

**PROVIDING SOCIAL PROTECTION IN THE FORM OF PENSION FUNDS TO
THE INFORMAL SECTOR IN GHANA;
A CASE STUDY OF SSNIT INFORMAL SECTOR FUND**

by

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COMMONWEALTH EXECUTIVE MASTERS OF BUSINESS
ADMINISTRATION**

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DECLARATION

I hereby declare that, this submission is my own work towards the Commonwealth MBA and that, to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

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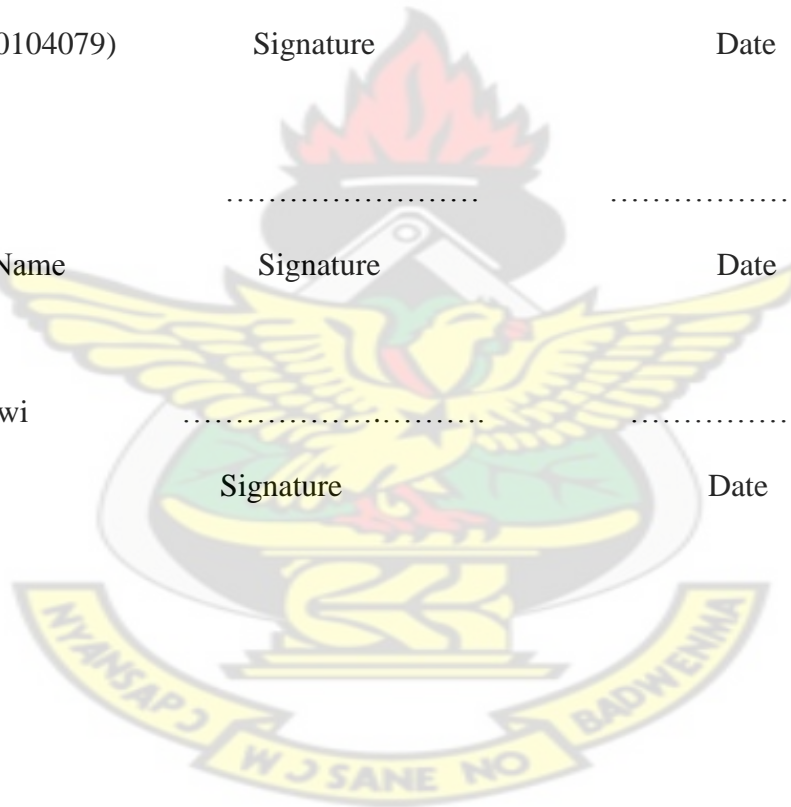
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ABSTRACT

Pension reform around the world in recent decades has focused mainly on the formal sector. Consequently, many of those working in the informal sector have been left out of structured pension arrangements, particularly in developing countries – a serious problem given this group are often due to low income earners, vulnerable to economic volatility and change. However, since the turn of the millennium, efforts in a range of countries have increasingly highlighted improving pension coverage for informal sector workers. There is therefore the need to undertake a detailed review of the SSNIT Informal Sector Fund pension scheme to identify the challenges that hinder its operations and also to evaluate negative perception of the public on the scheme. This study assesses the challenges of wide coverage of workers lack of awareness), unstable cash flows and distrust of the system which threaten the operational effectiveness, viability and suitability of the scheme. For the purpose of analysis of the analysis the researcher used a combination of data for which the main sources are from the survey which was conducted (questionnaires), SSNIT publications and literature review on the subject. These constituted the primary and secondary sources of data respectively. The analytical tools used by the researcher are Statistical package for Social Scientist, Microsoft Excel 2007 and Analytical Hierarchy Process model. It is therefore commended that effective and comprehensive educational and awareness raising programmes of SSNIT Informal Sector Fund pension scheme are instituted to increase its coverage. More flexible contribution

and withdrawal terms for informal sector workers will also boost the rate of contributions and enrollment of new members on to the scheme.

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DEDICATION

To my family for their love, encouragement, and support through this level of education.

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To God be the Glory for His mercies, kindness and guidance for bringing me this far.

