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MANDATORY RETIREMENT AGE AND PENSION SYSTEM IN KWARA STATE, NIGERIA

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Abstract

The primary aim of the Mandatory Retirement Age (MRA) is to reduce the cost of pension liabilities and the recurrent expenditure on ageing workforce whose productivity has reduced. Couple with inconsistent results in previous studies, the study examined the influence of MRA on pension system in Kwara state, Nigeria. Extensive review of literature were done on the current developments about mandatory retirement age, employment and unemployment and pension system that constitute the model of this study. Descriptive survey design method was employed and the study used simple random sampling technique to select a total number of 400 civil servants from Kwara state. Primary and secondary data were used. Data obtained were analyzed and presented using both descriptive and inferential statistics. Multiple regression analysis were employed to analyze relationships among construct variables. The results indicate that correlation coefficient (R) and R-square to be 0.628 and 0.556 respectively. This explains that, mandatory retirement age has relationship with the employment generations and unemployment situation in the country as the level of employment generation accounted for approximately 63% of an increase in MRA and the rate of unemployment accounted for 56% approximately of a factor that related to MRA. The study concluded that, MRA can be used for employment generation opportunities (at least an equivalent numbers in form of replacement) if the number of civil servants that are due for retirement in a closer future are identified by government. It is recommended that Government should acquire and host a database for civil servants and unemployed youth so that there will be a network relationship between the relevant ministries that will ensure that salaries are automated to stop on due date for retirement while that of fresh appointment is activated.

Keywords: Mandatory Retirement Age, Labour Market, Employment, Unemployment, Public Sector, Nigeria

Introduction

Mandatory Retirement Age (MRA) also known as Statutory Retirement Age (SRA) refers to the period at which persons who holds certain jobs or offices are required by organizations, custom or law to vacate the employment by retirement. The primary aim of the MRA is to reduce the cost of pension liabilities and the recurrent expenditure on ageing workforce whose productivity has reduced. The idea of retirement was introduced in the late 19th and 20th centuries to prevent an ageing labour force through injection of young able-bodied into the system for increased organizational efficiency. It is also a personnel policy adopted by some organisations to remove older employees from their workforce upon reaching a specified age (Bukoye, 2005), individuals are compelled to retire even if they wish to remain on the job. Researchers such as Lawrence (2008) and Duval (2015) identified a number of rationales for the establishment of such an aged-based personnel policy for instance, relationship between age and productivity, the greater cost of older workers, the use of age as an impersonal screening device, and the inflexibility of work assignments because of work rules, seniority, pay scales among others.

Although, there are certain occupations that are dangerous to keep old personnel (for instance, military or airline pilots) which are mostly rely on the impression that employees' productivity will be declined after attaining certain years in the service (Imhanlahimi & Idolor, 2011). MRA is the employer's way of avoiding huge cost of unproductive workers, in Nigeria for instance, it is 65 years for staff of tertiary institutions other than professors. Those on the professorial cadre retire at the age of 70 irrespective of years of service. In the same vein, the non-professorial staff of tertiary institution retire at 65 irrespective of years of service. However, it's 60 years of age in other public service and private sector or 35 years of unbroken active service which ever come first. However, the 35 years of active service is not applicable to workers in the private sector where people generally retire between age 55 – 60 depending on the organizational policy. Conversely, the concept of MRA in countries like United States of America, Canada, Brazil, among others, is unlawful except in certain industries (Ehrenberg, 2009; Okechukwu & Ugwu, 2011).

Most civil servants in Nigeria prefer to remain on-the-job beyond the MRA thereby giving rise to such fraudulent adjustment of official age by civil servants as contained in their employment record in order to expand their stay on-the-job beyond the MRA and this has been preventing the creation of new job opportunities for new entrant to labour market which could have been possible, if the civil servants that were due for retirement did retire at the attainment of MRA. It was also observed that the total monthly package of a staff who has attained the MRA of 60 years and above can sufficiently accommodate employment opportunities for a minimum of three fresh graduates (Isiaka & Woli-jimoh, 2017). If such money is saved on recurrent expenditure, it will be useful to create job opportunities or diverted for other relevant events (Bukoye, 2005; Isiaka and Woli-Jimoh, 2017). Meanwhile, World Youth Reports (2014) testified that extending MRA will prevent career advancement and promotion of civil servants that are supposed to fill the vacancies created by the exit of retiring civil servants which could further compound the unemployment problems that could have been minimized if the MRA was not increased and well-managed.

