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# Workforce Empowerment for Retirement Preparedness in Nigeria's Diversifying Economy

**Bolarinwa, Kayode Omotayo PhD**

Associate Professor of Business Education Department of Business Education, Faculty of Vocational and Technical Education Adeyemi Federal University of Education, Ondo, Nigeria

**ABSTRACT**

This paper argues that workers in a fragile and evolving economy should not rely solely on monthly salaries or statutory pension benefits for their post-retirement life. In the Nigerian context, ongoing inflation, poverty pressures, insecurity, inconsistent job quality, and structural growth constraints continue to erode household purchasing power and heighten uncertainty about the adequacy of retirement (World Bank, 2025, 2026). At the same time, the pension industry has expanded in asset size and membership, confirming the value of formal retirement saving, while also underscoring the need for workers to complement pension entitlements with additional voluntary savings, income diversification, and prudent investment planning (National Pension Commission [PenCom], 2025). Drawing on literature on financial literacy, retirement preparedness, and social protection, this conceptual paper argues that worker empowerment should be understood not only as workplace autonomy but also as the capacity to make disciplined, informed, and ethical economic decisions that secure one's life before and after retirement. The paper discusses why workers should diversify income sources, how financial literacy shapes retirement readiness, the principles that should guide worker-led investment, and the investment pathways that can support resilience in a diversified economy. It concludes that retirement security is stronger when salaries, contributory pension arrangements, voluntary savings, productive assets, and carefully chosen investments are combined within a long-term plan.

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## INTRODUCTION

Economic uncertainty has made retirement planning more urgent for workers than in previous decades. For many households, income from salaries is under severe pressure due to inflation, high living costs, and an unstable labour market. In Nigeria, recent World Bank assessments show that high inflation has weakened purchasing power, structural bottlenecks continue to constrain diversification, and poverty remains widespread even where macroeconomic indicators show some stabilisation (World Bank, 2025, 2026). Under such conditions, the old assumption that continuous employment, gratuity, and pension payments will by themselves guarantee a secure old age has become increasingly fragile.

This reality makes the theme of workforce empowerment particularly important. Empowerment in this paper does not simply refer to the authority that employers give to staff to participate in decision-making. Rather, it refers to the worker's own capacity to think ahead, manage risk, and make sound economic choices about saving, investing, and preparing for retirement. Such empowerment is especially necessary in a diversified economy, where workers must learn to move beyond dependence on a single source of income and position themselves to benefit from multiple streams of legitimate economic activity.

The argument is not that salary is unimportant. Salary remains central to workers' livelihood and to regular retirement contributions. The argument is that salary alone is no longer sufficient as a retirement strategy. A worker who relies solely on current earnings may enter retirement with inadequate savings, limited income flexibility, and high vulnerability to shocks. By contrast, a worker who combines regular earnings with structured saving, pension participation, financial literacy, and carefully selected investments is more likely to achieve stability and dignity in old age (Lusardi & Mitchell, 2017; Sundarasen et al., 2024).

## WORKFORCE EMPOWERMENT, DIVERSIFICATION AND RETIREMENT PREPAREDNESS

A diversified economy creates room for households and workers to reduce overdependence on a single sector or income stream. At the national level, diversification improves resilience when one sector faces shocks. At the household level, the same logic applies: a worker who depends entirely on salary is exposed to serious risk when wages are delayed, employment becomes unstable, or post-work benefits are inadequate. The principle is simple but profound: retirement security improves when workers cultivate multiple, well-managed and lawful sources of long-term value.

This does not mean that every worker should rush into any available side business. Diversification without knowledge can worsen insecurity rather than reduce it. The value of diversification lies in careful selection, informed planning, and proper sequencing. The worker must understand the difference between productive investment and speculation, between long-term value creation and quick gain promises, and between diversification and overextension. Evidence continues to show that financial literacy is positively associated with retirement planning, wealth accumulation, and participation in formal financial products (Chen & Chen, 2023; Rupeika-Apoga & Priede, 2025; Van Rooij et al., 2012).

In addition, retirement is not merely a financial event; it is also a social and psychological transition. Research among Nigerian pre-retirees indicates that retirement anxiety is shaped by financial behaviour, goal clarity, and prior socialisation, and that comprehensive financial education remains important for reducing uncertainty about later life (Ugwu et al., 2024). For that reason, empowerment must include the ability to define retirement goals clearly: where one intends to live, how one expects to meet healthcare costs, what standard of living is considered acceptable, and which assets can reliably generate income after active service.