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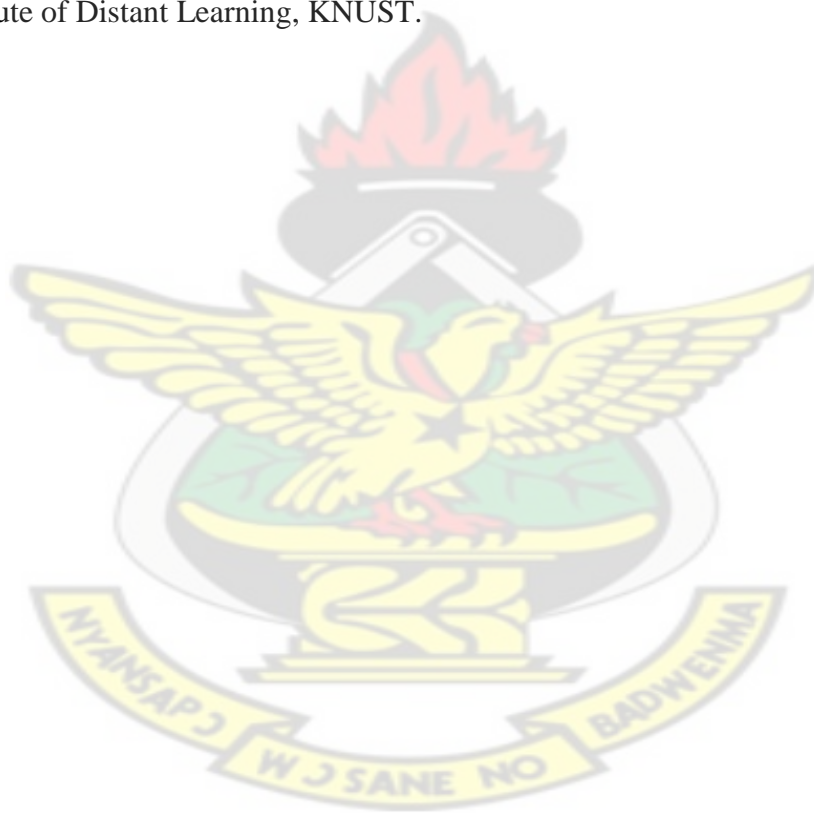


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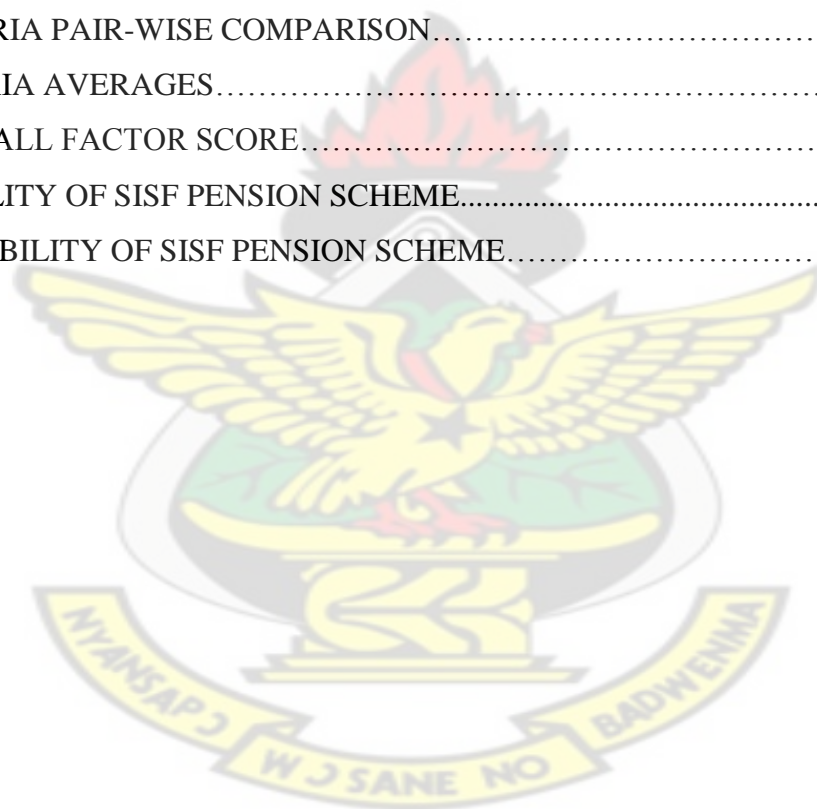
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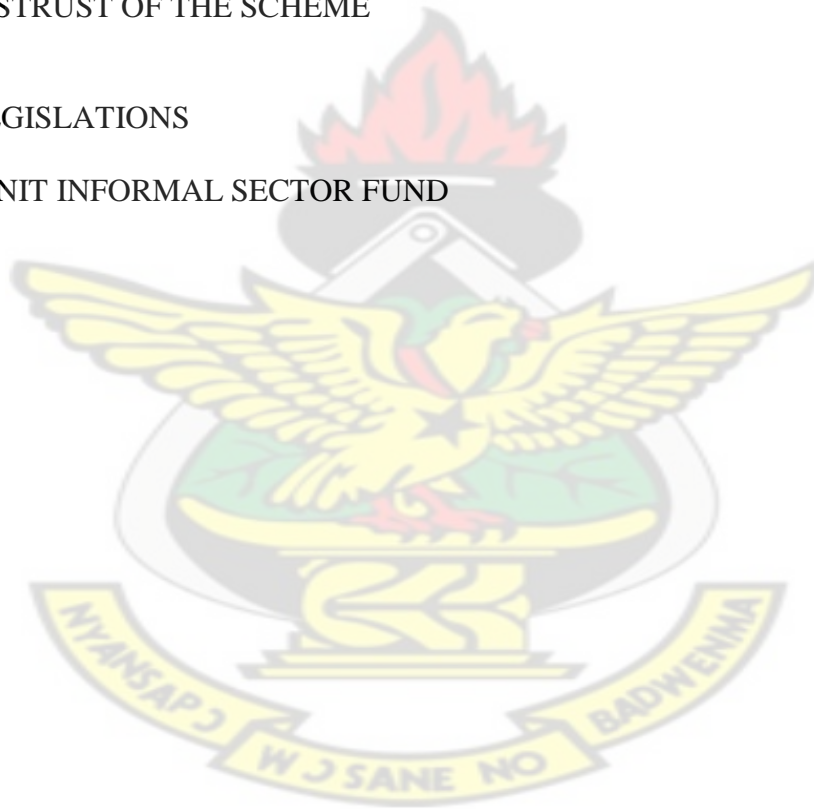
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LIST OF ABBREVIATION