Available unemployment data obtained from Shadare and Elegbede (2012); Asaju, Arome and Anyio (2012); Uddin and Uddin (2013); National Bureau of Statistics, (2017) shows that unemployment in Nigeria has never been as high as it is presently in labour market. Despite the implementation of different policies geared towards the reduction of unemployment rate in the country by government at different levels, the rate of unemployment continue to rise astronomically as those policies seem to have had no significant result. In light of the above, the study aimed at examining mandatory retirement age and pension system in Nigeria.

Literature review

Conceptual definitions

Mandatory Retirement Age (MRA) is the act of an employee's official disengagement from a regular or permanent career job especially because the employee has reached a particular age. Alex (2013); Isiaka and Woli-Jimoh (2017) see retirement as an act of retiring or the state of being retired. That is to withdraw oneself from busy public life or to remove oneself from active service. Obviously, retirement involves the transition of people who had previously worked for either a private organisation or public service for pay. Meanwhile, Fapohunda (2013) and Alltucker (2014) see retirement as a fluid concept because it connotes different things and it offers

different experiences for different people. While some individuals feel it's something that would be worried about at a much later time, others view it positively and anticipate it with all wistfulness and some others dread it with great anxiety. However, it could be said that it is not a homogenous experience for everyone, but being as it may, some day in the life of every worker would be facing the reality of retirement. Meanwhile, planning for retirement is necessary and important that should reflect in every individual's dreams, hopes, and aspirations in addition to meeting day to day obligations. For instance, to live a comfortable life after retirement age demands little sacrifice during the working years. Adequate financial preparation for retirement thereby would ease incidence of retirement adjustment failure (Duval, 2015). Also there is an innate need for every worker to adopt a meaningful life style that would not affect the future years of retirement because trying to adjust to low social status will pose a more difficult problem (Imhanlahimi & Idolor, 2011).

In Australia, MRA is generally unlawful throughout the various State and Territory jurisdictions except permanent members of the Australian Defence Force which must retire at the age of 60 and reservists at 65 (Ehrenberg, 2009). In Brazil, all public servants in the Union, States, Cities and the Federal District shall mandatorily retire at the age of 70. This regulation encompasses servants from the executive, legislative and judicial branches. MRA of federally regulated employees is prohibited as of December 2015 in Canada, though, the usual age for retirement is 65 but one cannot be forced to retire at that age because labour laws in the country do not specify a retirement age. Age 65 is when Federal Old Age Security Pension benefits begin, and most private and public retirement plans have been designed to provide income to the person starting at 65 (an age is needed to select premium payments by contributors to be able to calculate how much money is available to retirees when they leave the program by retiring). Precisely, October, 2006, the United Kingdom Labour Government introduced a Default Retirement Age (DRA) whereby employers are able to terminate or deny employment to people over 65 without a reason. This attempt failed as a result of legislative challenge in 2009 and it was reviewed as of 6th April 2011 where employers can no longer give employees notice of retirement under DRA provisions and will need to objectively justify any MRA in place to avoid age discrimination claims. MRA is generally unlawful in the United States, except in certain industries and occupations that are regulated by law, and are often part of the government (such as military service and

federal police agencies, such as the Federal Bureau of Investigation).

Problems of MRA in Nigeria

Many retirees in the Nigerian societies are facing similar problems (Bukoye, 2005; Olatunde and Onyiye, 2005; Maji, 2014 and Isiaka & Woli-Jimoh, 2017), firstly, the issue of sudden death of retirees; such retirees who retired after the MRA may suddenly lose his/her life as a result of inactivity. Secondly, loss of the usual monthly stipends is indeed another problem facing retirees. Thirdly, the anxiety about a residential home, many retirees that could not afford to build a personal residential home while actively in service and some who lived in government quarters may fear ejections and thus may develop anxiety on how to acquire a residential building of their own. Fourthly, problem of dwindling status some retirees have wielded influences and enjoyed societal status while in active service but such may ultimately reduce as soon as they are retired. Fifthly, retirees also face the problems of decreased strength and deteriorated health conditions in case where the nature of work requires physical strength, such retirees who have used up his/her physical strength may not be able to cope with such retirement. Finally, the problem of physical disabilities is also very common among retirees. This might be as a result of industrial hazard caused while in service and this disability a times affect the ability of such retirees to carry on with other work requiring physical ability.