International evidence also supports a broader approach to retirement preparedness. The Organisation for Economic Co-operation and Development (OECD, 2023) argues that ageing societies require policies and practices that support longer, healthier and more secure working lives. Similarly, the International Labour Organisation (ILO, 2024) emphasises that social protection remains incomplete for billions of people and that livelihood diversification can increase adaptive capacity in the face of shocks. For workers in developing and diversifying economies, the implication is clear: retirement planning should combine formal pension participation with deliberate accumulation of additional assets and income streams.

## WHY EMPLOYEES SHOULD DIVERSIFY BEFORE RETIREMENT

The first reason employees should diversify is income risk. When a household depends on only one income source, any disruption in that source immediately affects consumption, children's education, healthcare, and savings. In contexts where inflation is high and real wages are volatile, such dependence can be especially dangerous. A diversified worker is better positioned to absorb a salary delay, a business slowdown, or a retirement income shortfall because alternative income channels can provide support.

The second reason is inflation protection. Retirement is a long-horizon challenge, and money kept idle loses value over time. Workers, therefore, require instruments and productive assets that can help preserve purchasing power. This is why retirement planning must go beyond saving to include investment. Saving creates discipline and liquidity; investment creates growth potential. Both are necessary. Financial literacy literature repeatedly shows that individuals who understand inflation, risk diversification, and compounding are more likely to prepare effectively for retirement (Lusardi & Mitchell, 2011, 2017).

The third reason is longevity and uncertainty. Retirement may last many years, and workers do not always know how long their resources will sustain them. A retirement plan built around a single benefit stream is therefore fragile. A more resilient structure combines mandatory pension savings, additional voluntary contributions where possible, emergency reserves, income-producing assets, and investments selected based on age, goals, and risk tolerance. This layered approach spreads risk instead of concentrating it.

The fourth reason is dignity and independence. Many retirees want to remain economically relevant without becoming a burden on family members or society. Productive investments made during active service can provide the autonomy to meet basic needs, manage emergencies, and make personal choices in retirement. In this sense, investment towards retirement is not simply a financial technique; it is part of human dignity.

## GUIDING PRINCIPLES FOR WORKER-LED INVESTMENT

Clear principles should guide worker-led investment. The first is alignment with knowledge and competence. Workers should invest in areas they understand or can properly monitor. Experience need not be perfect, but there should be sufficient familiarity to assess basic costs, opportunities, risks, and management needs. Where knowledge is weak, consultation with qualified professionals becomes important.

The second principle is feasibility. Not every promising venture is suitable for every worker. Feasibility requires a realistic assessment of startup costs, operating costs, expected cash flow, time requirements, legal requirements, and the break-even period. Workers who invest without such an assessment may tie up scarce resources in ventures that cannot survive. A feasibility study, even a simple one, can prevent expensive mistakes.

The third principle is disciplined diversification. Diversification does not require holding many assets randomly; it requires combining assets that perform differently under changing economic conditions. For a worker, that may mean keeping an emergency

reserve in liquid instruments, building exposure to relatively stable income products, and adding selected growth-oriented assets over time. The pension literature continues to show that retirement readiness improves when workers combine financial literacy with access to financial products and advisory support (Rupeika-Apoga & Priede, 2025).

The fourth principle is regulation and due diligence. Workers should favour regulated financial institutions, transparent products, and properly documented transactions. The Nigerian pension framework, for instance, permits additional voluntary contributions under the Contributory Pension Scheme and has continued to broaden retirement-saving channels, including arrangements targeted at self-employed and informal-sector participants (PenCom, 2018; PenCom, n.d.). Such regulated pathways are preferable to unverified schemes that promise unusually high returns without credible governance.

The fifth principle is the separation of personal investment from workplace obligations. Workers must ensure that outside investments do not undermine their official duties, create conflicts of interest, or damage organisational performance. Time management, ethical conduct, and proper delegation are therefore essential. A side venture should complement a worker's long-term financial security, not destroy the career that makes investment possible in the first place.

The sixth principle is record keeping and periodic review. Retirement planning is dynamic. Income changes, family size changes, health changes, and macroeconomic conditions change. A worker should therefore review financial goals, insurance coverage, debt burden, portfolio composition, and retirement timeline at regular intervals. Periodic review helps prevent drift and keeps the plan responsive to reality.

## INVESTMENT PATHWAYS TOWARDS RETIREMENT IN A DIVERSIFIED ECONOMY

In a diversified economy, workers have several broad pathways through which they can invest towards retirement. The first pathway is structured retirement savings itself. Pension participation should not be treated as a mere statutory deduction; it should be seen as a foundational retirement asset. PenCom (2025a) reports continued growth in membership and pension assets, indicating the importance of the Contributory Pension Scheme as a platform for retirement security. Workers who have room to do so may strengthen this foundation through additional voluntary contributions and related retirement products.