AHP -	ANALYTICAL HIERARCHY PROCESS
SPSS-	STATISTICAL PACKAGE FOR SOCIAL SCIENTIST
OP-	OPERATIONS
LA-	LACK OF AWARENESS
CF -	UNSTABLE CASH FLOW
DS-	DISTRUST OF THE SCHEME
LG -	LEGISLATIONS
SISF-	SSNIT INFORMAL SECTOR FUND



CHAPTER ONE

INTRODUCTION

The research addresses social protection in the form of providing pension funds for the informal sector of Ghana. Chapter one details with the background of the study, problem statement, objectives, significance of the study, organization of the study among others.

1.1 Background of the study

Social insurance has come to the fore of international policy discussion over the years. As a result, international organizations have been formed to essentially bring together institutions and administrative bodies dealing with one or more aspects of social security in different countries of the world.

The formation of the social security association is to cooperate at the international level in the world, primarily by improving techniques and administration in order to advance the social and economic conditions of the population on the basis of social justice (Bennett, 1993).

However seeking to achieve this social justice, three fundamental and compulsory missions have been targeted. First of all, the aim is to serve as a focal point for different ideologies about social protection throughout the world. The next factor is to be the worldwide center par excellence for the collection and dissemination of information concerning social security.

(i.e. developments, innovative experiences and as well as results of research carried out in this field throughout the world). Finally there is the need to assist member organizations in improving social protection, facilitate their cooperation and mutual technical assistance and enhance their administrative capacity (Bennett, 1993).

Notwithstanding, since the 1980's public debate on social security in Ghana as well as on the international scene has increasingly focused on its effects on the economy. However, this trend has changed to cover several areas; major issues of concern are the adequacy of benefits, the informal sector, and scope of coverage of the working population by the State pension scheme. Another issue of public concern is the alleged misuse of the pension funds by SSNIT and the Government among other factors (Dei, 2001).