Forms of retirement

There are three (3) major forms of retirement such as voluntary retirement, enforced retirement and mandatory retirement (Omoresemi, 1987; Denga, 1996; Nwajagu, 2007; Okechukwu & Ugwu2011). Firstly, voluntary retirement occurs when an individual decides to quit active service for personal reason irrespective of age, experience, length of service or retirement policies. Secondly, enforced retirement is a situation where an individual is forced or compelled to retire against the individual's expectation and when he is ill-prepared for it. It is usually viewed negatively as this was not planned for, for instance, inefficiency, old age, ill-health, indiscipline among other acts. Finally, mandatory retirement is an expected form of retirement where person involved reached the statutory age of retirement as specified in the condition of service of the establishment. For instance, in Nigeria the age is specified for other civil servants while judges and lecturers retire at 65 years other than Professors who retired at age of 70 or when an individual has spent 35 years of service.

Retirement plan

Every striving worker in the 21st century should understand that overtimes, Nigerian economy is facing serious challenges, hence, need for pre-retirement planning strategies to combat and manage the impending pains and stress after retirement. The need to prepare and plan for retirement in conformity with the organisation policy cannot be over emphasised. Planning makes retirement meaningful in the sense that the retiring personnel and no longer relies on traditional family arrangements for livelihood, income and other forms of social security provisions at post-retirement (Eyibe and Eyibe, 2000). In addition to the epileptic government pension plan, workers should make every effort to have their pension plan as this was in line with the view of Kolawole and Mallum (2004) who observed that where adequate planning are nursed, frustration and anxiety in retirement will be eliminated. They equally observed that workers globally who fail to plan for retirement always experience some avoidable problems in post-retirement life, such as, state of boredom, a condition of financial anxiety, distress, loss of contact or social relation with colleagues, feeling of dissatisfaction and unfulfilled life and often experience psychosomatic and phobic reactions.

Although, Sule (2006) cautioned that planning for retirement should start right from the date of entry into the civil service. By implication, one does not need to wait for the final retirement benefits to plan for his/her retirement. Conversely, Maji (2014) opined that if priority is given to retirement planning it will facilitate a smooth landing for retirees. For instance, good health in post-retirement life, adequate security provisions for life after retirement, provision of some kind of pre-occupation (or vocation) by removing the burden of idleness in post-retirement years, reduce concern for money, and eliminate feeling of uselessness and not being tolerated or wanted.

The new pension scheme and pension reform in Nigeria

On 1 July 2014, President Goodluck Jonathan signed into law the new Pension Reform Act 2014 which repealed the Pension Reform Act No. 2 of 2004 (repealed Act). Like the repealed Act, the new Pension Reform Act governs and regulates the administration of the contributory pension scheme for both the public and private sectors in Nigeria. The commencement date is 1 July 2014. Some of the key changes include increase in the minimum number of employees required to make contributions under the Act mandatory, increase in the minimum contribution into the Scheme and the imposition of fines and penalties on Pension Fund Administrators (PFA) for failure to

meet their obligations to contributors and violation of the provisions of the Act. Employers may need to restructure their staff compensation to minimise the impact of likely increase in staff cost while maintaining staff take home pay at the current levels. A good

example is the Pension Reform Act which has assurance of retirement benefits and assisting improvident individuals save for their retirement as part its cardinal objectives as shown in the table below:

Table 1: Formula for Pension and Gratuity Calculation Based on Percentage of Final Salary In Respect of Retirement in Nigeria Since 1992

