Poverty and Pension Reform: An Application of Theories and Paradigms in Social Engineering of Nigerian Society

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Abstract

This paper presents a critical analysis of the process of Social Engineering. It looks at social Engineering as the art of ordering and re-ordering the society. The explanation in the paper shows that social science theories and paradigms provide the framework and the methodological guide through which the society can be engineered. In the paper the researcher presented the opinion that public and social policy process is routed in social science method and methodology. As theories and paradigms analysed the society and other social phenomenon, explain and predict their future direction, pension which is a developmental policy also seek to provide solution to societal problems by explaining and analyzing the problem as well as predicting future direction of the problem. This paper focuses on poverty experienced science by Pensioners and the dependants of dead public and civil servants in Nigeria. It looked at the present state of squalor and misery and examined the contributory Pension Reform Act 2004 as an attempt by the government in utilizing social science technique to find solution to societal problems. The paper concludes that the implementation of the Pension Reform Act will change and re-order the society from poverty to new order of excess fund to beneficiary and the entire economy, thereby improving the standard of living and quality of life of Nigerians. The paper is an explanatory analysis which recommends the utilization of social science investigation and theory formulation skills in providing solutions to emerging societal and organizational problems. (241 word)

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Introduction

The society is a complex social system, like mechanical system it needs to be overhaul from time to time, in order to avoid system breakdown or decay. The process of overhauling a system may lead to system change or re-organization. Social Engineering is a sub discipline of sociology and an emerging body of knowledge in social sciences. Social Engineering focuses on the attempt to reconstruct the society from one direction to the order. Ottong (2006) defined Social Engineering as an attempt to apply Social sciences and sociological knowledge in particular to reconstruct the society. Social Sciences refer to disciplines that focuses on human behaviour, such as, economics, sociology, political science and psychology. Social Sciences relies on using theories and paradigms to explained social situations in the society.

According to Kerlinger (1977) in Obasi (1999) a theory is a set of interrelated constructs (concept), and propositions that presents a systematic view of phenomena by specifying relations among variables with the purpose of explaining and predicting the phenomena. On the other hand, a paradigm according to Kuhn (1964) in Obasi (1999) is defined as “a pattern or framework that gives organization and direction to a given area of scientific investigation. Anikpo (1986) maintained that a paradigm is composed of theories and other implied methodological approaches. In this direction, a paradigm represents the outlook and methods by which a discipline of study conducts its routine life; interprets data, and does research. Though theories and paradigms cannot be used interchangeably, they presented a close idea. So if one is focusing on Social Engineering as the application of paradigm to solve societal problems, one is directly maintaining that the utilization of a group of theories can solve societal problems and may even bring change to society.

Ottong (2004) considered social order as the enduring character of society as determined by its pattern of interpersonal and group relations. To Ottong (2004) social order refers to the existence of reciprocity or mutuality in society which makes for consistency in social life and the persistence of the system. It is also considered to be underlying element which makes meaningful social life possible in society.
Statement of the problem

The Nigerian society is faced with diversities of social problems and for the society to move forward, there must be solution to these problems. In finding these solutions government often formulate and implement policies and programmes aim at providing solution to contemporary societal problems. Common problems in our society today as noted by Ijiomah (2002) includes: corruption, underdevelopment, retrogression, exploitation, inequality, institutional collapse, unemployment, crime, pollution, prostitutions, political tuggergy, ethnic conflict, religious intolerance, violation of human rights, conflicts and poverty. Any society faced with this magnitude of problems is bound to collapse or disintegrate. What is the hope of Nigeria? And how can we change the situation, is the main focus point of this paper.

This paper attempt to present a solution for a way forward to re-order our society through the application of social science or sociological theories and paradigms. Considering all the problems listed earlier, which may result in conflict. Conflict among groups, interest, ethnic nationalities, institutions, associations and other elements of the society’s super-structure.

Theoretical and Paradigmic Foundation to Social Engineering

Following Kerlinger (1977) definition of theory earlier given, one can consider the following theories in sociology: system theory, structural functional theory, conflict theory, symbolic interactional theory, Exchange theory, Phenomenology and ethno-methodology, (Ottong 2004:48). Beyond Sociology most of these theories have relevance in other social sciences.

Obasi (1999:45) analyzing theories in political science listed system theory, structural functional theory, conflict theory and group theory. Some other theories may cut across little discipline, while some may cut across all disciplines of Social Sciences. For instance, games theory cut across economic and political science, system theory cut across all Social Sciences likewise group equilibrium theory. These theories are used as framework in analyzing societal problems and it can also provides prediction on how the society can be reordered.
Looking at Kuhn (1964) definition of paradigms, we can say that a paradigm is nothing than merger of theories. Burrell and Morgan (1979) maintained that he use of paradigm “is intended to emphasized the commonality of perspective which binds the work of a group of theories together in such a way that they can be usefully regarded as approaching a social theory within the bounds of the same problematic. Consequently, there are many competing paradigms in Social Sciences. In broad terms, social sciences theories and their methodological implications have been concept ualised in two paradigmatic groups namely those that emphasize “order” (consensus) such as western liberal or bourgeois scholarship, and those that emphasize “disorder” (conflict) such as Marxist scholarship.