It is in this direction that the three tier pension scheme was established. The first tier basic national Social Security which incorporates an improved system of SSNIT benefits. It is mandatory for all employees in both private and public sectors. The second tier is also an occupational (or work based) pension scheme, mandatory for all employees but privately managed. This scheme is designed primarily to give contributors higher lump sum benefits than presently available under the SSNIT or Cap 30 pension schemes. Finally the third tier voluntary provident fund and personal pension schemes, supported by tax benefit incentives for workers in the Informal and Formal Sectors who want to make voluntary contributions to enhance their pension benefits presently available under the SSNIT or Cap 30 pension schemes respectively. The Social Security and Insurance Trust (SSNIT) has developed a separate social

security scheme purposely tailored to suit the needs of workers in the Informal Sector of Ghana; hitherto studies were undertaken by the Trust's research department and corroborated by a team from World Bank to the effect that, the SSNIT Pension Scheme is not suited to the Informal Sector due to the pattern of incomes in the sector, which is essentially unpredictable and irregular (SSNIT Annual report, 2009).

The SSNIT Informal Sector Fund pension scheme was therefore established to suit the Informal Sector. It is designed to reduce poverty and protect the vulnerable at old age, disability and upon a death of a member of the scheme.

This research therefore tries to analyze the social insurance (pension fund aspect of social protection for the Informal Economy of Ghana, a case study of SSNIT Informal Sector Fund.

1.2 Statement of the Problem

Over the years welfare schemes in terms of replacement incomes for retired workers in the Informal sector were non-existent except for those who retired from formal employment. An important factor about the Ghanaian economy indicates that the value of citizens' economic assets, by way of personal savings, wages and salaries, and claims to future pensions, are eroded by years of high inflation and currency depreciation. Most of these retired workers in the informal sector became burdens to their families and to the nation's economy as a whole since no structured pension was designed for them.

The study showed that workers in the informal sector are however not willing to sign unto a social security scheme, which can provide them with long-term and short-term financial benefits since most of them require financial support to boost their businesses and thereby increase their income. In May 2005, SSNIT introduced Informal Sector Fund. The objective of the Scheme is to operate a Social Insurance (pension) scheme appropriate for the working population in the Informal Sector of the Ghanaian economy as part of the Trust's mandate under the Social Security Law of Ghana (PNDC L 247 of 1991) and to design, operate and manage appropriate contingencies and pay benefits in accordance with the Rules and Regulations formulated and approved by the Trust.

1.3 Objective of the Study

The main purpose of this study is to measure the impact of providing social insurance for the Informal economy of Ghana. The specific objectives are:

1. To identify the operational effectiveness of SSNIT Informal Sector Fund Pension Scheme in the country.
2. To determine the public perception on the viability of SSNIT Informal Sector Fund Pension Scheme.
3. To determine the public perception on the suitability of SSNIT Informal Sector Fund Pension scheme.

1.4 Research Questions

In carrying out the research, the study tries to find solutions to the following questions;

1. What is the effect of the operations of the SSNIT Informal Sector Fund Pension Scheme on the workers in the Informal Sector of Ghana?
2. How does the public perceive the viability of SSNIT Informal Sector Fund Pension Scheme?
3. How does the public perceive the suitability of SSNIT Informal Sector Fund Pension Scheme?

1.5 Overview of Research Methodology

The research design would be a survey. This study utilizes both primary and secondary sources of data. Primary sources of data will be obtained from staff and management of SSNIT Informal Sector Fund, as well as the general public most especially working under the Informal Sector. Secondary data would be obtained from books, internet search, articles, and journals among others.

The population under study will be staff and management of SSNIT Informal Sector Fund in Adum, Suame and Asafo, as well as Informal Sector workers around these areas. This is because of the availability and accessibility of relevant information for the research under study.

The sample size will be one hundred and fifty (150) respondents in order to ensure that the information gathered is representative enough to draw conclusion.

The purposive sampling technique would be used in selecting staff and some management members of SSNIT Informal Sector Fund.

The simple random sampling technique would be used as well in order to select the consuming public. This is basically because the population will have an equal chance of being selected.

Primary data was collected with the use of questionnaires. Both qualitative and quantitative (analytical) methods would be used to analyze the data. Statistical Programmed for Social Scientist (SPSS) as well as Microsoft Excel would also be used to analyze the pre-coded questions and draw the graphs for the computed data respectively. Analytical Hierarchy Process (AHP) based on the criteria: control, occurrence and impact would be used as well to find out the factor which mostly affects the seamlessness of the operations of SSNIT Informal Sector Fund pension scheme. They would all be considered based on their relevance to the research.