Before 2014			Since 2014		
Years of Qualifying service	Gratuity as % of final pay	Pension as % of final pay	Years of qualifying service	Gratuity as % of final emolument	Pension as % of final emolument
-	-	-	5	100	-
-	-	-	6	108	-
-	-	-	7	116	-
-	-	-	8	124	-
-	-	-	9	132	-
10	100	-	10	100	30
11	110	-	11	108	32
12	120	-	12	116	34
13	130	-	13	124	36
14	140	-	14	132	38
15	100	30	15	140	40
16	110	32	16	148	42
17	120	34	17	156	44
18	130	36	18	164	46
19	140	38	19	172	48
20	150	40	20	180	50
21	160	42	21	188	52
22	170	44	22	196	54
23	180	46	23	204	56
24	190	48	24	212	58
25	200	50	25	220	60
26	210	52	26	228	62
27	220	54	27	236	64
28	230	56	28	244	66
29	240	58	29	252	68
30	250	60	30	260	70
31	260	62	31	268	72
32	270	64	32	276	74
33	280	66	33	284	76
34	290	68	34	292	78
35	300	70	35	300	80

Source: Pension Reform Act 2004, Federal Republic of Nigeria

There are changes in the rates of contribution to be made to the Scheme. Under the Act, both employer and employee are required to make a minimum of 10% and 8% respectively of the employee's monthly emoluments (7.5% of the employee's monthly basic, housing and transport allowances by both parties under the repealed Act). The definition of 'monthly emoluments' has been expanded to mean the total emolument as defined in the employee's contract of employment provided it is not less than the total of the

employee's basic salary, housing and transport allowance.

The Act creates another condition in which a contributor may be allowed to withdraw from his retirement account. An employee who disengages from employment or is disengaged before the age of 50 and is unable to secure employment within 4 months of disengagement is allowed to make withdrawals from the account although not exceeding

25% of the total amount credited to the retirement savings account.

Unemployment

International Labour Organization (2014) defines unemployment as all people who are not currently working, not employed and are currently looking for jobs (at the available wage rate) in the market, but unable to find a suitable job at the prevalent wage rate. Fajana (2000); Shadare and Elegbede (2012) opined that unemployment is a situation where people who are willing and capable of working are unable to find suitable paid employment. Stressing that unemployment can lead to loss of status, loss of prestige and economic strength or power as a result of the loss of wages and benefits of job, infliction of psychological injury as result of the breakdown in social contacts and isolation from the world of work, loss of responsibility, identity and respect which the position at work ensures, loss of purchasing power, loss of union check off dues, loss of production and stunting of gross national product, reduction in the pay-roll tax revenues of the state. The rate of unemployment refers to the share of the labour force that is without work but available for and seeking employment (Nyong, 2014, Sharade & Elegbede, 2012). In some countries, instead of a carry out a special survey on unemployment data, it estimates are developed from data on the number of people who are looking for work through the public employment offices or the number receiving unemployment compensation payments (Kolawole & Mallum, 2004).

Dimensions of unemployment

Many scholars have identified major types and causes of unemployment in Nigeria (Grimshaw, Ward, Rubery & Beynon, 2008; Feldmann, 2009; Umoru & Yakub 2013; Fajana 2000; Uddin and Uddin 2013; Shadare & Elegbede, 2012) to include the following:

- i. Underemployment: This is a situation whereby the potentialities of a worker are not fully utilized. That is they are financially, mentally and physically under-employed. It is financial underemployment when the worker is not getting equal pay from the work he/she is doing; it is also mentally underemployment when there is a mismatch between the works the person is doing and the training or skills he/she has acquired. It is said to be physical underemployment when the worker is underutilized.
- ii. Frictional Unemployment: This arises when people leave their present jobs with the hope of getting a new and better one but fail to do so or because workers seeking jobs do not find them

immediately. While looking for a replacement of job they are counted as unemployed.

