment, with mean= 2.8889and SD= 0.32338.

The overall mean of 2.3796 signifies moderately high compliance level of PFAs to regulations put in place by Pension Commission (PenCom) on the investment of pension fund assets.

Unstructured Question

How are the returns on investment of pension asset distributed?

Responses gotten from 15(83.33) PFAs that answered this question shows that returns on pension asset are distributed among pension stakeholders in the following percentages: PenCom- 0.10%,

PFA- 0.80%, PFC- 0.20%, Contributors- 98.90%. However, the proportion of return allocated to each contributor is based on fund type.

Discussion of Findings

Table 4.2 and *Table 4.6* reveals that there is a wide disparity on the intensity of accountability and transparency to pension contributors based on the overall mean score. Pension contributors' perspectives shows an overall average of 2.06635 while the PFAs perspective shows overall mean of 2.53332. This has to be abridged. The overall mean in this section is 2.18555 (as seen in *Table 4.3*) indicates a moderately high inclusiveness and participation of pension contributors in the defined contributory system.

Also, PFAs have to improve on the level at which pension contributors participate in the pension activities as the responses from pension contributors showed a fairly above average involvement.

Furthermore, it was deduced from the mean score of 2.3796 that PFA's are to a moderately high extent in compliance with the regulations laid down by PenCom on how pension funds are to be invested

Other findings of this research are shows how returns on invested pension asset are distributed along with the corresponding percentages: PenCom- 0.10%, PFA- 0.80%, PFC- 0.20%, Contributors- 98.90%. However, the proportion of return on investment allocated to each contributor is based on his/her fund type.

In addition, it was discovered that the PFAs level of inclusiveness to pension contributors was moderately high with a mean of 2.18555.

Conclusion and Recommendation

This study examined the interplay of governance in the investment of funds in the Nigeria pension Industry by assessing the level of Pension Fund Administrators (PFAs) accountability and transparency to pension contributors; inclusiveness and participation of pension contributors on pension fund Investment decisions; and, compliance of PFAs to the laid down regulation of its governing body- PenCom. The findings revealed that although PFAs and pension contributors opined the transparency and accountability of PFAs to pension contributors to be within the high cadre, there appeared to be some disparity in their overall rating. This implies is the need for PFAs to improve on the quality of service rendered to active pension contributors by issuing out

a detailed, readily available, and easily understandable statement of retirement savings account. Also, pension contributors should be regularly updated on new/emerging operations of PFAs through emails, text messages, television programmes, social media, and the likes. Thereby, increasing the inclusiveness and participation of pension contributor on pension fund Investment decisions which was revealed to be moderately high.

This study further discovered that although PFAs are to a moderately high extent in compliance with the regulations of PenCom (with an overall mean of 2.3796), there are still some shortfall in their compliance rate. Thus, we recommend that PenCom should put in more stringent measures in ensuring that PFAs do not operate in measures that will jeopardize the interest of Pension contributors. Opinions of PFAs could also be sort while formulating regulations and consensus reached, this will reduce the failure on the part of PFAs in complying with the established regulations.

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