1.6 Significance of the Study

The purpose of the study is to provide basic information about the role of pension schemes especially in the Informal Sector aspect of the country. This will help the government, agencies, institutions, investors and public at large to appreciate the essence of pension schemes. The government is the guarantor of the scheme and this

study can be used to advise prudent investment of surplus funds of the scheme in order to ensure adequate returns on investment.

The study is very significant because it will add to the existing literature or to the stock of books and works already written on social insurance or social security in the country.

The research would be useful to the academic community and serve as a spring board for further research or studies.

1.7 Area and Scope of the Study

The study would be delimited to investigate social protection in the form of social insurance for the Informal Sector of the country particularly with pension funds. The study is further delimited to SSNIT Informal Sector Fund offices in Adum, Asafo and Suame in Kumasi in the Ashanti Region of Ghana and the general public as a case study. This is because of the availability and accessibility of information. It is hoped that this would ensure a detailed investigation, which would yield more valid and reliable results. Other factors like time and convenience would be taken into consideration as well.

1.8 Limitations

In the course of information gathering, many challenges were encountered. Some of these challenges were the non-availability of adequate funds to send out sufficient questionnaires which was deemed appropriate as the population was very large.

Moreover, there was difficulty on the part of some respondents to give out some vital information which they deemed personal.

1.9 Organization of the Study

The study consists of five chapters. The first chapter consists of the background to the study, statement of the problem, scope of the study, objective of the study and significance of the study and lastly the organization of the study. Chapter two deals with literature review of concept relevant to the study. In chapter three, it deals with the methodology adopted to conduct the research. This chapter deals with issues such as the research design, instrument and data collection tools.

Chapter four also deals with data presentation, discussion and analysis. The last chapter indicates the findings of the study, conclusion and recommendations.



CHAPTER TWO

LITERATURE REVIEW

Historically in Ghana there existed a traditional system of social security amongst the rural folk that ensured that the extended family had the responsibility of taking care of the aged, the infirm and in the final analysis the dead in the community. The advent of modern society that is highly migratory and the introduction of social security have disrupted this traditional extended family system of care, as we now know it (Dei, 2001).

The missing link however is that some sections of the population have been missed out in the provision of social security in the transition from the rural extended family care to the modern social security and these are the people working in the informal sector and to some extent the rural folks. These people unfortunately form the majority of the population and the challenge is to design schemes to cater for the needs of this broader sector of the population.

The introduction of pension in Ghana dates back to the colonial times when Government introduced pension for a select group of civil servants who were known as pensionable officers. In the early sixties Government established a more national scheme to cover all workers both in the private and public sectors (Dei, 2001). The scheme was initially started as a Provident Fund to provide lump sum payments for old age, invalidity and survivors' benefits.

During this period the funds generated from the contributions were invested in special government bonds with very low interest rates and very long maturity periods.

As a result of the low interest rates and the rising inflation at that time, the lump sum benefits which were given to the beneficiaries at the time of pension were very inadequate (Dei,2001).Conversion of the Provident Fund into a pension payment introduced some elements of adequacy into the retirement package for the workers. The conversion of the Provident Fund was accompanied by the shift from investments in special government bonds into investments in a broad portfolio.

The transition to a very broad investment portfolio required considerations that satisfied the needs of government on the one hand, the need to satisfy some social needs of the contributors and the need to generate commercial rates of return to balance the lower rates from the other portfolios.

The existing schemes only provided social protection to some categories of workers.For instance, in 1946, the colonial government of the then Gold Coast introduced a non-contributory pension scheme to cover senior civil servants.

This scheme had by 1955 been extended to cover certified teachers and was commonly referred to as “CAP 30”. Similarly, a private superannuation scheme was operated to provide social security benefits to retired members of the academic staff of the then University College of the Gold Coast (University of Ghana).

In the private sector, there were large foreign trading and commercial firms which operated provident fund schemes, under which benefits were paid to employees at the time of retirement (Adjei, 1999).

The compulsory savings scheme of 1960 was the first attempt at developing a social security scheme with a national scope of coverage. This was replaced by the social security Act No. 279 of 1965, under which coverage was extended to all establishments employing five or more workers except those already covered by the “Cap 30” scheme. This national scheme was operated as a provident fund from the outset and was supposed to be converted to a pension scheme after five years (that is, by 1970). However, the conversion was not carried out as scheduled (Adjei, 1999).