- iii. Cyclical or Deficient Demand Unemployment: Cyclical unemployment occurs whenever there is a fall in demand. This is so because the demand for labour is a derived one and depends on demand for goods and services. If there is a decrease in the quality of goods demanded over production which results in fall in prices, industries will be affected, which may cause retrenchment or lay-off of workers in the affected industries.
- iv. Structural Unemployment: arises from an incompatibility between the kinds of workers wanted by employers and the kinds of workers looking for jobs. The imbalances may be caused by inadequacy in skills, location, or personal characteristics. Technological developments, for example, necessitate new skills in many industries, leaving those workers who have outdated skills without a job. A plant in a declining industry may close down or move to another area, throwing out of work those employees who are unable or unwilling to move.
- v. Voluntary Unemployment: This occurs when some people refuse to take up some paid employment or decide not to do any work. For example, some husbands may order their wives not to do any type of work but to stay at homes as full time housewives.
- vi. Seasonal Unemployment: Seasonal unemployment is caused by seasonal changes that affect some type of work. Workers that work in road construction companies return unemployed during the raining season. Also, farmers stay idle in-between harvesting and planting season.
- vii. Search Unemployment: This arises when some people turn down offer of work in search of better paid employment. How long this season will last will depend on the prevailing economic situation in the country.
- viii. Residual Unemployment: This is the type of unemployment faced by people who are so low in standard of efficiency that few occupations may be opened to them, e.g. people who are physically challenged.
- ix. Technological Unemployment: This is unemployment as a result of switching from labour intensive production technique to capital intensive production technique. Those who are skilled will be trained while the unskilled labour will be replaced with machines.

Effects of unemployment

The consequences of unemployment in the country have adverse effects on individuals, the society and the economy of the nation at large. For instance, reduction in the national output of goods and services (Ogunmade 2013); increased rural-urban migration; high level of poverty; increase in the number of dependent people; and the high rate of crimes (Shadare & Elegbede, 2012). On the society, unemployment brings about widespread criminality,

societal ills and social vices such as hooliganism, armed robbery, prostitution, among others attributing their involvement in those crimes to the unemployment situation in the country. In recent times, the high rate of communal crisis, youth restiveness, hire killings and assassinations, kidnapping, vandalism, 419ers, other forms of criminality, the Niger Delta unrest, the Boko Haram insurgency were attributed to the high rate of unemployment, especially among the teeming youths in the country (Asaju, Arome & Anyio, 2015).

Analysis of labour market in Nigeria

Table 2: Unemployment Statistics, 2010 – 2016

Year	Unemployment Rate	Time-related Under employment Rate
2010	5.1	16.3
2011	6.0	17.9
2012	10.6	16.8
2013	10.0	14.8
2014-Q1	7.8	17.5
2014-Q2	7.4	17.7
2014-Q3	9.7	15.4
2014-Q4	6.4	17.9
2015-Q1	7.5	16.6
2015-Q2	8.2	18.3
2015-Q3	9.9	17.4
2015-Q4	10.4	18.7
2016-Q1	12.1	19.1
2016-Q2	13.3	19.3
2016-Q3	13.9	19.7
2016-Q4	14.2	21.0

Source: Researcher's Computation, 2017

As of 2010, Nigerian labour force employment by sector was 70% in agriculture, 20% in services and 10% in industry. The oil industry, though a major contributor to foreign exchange earnings, employs less than one percent of the labour force (Sodipe and Ogunrinola, 2011 cited in Umoru, 2013). According to the Nigerian Bureau of Statistics (2016), another 1.5 million Nigerians became unemployed in the first quarter of 2016. The country's unemployment rate grew from 10.4% in the last quarter in 2015 to 12.1%. In Q1 2016, the labour force population (i.e. those

within the working age population willing, able and actively looking for work) increased to 78.4 million from 76.9million in Q4 2015. This means an additional 1,528,647 economically active persons within 15-64 entered the labour force i.e. were able and willing and actively looking for work between January 1 and March 31 2016. This consisted of newly qualified graduates, new entrants into the economically active population and within the same period, the total number in full-time employment (did any form of work for at least 40 hours) decreased by 528,148 persons

or 0.97%. This consists of people who lost their jobs and were either forced or for various reasons chose to move from full-time employment to underemployment. Within the same period, the number of unemployed in the labour force, increased by 1,449,18 persons (increase of 518,000 between Q3 and Q4 2015) between Q4 2015 and Q1 2016. Accordingly, out of a total youth labour force of 38.2 million (representing 48.7% of total labour force in Nigeria of 78.48mn), a total of 15.2mn of them were either unemployed or underemployed in Q1 2016 representing a youth unemployment rate of 42.24%.