We are faced with the problem of eradicating social disorder in the society, as disharmony breeds conflict among various groups and interest as they interact in our society. The need of every member of Nigerian society is to advance in his or her quality of life and standard of living. This leads us to the question of development. The Nigerian society is considered by scholars like Offiong (1982) as underdeveloped. This classification is due to the problems experienced in Nigeria which equates with the characteristics of underdevelopment. Such problems include: Poverty, inflation, illiteracy, lack of social amenities and infrastructures. Social science theories and paradigms attempt to provide solution to the problems of underdevelopment and economic retardation.

The dependency, modernization and political economy paradigm all provides solution to the problem of underdevelopment, (Obasi 1999). Fred Riggs (1964) in his theory of prismatic society x-rayed the entire developing or underdeveloped world and prescribed avenue for them to follow in order for underdevelopment to give way to development. In the same direction, is the work of W. W. Rostow “stage theory of development”, (Offiong 1982). All the theories and theorist cited above are various attempts by social scientists to use their theories and paradigm to re-order the world. Today, sociological and social science scholarship provides theoretical framework and foundation for the development of public policies which are designed to change the society from one condition to another. Main example is the poverty experienced by retired civil and public servants as well as their dependants in Nigeria, which is a major element of our underdeveloped condition, and government attempt to change this sectoral poverty with the formulation enactment and implementation of the Pension Reform Act 2004, called “Contributory Pension Scheme”
The background to the critical poverty state of retired public/civil servants and their dependants

Nigerians are predominantly employed by the Civil and Public Services, as a result of which 85% of the national workforce are government employees at Local, State and Federal level, (Buhari, 1997). Before the enactment of the 2004 contributory Pension Reform Act which took effect from 1st July 2004, there was a Unified Defined Benefit Pension Scheme, funded by government through budgetary allocation. In some organizations retired public and civil servants were not paid their gratuity 6-10 years after retirement from service (Bassey 2005). In some organization death benefits were not paid to dependents of death staff, some few years back, Federal Pensioners in some parastatals were owed 13 months pension (Guardian, 24th May, 2006).

In view of this lack of basic income, the lives of pensioners their families and dependents of death public servants became miserable. They were ejected by their landlords because of their inability to pay house rent, their children dropped out of school because of their inability to pay school fees. Many perished because of their inability to procure for themselves the basic health care needs, some languished in poverty and disease because of their inability to eat three square meals, others were on the streets as destitute, while the remaining look like mad people as they cannot afford change of clothes. The deplorating condition of Nigerian Pensioners is sympathetic and attracts National and International attention. Since this problem affects a significant number of Nigerian population, the government is compelled to look for a pension policy which can ameliorate or eliminate the suffering of pensioners and usher in a new social order for millions of pensioner and others who are preparing to join them.

2004 Pension Reform Act and its Prospect for a new social order

This act was passed by the National Assembly and assented by the President of Federal Republic of Nigeria on the 25th of June, 2004. As noted earlier, the Act took effect from 1st July, 2004. The Act provided for a contributory pension scheme with 15% monthly contribution, where employee contributes 7½ % and employer 7½%, except in Armed Forces where employee contributes 2½% and employer 12 ½%.
The Act established the Pension Fund Administrator (PFA) and Pension Asset Custodian (PAC). The Pension Fund Administrator open Retirement Saving Account (RSA) for all employees with a Personal funds and assets in accordance with the provisions of the Act, and maintain book of account on all transactions relating to pension funds managed by it. The custodian receive the total contributions remitted by the employer on behalf of the pension fund administrator within 24 hours of the receipt of the contribution from the employer, notify the pension fund administrator of the receipt of the contributions from employer. The custodian Hold pension funds and assets in safe custody on trust for the employee and beneficiaries of the Retirement Saving Accounts, on behalf of the administrators, settle transactions and undertake activities relating to the administration of pension fund investments including the collection of dividends and related activities. The Act also established the National Pension Commission (PENCOM) to regulate the activities of all individuals and institutions involve in the management and processing of pension.

The main implication of this Act is that it merged both public and private sector pension management. The 1979 pension Act only covered government employees, but ignored employees of private sector. But this new act covers, also all private organizations with five or more employees. Another major implication was that when a resource was learn, it affects government budgetary expenditure, which pension was part of. Today, pension is fully funded by both employees and employers contribution, fluctuation in government revenue or organization profit cannot affect pension funding. It is also worthy to note that the process is personalized as individuals employees determined their investment profile through choice of pension fund administrator which can be changed at least annually.

Beyond these general implications, the new pension scheme is very beneficial to the society. First, it will provide the much needed long term fund in the capital market, thereby stimulating the growth of the Nigerian Capital Market (Bassey, 2005). Second, the contributions will automatically increased pension benefits, for instance, today a graduate who joined the service at 35 years of age and retired as a Director cannot earn a gratuity of more than 4 million naira.
But under the new act it is the contribution and interest accruing to the contribution over the years as a result of which as a graduate who joined the service, and retired as a Director after 35 years of service will accumulate a balance of not less than 20 million naira in his retirement saving account and 50% which is not more than 300% of his annual total emolument is available to him as a lump sum once he is up to 50 years of retirement.