In 1972, a decree was passed by which all civil servants employed on or after 1st January 1972 were to be covered by the social security scheme instead of the “Cap 30” scheme. In 1975, another decree (SMCD 8) was passed, which provided civil servants covered by the “Cap 30” scheme, the opportunity to opt to either remain covered by the “Cap 30” scheme or switch to the social security scheme. Refusal to exercise the option automatically led to coverage by the social security scheme (Research Department of SSNIT, 2001).

Proposals to convert the social security scheme from a provident fund scheme to a pension scheme were made to the government in 1987. However, the actual conversion was not carried out until 1991, with the promulgation of social security law (P.N.D.C.L. 247). The social security law (1991) called for the establishment of a Trustee (called SSNIT), with the responsibility to administer the State pension scheme (Research Department, 2001).

2. 1 The Impact of International Social Security Standards

The International Labour Organization has always attached considerable importance to social security issues. In fact, the set of ILO Conventions and Recommendations on social security is divided into "generations" of standards, corresponding to different approaches. With the emphasis placed firmly on the principles of social insurance, the earliest standards ILO Convention No. 102 of 1952, which covers social security and lays down minimum standards in the nine branches of social security, provides a basic reference text in this area for member states. The aspiration for achieving a minimum level of social security for the greatest number of people is shared by other organizations with standard-setting powers. The factors driving the development of international social security standards are many and varied, making it difficult to list them all in a comprehensive manner. The first, essential, reason for these standards comes from the observation that social security is vital to the well being of workers and their families and to society as a whole (Casey and Dostal, 2007).

With 80 per cent of the world's population living without adequate social security, the extension of coverage remains one of the main concerns in the social security field. The reason for developing international social security standards is fear and a growing sense of insecurity. Economic globalization makes social security more essential than ever. The increasingly competitive economic situation should not be a pretext for the adoption of measures which will tend to reduce social costs unjustifiably. The welcome increase in equality between men and women in the

social security field cannot fail to have consequences for standard-setting responsibilities. Being at one and the same time ambitious yet vital, international standards like national legislations must complement one another and be in perfect synergy. International standards contribute to social progress and the development of security and democracy through citizen participation (Davis and Hu, 2004).

2.2 Effective and Efficient Standards of Social Security

Social security standards, like all standards, help to ensure that the importance of economic and social rights as an integral element of human rights has been acknowledged. Standard-setting activities necessarily depend on the participation of member states in accordance with its constitution. International social security standards will therefore be most effective within an organized system. It is essential therefore to provide thorough and accurate information about the social security system, as well as decentralizing some areas of decision-making and making social security services more personalized (Help Aid International, 2002)

There are already a wide range of international instruments for ensuring effective standards, but standard-setting is never a definitive process. Social security standards are a coherent set of standards which naturally, cover the right to a decent level of social security. As it has been stressed "The best guarantee of credibility lies in the effectiveness of normative activities. Improving the visibility, effectiveness and relevance of standard-setting systems.

- Employment Injury Benefits Convention, 1964 (No. 121);

- Maintenance of Social Security Rights Convention, 1982 (No. 157);
- Maternity Protection Convention, 2000 (No. 183).

Any new social security standards must take the content of existing conventions into consideration. Social security standards have already had a considerable impact on the world. Future standard-setting activities must strike a balance between permanence and innovation. Success for providing a platform will enable us to highlight the universality of its international standards as well as to highlight the need for these standards to be promoted. While they remain effective and efficient, international labour standards, and in particular the social security standards, will continue to form one of the cornerstones of this Organization (Help Age International, 2002).

2.3 Peoples Attitude towards Social Insurance

What does evidence from public opinion surveys tell us about people's attitudes about Social Security and its future? How does this evidence match up against common beliefs about public opinion towards Social Security? Just as proposals for Social Security policy changes are vetted by experts on program benefits and financing, general views about the existing system and proposals to change it can be assessed by experts in public opinion research.

There are three common claims about public attitudes toward Social Security: first, that confidence in it is steadily declining; second, that declining confidence has led to declining support for Social Security; and finally, that declining confidence and

support leads most people eligible for the policy to favor some form of individual accounts as part of Social Security. (*Lomax and Jacobs, 2001*).