Currently, the total work force in Nigeria is 52,510,219 people (CIA World Fact Book, 2010). This is the population between the ages of 20 and 59 years. The government employs about 2, 475,800 workers of the work force. This is about 5% of the working population and represents only 8% of the employment in the country. Thus, the rest of the employment, 92% is provided through the private sector. A total of 28,421,008 people were employed in the private industry and service sectors between 2005 and 2012. Between 2005 and 2010, a number of private firms laid off almost 9% of the work force owing to tightening business environment. This led to a decrease in the employment in the formal private sector between 2005 and 2010 (Umoru, 2013). Accordingly, there were a total of 24.50 million persons between the ages of 15-64 that were willing and able to work and actively seeking work (i.e in the labour force) that were either unemployed or underemployed compared to 22.45 million in Q4 2015, and 20.73 million in Q3 2015.

Theoretical framework

Four theories were reviewed in this study viz; The Life Cycle Theory of Saving and Retirement, Modern Retirement Theory, Classical Economic Theory and Keynesian Economic Theory (Bloom, Canning & Moore 2007; Osman 2011; Jhingan 2006):

Life-Cycle Theory of Saving and Retirement was propounded by Skinner (1985) which he believed that people may engage in precautionary saving to guard against income shocks, and they may also save to provide personal properties such as money, stock, bonds, or jewelry. The theory gives 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 (Gruber and Wise, 2005). The conclusion of the theory demonstrates two major

things; one is the long-term influences on the optimal age at retirement and the other is savings behavior.

The Modern Retirement Theory (MRT): The theory propounded by Jason (2010) and reinforced by Grubbs (2014) revealed that a proprietary process which is a retirement plan that is secured, stable, and sustainable for the retiree's lifetime, is about issue and conditions of longevity. The theory was premised on six assumptions namely; absolute goal, individualized and client centric, outlook ambiguity, secure-stable-sustainable, retirement sheet assets and funding priority. The major focus of the study is the 3S, where the first S (secure), refers to income level which must offer a guarantee of some sort or a back stop of protection. The second S (stable), refers to income which must not fluctuate widely and the third S (sustainable), refers to income level which must be for life times.

Classical Economic Theory (1776): The classical economists, Smith (1776) believed that there was always full employment in the economy. In case of unemployment, a general cut in money wages would take the economy to the full employment level. They believed that when money wages are reduced, they lead to reduction in cost of production and consequently to the lower prices of products. When prices fall, demand for products will increase as well as sales. Increased sales will necessitate the employment of more labour and ultimately full employment will be attained. This view is based on the assumption that changes in money wages are related directly and proportionately to real wages. So when the money wage rate is reduced, the real wage is also reduced to the same extent, consequently, unemployment is reduced and full employment prevails.

Keynesian Economic Theory (1936): According to Keynes (1936), unemployment situation is a result of lack of aggregate demand. He believed that it is demand that determines employment and employment determines the real wage rate. Keynes (1936) sees unemployment in terms of rigidity in the labor market that prevented wages from falling to a level at which the labor market would be in equilibrium. Equilibrium would be reached when pressure from members of the labor force seeking work had bid down the wage to the point where either some dropped out of the labor market or firms became willing to take on more labor given that the lower wage increased the profitability of hiring more workers. If, however, some rigidity prevented wages from falling to the point where supply and demand for labor were at equilibrium, then

unemployment could persist. Such an obstacle could be, for example, trade union action to maintain minimum wages or minimum-wage legislation. Keynes's major innovation was to argue that persistent unemployment might be caused by a deficiency in effective demand for production or services, rather than by a disequilibrium in the labor market. Such a deficiency of demand is by a failure of planned investment to match planned savings.