The balance is withdrawn gradually in an arranged programme withdrawal system, either monthly, quarterly or annually within the estimated life span of the retiree. The balance still attracts interest and return on investment, and it is not subject to taxation, except there was voluntary additional contribution. The future is bright, as pensioner will not be owed their retirement benefits again and poverty of retirees and their dependants will be a thing of the past as individual can access their retiring saving account at their convenience.

**The Relationship between the Pension Act and Social Sciences theories and paradigms**

The contributory Pension Reform Act is a product of social inquiry. It was a concerted effort of social investigation before the policy was formulated. Anikpo (1986) considered a social science paradigm to be composed of theories and their implied methodological approaches. In view of this definition of paradigm, it could be seen that in formulating the policy here refereed to as the “Contributory Pension Reform Act”, the Social Science theoretical and paradigmic methodology was applied. The Pension Reform Act is a public policy which is defined by Jerkins (1978) as “a set of interrelated decisions by a political actor or group of actors concerning the selection of goals and the means of achieving them within a specified situation where those decisions should in principle be within the power of those actors to achieve”. In a broad and simple sense, policy is widely conceived to be either in the nation’s laws or in a public statement by a competent functionary of government, which involves decisions that are routine.

This is the sense with which one visualizes the Contributory Pension Reform Act. It is a national law, and it carries a lot of decision which will be in operation for a very long time until probably the law is changed or amended.
This policy may be seen as a welfare policy to ensure improvement in the standard and quality of life of those the policy is targeted at, and it can also be seen as a regulatory policy to control the process and stakeholders in pension administration.

As noted by Egonmwan (1987) any policy is rooted in policy analysis, which can be explained within the framework of behaviour model of policy analysis, which is the descriptive analytic and explanation of causes and consequences of policy. the roles of theories and paradigms in Policy formulation, implementation and evaluation is considered by Egonwan (1987) to includes:
1. A theory helps in the selection, collection, ordering and storing of policy relevant data.
2. A theory helps to explain the causes of certain public policies.
3. A theory helps to clarify and direct our inquiry into policy making.

The contributory pension act was derived from a systematic social research and investigation. The Nigerian government commissioned seasoned social researcher to investigated and study the problems of pension management in Nigeria. The investigators survey other countries that experienced similar problem and attempt to apply their prognosis of action in Nigeria. A case analysis was taken from Chile and the system was formulated to suit the Nigerian environment, (Bassey, 2005). What is necessary to note is that the formulation of this policy shows the systematic manner through which social science and sociological theories are conceived and formulated, as the aim of applied theory is to explain, describe, predict and provide solutions to social problems. It is also to find solution to the national pension management crisis in Nigeria. It can be said that the Pension Reform Act is deeply routed in Applied Social Theorization.

The prospect of a New Social Order

In the past retirement notice alone was enough to raise the blood pressure of a prospective retiree, because of the fear of the unknown. It was unknown to the retire whether pension will be paid as at when due and whether he will collect his gratuity in his life time. This fear was realistic as government owed pension allowance for onward 13 months as earlier noted. Gratuity was not paid on retirement and at times beneficiaries died before gratuity was ready. Pensioners and their families, as well as dependants of death public servants suffered in poverty and died out of lack.
Today, with the introduction of the Contributory Act everything will change. Pension benefits will be paid on demand by beneficiaries, no delay in payment. The multiplier effect on the pension account will increase the amount of money at beneficiaries’ disposal because of the high rate of return on investment built into the act. Beyond this is the fact that the contributions will provide the much needed long term fund for long term credit in the capital market, which will lead to increase in investment and general stimulation of economy growth and development. This will be a total change in our society socio-economic life, a change from poverty to high standard of living and good quality of life.

Conclusion

This paper examined critically the relationship between social science, sociological theories and paradigms, and social polices in the society which attempts to change the social order or re-order the society. The analysis proved that it is social science and sociological methodology of investigation and enquiry which provides tools and techniques are utilized in analysis societal problems and finding solution to such problems.

The prevailing poverty faced by retired public servants and dependents of fallen staff is a critical social problem in Nigerian society. The government carried out in-depth analysis of the problem systematically using social science theories and paradigms and arrived at the solution which is expected to change the fate of these people suffering from abject poverty and misery. This solution is the Contributory Pension Reform Act, 2004 which will ensure that beneficiaries get their benefit whenever they desire it as stipulated by the Act.

The order of societal poverty, misery and squalor is over, for retired public servants with the implementation of the Pension Reform Act. Instead of scarcity of money and lack occasioned by government inability to service pension liability, there is excess fund even for investment, and rapid economic growth to be induced by accumulation of Pension Contribution. This will result in a new Social Order marked by high standard of living and quality of life. The formulation and implementation of this Act is a process of social engineering of the Nigerian society. It is recommended that public and private organizations should utilized the building of theory and investigative skill, of social scientists to provide solutions to emerging societal and organizational problems.
References