2.4 Steadily Declining Confidence

Over the years, confidence in the future of social insurance has steadily declined. It is sometimes reasoned that, if this is true, then dramatic steps are necessary to avoid a crisis of confidence. The best available evidence about long term trends in confidence in social security come from a survey sponsored by the American Council of Life Insurers since 1972. In most years since 1975, it asked over five million people the world over how confident they were in the future of social security systems. Would one say one was confident, somewhat confident, not too confident or not at all confident?

The proportion of people who were confident or somewhat confident about the future of social security has fluctuated over the years (*Lomax and Jacobs, 2001*). However by 2000, fifty percent of the people who had taken part in the survey were very or somewhat confident in the future of social security while three percent had no opinion. This level of confidence is fifteen percent higher than in 1998 and seventeen percent higher than in 1996. Despite the recent increase, only about half of the population of the world report they have confidence in the systems future; it is sometimes claimed that declining confidence has led to declining support for Social Security. A survey by the National Opinion Research Center (NORC) in America provides consistent data on trends in support for Social Security and other programs

(Lefort, 2002). This organization conducted another series of surveys that examined support for Social insurance. First, support for Social Security as measured in these surveys is high and has been stable over time.

Comparing confidence and public support suggests that declines in confidence do not coincide with declines in support (Lefort, 2002).

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2.5 Other Options

Social Security now offers almost no choice: workers are covered automatically; their employers deduct their taxes from their wages routinely; workers don't have a choice about how the funds are managed. Their benefits derive solely from the success of their work lives, not from the success of past financial decisions. The only choice they face is when to claim benefits once they are eligible. Proponents of more choice propose to substitute individual savings accounts for all or part of Social Security's existing benefits. Such plans would give workers new responsibility for managing their individual Social Security funds. Workers would have new choices about how their individual Social Security funds are invested during their working lives (investment choice) and whether or not their funds would be turned into monthly benefits or annuities at retirement (annuitization choice). On each new choice, we can ask, "what trade-off would people be offered?" and "how might they respond?" (World Bank, 2005).

2.6 Investment Choice

When it comes to investment choice, plans differ in their details, most would offer workers a choice between putting their Social Security accounts in the stock market or in long-term government bonds. Stocks bring the chance of higher returns, but also pose risks that values will decline. Using historical experience as a guide, according to Loewenstein et al (1999), large company stocks produced a real compound annual return after adjusting for inflation, while long-term government bonds had a real return of 2.2 percent (Ibbotson Associates, 1999). How might workers react to new investment choices in Social Security?

Research on the psychology of decision making suggests a variety of responses. First, many people are highly risk averse. They might be inclined to avoid risky stock investments and choose safer, lower yield government bonds. Other people might over-estimate their own expertise and try to time the market to maximize their returns. The research by Odean (1998) discussed earlier suggests that, on average, they would end up with lower returns than if they had followed a steady course. They would end up in whatever default investment option policy makers put in the plan. People who prefer not to make these decisions could not avoid feelings of anxiety and regret. Even those who accepted the default investment plan could end up comparing their returns with what they could have experienced had they made a different decision. While even under the current system, retirees may be disappointed with the level of their retirement benefits, those feelings of disappointment may be less

personally painful than the feelings of regret and recrimination that could accompany bad outcomes when people made their own investment decisions (Loewenstein,1999).

2.6.1 Annuitization Choice

Social Security reforms that create individual investment accounts also pose new choices about whether and how retirees would turn their accounts into monthly benefits.

The standard way to do that is to buy an annuity from an insurance company. The retiree pays his/her lump sum savings to the insurance company, and in return, the company has a contractual obligation to pay the retiree a guaranteed monthly benefit for the rest of his or her life. The company bears the mortality risk (that the person will outlive his or her life expectancy) and the investment risk (that its investment returns on the lump sum will be less than it anticipated when it entered into the contract with people who to be secured, knowing that the purchasing power of their retirement income will last as long as they live. Adding to the dilemma is the realization that an annuity purchase is irrevocable. Having chosen an annuity forecloses the option of undoing that decision later. And the stakes can be very high. If, shortly after the purchase, a person learns that her life span is likely to be shorter than anticipated, she is likely to experience serious regret. Had she delayed the decision, she would have chosen not to annuitize. On the other hand, if a person had decided not to annuitize and then outlived his savings, he would also experience serious regret as well as financial hardship. These choices require gambling about the

future rate of inflation, how long one will live, and how long one's spouse will live (Encarta, 2010).