Methodology

The survey research design was employed in this study. This is because data that were used were qualitative in nature and due to the advantage it has over others that inculcate as many variables as necessary for the research study (Bichi, 2004). The population for this study consists of civil servants in Kwara state which stood at 17,487 (Kwara State Civil Service Commission, 2017)

The sample size was determined using the Slovin's formula which is given as:

$$n = \frac{N}{1+N(e)^2}$$

Where: n = desired sample size
N = population size
e = margin of error

For the purpose of this study, this margin of error is taken to be 5%.

Let the total population size be N. This implies that N = 17,487. This also implies that e = 0.05.

Substituting these into the Slovin's formula and thus computed as shown below:

$$n = \frac{17,487}{1+17487(0.05)^2} = 399.97 \cong 400.$$

This implies that a sample size of 400 was required to achieve a 95% precision from utilizing information and data collected from the sample.

The random sampling technique was used to ensure that every member of the population has an equal

chance of being included in the sample. However, the sample size of 400 was in accordance with opinions of Dillman (2000); Hill, Brierley and McDougall (2003) who reported that a sample size of 100 and above is sufficient to represent good research findings. Both qualitative and quantitative research methods were adopted. For better and a much acceptable responses, the data collection instrument used for this study was structured questionnaire. Regression analysis was used to test hypotheses formulated for the study. The rationale for using regression analysis was because it is a statistical tool that does not only explores the relationship between two or more variables (dependent variable and independent variables) but also indicates the direction of the result (the degree of variability changes in the level of dependent variable as a result of factors related to independent variable). The regression model is given below as:

$$Y = \beta_0 + \beta_1 X_1 + E$$

Where:

Y = Dependent variable

β_0 = Intercept of the model

β_1 = Coefficient of the independent variable in the model

X_1 = element of independent variable

E = Error term

Model 1: $MRA = \beta_0 + \beta_1 EG + E$

Model 2: $MRA = \beta_0 + \beta_1 UR + E$

Where:

MRA = Mandatory Retirement Age (Independent Variable)

β_0 = Intercept of the Model

β_1 = Coefficient of the dependent Variables in the Model

EG = Employment Generation (Dependent Variable)

UR = Unemployment Rate (Dependent Variable)

E = Error term.

Test of hypotheses

H0₁: Mandatory retirement age does not have significant influence on employment generation in Nigeria

Table 1 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.660 ^a	.628	.453	.57548

a. Predictors: (Constant), Mandatory retirement age

Source: Researcher's computation, 2017

The table above presents the model summary of the influence of Mandatory retirement age on the generation of employment in Nigeria. The table shows Correlation coefficient (R) and R-square to be 0.660 and 0.628 respectively. This explains that, Mandatory

retirement age is highly positively related with the employment generations and mandatory retirement age variables explain for about 62.8% of the variations and the remaining 37.2% was explained by other factors not included in the model.

Table 2

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	264.222	354	14.834	19.875	.000 ^b
	Residual	14.834	1	.746		
	Total	279.056	355			

a. Dependent Variable: Employment generations

b. Predictors: (Constant), Mandatory retirement age

Source: Researcher's computation, 2017

The F-statistic as shown from the ANOVA table is significant since the ANOVA significance of .000 is less than the alpha level of .005. This implies that the independent variable accounted for the variation in the

dependent variable. Also, the regression sum of square of 264.222 is greater than residual sum of square 14.834, further showing the significant of the overall model.

Table 3

Coefficients^a

Model		Unstandardized Coefficients	Standardized Coefficients	T	Sig.
		B	Std. Error	Beta	
1	(Constant)	3.362	.231		14.571
	Mandatory retirement age	.236	.053	.231	4.458

a. Dependent Variable: Employment generations

Source: Researcher's computation, 2017

From the above regression coefficient table, mandatory retirement age affect Employment generations with probability value less than 0.05. With this, it is suffice to say that mandatory retirement age has significant influence on employment generation.

Therefore, the Null hypothesis is rejected while the alternative hypothesis is accepted i.e, mandatory retirement age has significant influence on employment generation in Nigeria.