The second pathway is low- to medium-risk financial instruments that preserve capital and generate income. Depending on prevailing market conditions and regulatory access, these may include treasury instruments, bonds, money-market products, and collective investment schemes. Such options are useful for workers who require relatively predictable returns, lower volatility, and staged capital accumulation. They are not substitutes for long-term growth assets, but they are important for liquidity management and near-retirement stability.

The third pathway is growth-oriented investment. Over a long working life, carefully selected equities, dividend-paying funds, real estate investment vehicles, and other diversified market instruments may help grow retirement wealth, provided the worker understands the risks involved. Retirement planning research consistently indicates that households with stronger financial literacy are more likely to participate in productive investment and accumulate more net wealth over time (Van Rooij et al., 2012; Chen & Chen, 2023).

The fourth pathway is enterprise and productive asset ownership. This includes legally established small businesses, rental services, agro-allied ventures, processing enterprises, or other commercial activities that meet genuine market needs. For many workers, this pathway is attractive because it can begin on a small scale and expand gradually. However, enterprise investment requires more monitoring than passive financial products. The worker must therefore pay attention to governance, staffing, market demand, and cash-flow discipline.

The fifth pathway is human-capital investment. Retirement security is strengthened not only by putting money into assets, but also by improving one's capacity to earn, manage, and adapt. Skills in digital finance, bookkeeping, business planning, and investment analysis can significantly improve resilience in later life. Sundarasen et al. (2024) conclude from recent literature that financial sustainability in retirement is closely linked to literacy, preparedness, and informed decision-making. Workers who invest in relevant knowledge are better prepared to use all other retirement pathways well.

These pathways should not be pursued in the same way by everyone. Younger workers may be able to carry more growth-oriented assets because they have time to recover from market fluctuations. Workers close to retirement may require more liquidity, lower volatility, and stronger attention to capital preservation. What matters most is balance: the portfolio should reflect time horizon, risk capacity, family obligations, and retirement objectives.

## IMPLICATIONS FOR EMPLOYERS AND PUBLIC POLICY

Although individual workers must act responsibly, retirement preparedness should not be left solely to individuals. Employers and public institutions have important responsibilities. Regular salary payments, timely remittance of pension contributions, workplace retirement education, and access to reliable financial guidance all improve retirement outcomes. Where workers understand the retirement system and see consistent institutional compliance, they are more likely to plan and save.

There is also a policy case for deepening economic diversification itself. A more diversified economy creates wider opportunities for decent work, entrepreneurship, and household asset building. Nevertheless, Nigeria still faces infrastructure gaps, insecurity,

regulatory uncertainty, and other constraints that increase the cost of doing business and limit inclusive diversification (World Bank, 2026). Strengthening these fundamentals is therefore part of retirement policy because workers can invest productively only where viable opportunities exist.

In addition, social protection should be broadened in ways that complement, rather than displace, private initiative. The ILO (2024) stresses that social protection gaps remain very large globally, while the OECD (2023) highlights the growing pressure that ageing places on pension systems. These lessons suggest that a sound retirement future depends on a mix of public systems, employer compliance, and individual preparation.

## CONCLUSION

Empowering the workforce to invest for retirement in a diversified economy requires a mindset shift. Workers must no longer see retirement planning as something that begins a few months before exit from service. It should begin early in working life and continue through disciplined saving, financial education, and careful investment.

The discussion has shown that salary alone is too narrow a foundation for retirement security, especially in economies affected by inflation, uncertainty, and uneven job quality. A more durable approach combines statutory pension saving with additional voluntary saving, prudent portfolio diversification, productive asset ownership, and continuous review. When these are guided by financial literacy, ethical conduct, and realistic planning, workers are better positioned to retire with stability, dignity, and resilience.

Ultimately, the strength of retirement planning in a diversified economy lies in balance. Workers need a balance between present consumption and future security, between liquidity and long-term growth, between formal pension systems and private initiative, and between ambition and caution. That balance is the essence of sustainable retirement investment.

## RECOMMENDATIONS

1. Every worker should develop a written retirement plan early in active service, with clear targets for savings, expected retirement age, likely expenses, and preferred post-retirement sources of income.
2. Employees should complement mandatory pension deductions with additional voluntary savings where feasible, maintain an emergency fund, and spread retirement resources across liquid, income-generating, and growth-oriented assets.
3. Workers should favour regulated and transparent investment channels, keep adequate records, review their portfolios periodically, and avoid investment schemes that cannot clearly explain risk, governance, and liquidity conditions.
4. Employers should make workplace financial education a regular part of staff development and should provide pre-retirement counselling well before workers approach exit from service.
5. Policymakers should continue to deepen economic diversification, improve the business climate, strengthen pension compliance, and widen access to inclusive retirement-saving products for formal and informal workers alike.

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