H₀₂: Mandatory retirement age does not have significant impact on unemployment in Nigeria

Table 4 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.597 ^a	.556	.546	.54331

a. Predictors: (Constant), Mandatory retirement age

Source: Researcher's computation, 2017

The table above presents the model summary of the influence of mandatory retirement age on the rate of unemployment in Nigeria. The table shows Correlation coefficient (R) and R-square to be 0.597 and 0.556 respectively. This explains that, Mandatory retirement

age is highly positively related with the unemployment rate and mandatory retirement age variables explain for about 55.6% of the variations and the remaining 44.4% was explained by other factors not included in the model.

Table 5 ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	36.357	185	6.711	34.151	.000 ^b
	Residual	20.134	3	.197		
	Total	56.491	188			

a. Dependent Variable: Unemployment rate

b. Predictors: (Constant), Mandatory retirement age

Source: Researcher's computation, 2017

The F-statistic as shown from the ANOVA table is significant since the ANOVA significance of .000 is less than the alpha level of .005. This implies that the independent variable accounted for the variation in the

dependent variable. Also, the regression sum of square of 36.357 is greater than residual sum of square 20.134, further showing the significant of the overall model.

Table 6 Coefficients^a

Model		Unstandardized Coefficients	Standardized Coefficients	T	Sig.
		B	Std. Error	Beta	
1	(Constant)	4.213	.249		16.893
	Mandatory retirement age	.543	.457	.640	.747
					.000
					.002

a. Dependent Variable: Unemployment rate

Source: Researcher's computation, 2017

From the above regression coefficient table, mandatory retirement age affect Employment generations with probability value of 0.02 which is less than 0.05. With this, it is suffice to say that mandatory retirement age has significant influence on unemployment rate. Therefore, the Null hypothesis is rejected while the alternative hypothesis is accepted i.e, mandatory retirement age has significant influence on unemployment rate in Nigeria.

Discussion of findings

The first hypothesis (H_{01}) seeks to determine whether or not mandatory retirement age has any significant influence on employment generations in Nigeria public service. The table 4.1.1 shows correlation coefficient (R) and R-square to be 0.660 and 0.628 respectively. This explains that, MRA is highly positively related with the employment generations and mandatory retirement age variables explain for about 62.8% of the variations and the remaining 37.2% was explained by other factors not included in the model. With probability value less than 0.05, it is suffice to say that mandatory retirement age has significant influence on employment generation. Therefore, the null hypothesis is rejected while the alternative hypothesis is accepted i.e, mandatory retirement age has significant influence on employment generations in Nigeria public service.

The second hypothesis (H_{02}) seeks to determine whether or not mandatory retirement age has any significant impact on persistent unemployment issue in Nigeria public service. The table 4.2.1 presents the model summary of the influence of mandatory retirement age on the rate of unemployment in Nigeria. The table shows correlation coefficient (R) and R-square to be 0.597 and 0.556 respectively. This explains that, mandatory retirement age is highly positively related with the unemployment rate and mandatory retirement age variables explain for about 55.6% of the variations and the remaining 44.4% was explained by other factors not included in the model.

Therefore, the null hypothesis is rejected while the alternative hypothesis is accepted i.e, mandatory retirement age has significant influence on unemployment rate in Nigeria.

Conclusion

From the findings, it is obvious that fostering MRA method will lowering unemployment rate because, the longer a civil servant stays beyond MRA on the job, the less the chance of a new applicant into system and so youth unemployment will continue to rise as the older workforce refused to retire when they are due for retirement. MRA can however, be used for employment generation opportunities at least an equivalent number in form of replacement if the number of civil servants that are due for retirement in a closer future are identified by government. Even if MRA schemes fail to boost the overall level of employment or satisfy criteria of economic efficiency, they may still be judged beneficial if employment is redistributed in favor of groups that suffer from disproportionately high rates of unemployment in the country.

Recommendations

The study recommends that government should acquire a databank software to host and maintain database for civil servants that are due for retirement and unemployed youth in the country. Also, there should be a network relationship between the Ministry of Finance and Civil Service Commission that will ensure that salaries are automated to stop on due date of retirement while that of fresh appointment is activated. By this, a fresh appointee can commence work the month following the month of retirement of retiring civil servants. Finally, Government should establish Retirement Agency in each state to address the problems of retirees and to assist them from wasting away.

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APPENDIX: LABOUR MARKET STATISTICS, 2010 – 2016