2.6.2 Poverty and Social Security

There are many people who are still very poor. About 1.2 billion people live on less than one dollar a day (World Bank, 2001). As recent events have demonstrated, poverty anywhere is a threat to all of us everywhere. Poverty eradication will remain first and foremost a matter of national economic and social policies as well as a policy of good governance.

However, there are a number of developing countries with annual per capita GDP levels of US\$1,000 and below which will not be able to if left unaided to escape the poverty trap resulting from decades of malfunctioning governance and bad economic performance (World Bank, 2001). Today, globalization is still largely a phenomenon of capital, goods and services, and labour markets. While poverty is widely discussed, and diverse initiatives have been undertaken to combat the problem at the national and international levels, global social responsibility is not yet part of the state of mind of most people. The world may be on its way to becoming a global village, but the villagers are not sharing enough of their resources to lift their less fortunate neighbours out of the most severe forms of poverty. At the turn of the century the global community adopted Millennium Development Goals. The first and most prominent of these ambitious goals is to “eradicate poverty and hunger”. This was concretised as “halving the proportion of people with less than one dollar a day”.

National social protection systems providing social security through schemes ranging from basic poverty alleviation to pensions and health-care are one of the most powerful means of alleviating and preventing poverty. However, according to ILO estimates, only about 20 per cent of the world's population has access to any form of social protection (Wikipedia, 2011).

2.7 What is Poverty?

According to Cichon et al (2005), in ISSA Initiative Findings & Opinions No. 11, poverty is a multi-dimensional phenomenon.

It manifests itself in lack of access to education, lack of access to adequate health services, in malnutrition, in poor sanitation and in gender disparities. The causal links between working and living environments, education systems, health systems, social protection systems, human rights and poverty are fundamental to finding solutions that will remedy these problems. Improving education, health, environment, work opportunities, and existing social security safeguards for poor people are essential to the realization of international development targets such as the Millennium Development Goals. Ultimately all potential remedies to all dimensions of poverty have three common denominators: availability of resources, established national policy priorities with regard to the use of resources, and effective and efficient allocation of available resources. If an economy generates reasonable national income, it also creates a tax base that should generate sufficient resources to root out the main causes of poverty. Whether and to what extent these resources are actually

used to combat poverty is a matter of national policy priorities. How effectively and efficiently they are used depends on the quality of governance.

Hence, the eradication of poverty remains first and foremost an objective of national economic, social and fiscal policies. That task inevitably is easier in countries where the economic engine provides income that can be redistributed to alleviate immediate poverty and re-invested in the economy and in governance systems to prevent long-term poverty. Other countries need outside help to put governance systems on a policy path of poverty reduction. A group analysis of the relationship between absolute poverty rates and GDP per capita shows that countries with, say, US\$5,000 per capita could nevertheless have poverty rates as high as 50% but, with the right policy priorities and good governance, could equally well see poverty rates drop well below the 20% level (Helping Age International 2006). Within an overall policy of redistribution through social transfers, the degree and focus of poverty targeting is also relevant. In general, substantial and well allocated social spending seems to be able to effectively cause poverty rates to fall - even without a change in economic performance (Help Age International, 2006).

2.8 Coverage

Old Age Pensions

According to Roberts et al (2004), there is a relationship between the level of social security coverage and per capita GDP, the number of people employed in the agricultural sector; the percentage of the economically active workforce who are self-employed, and the estimated percentage of GDP generated in the informal sector. The study also found a relationship between the level of social security coverage and whether the social security system is national, or comprised of sector or occupation based schemes. Where coverage is defined as being currently in receipt of an old age pension, the brief confirms the findings of the International Labour Organisation (ILO) that large proportions of the population in many regions of the world do not enjoy any social protection, or have only very limited cover. While in advanced countries coverage ranges from 72 per cent in the UK to 99 per cent in Finland, coverage in middle income countries is estimated between 17 per cent in Mexico to 88 per cent in the Czech Republic, while in developing countries estimates of coverage range from 4 per cent in Thailand to 47 per cent in Morocco (Johnson, 1994). Where coverage is based on whether people of working age currently contribute to pension schemes or is covered by a residence based or universal scheme, an average of 84 percent of the current working age population in Group A countries can be considered to be covered by a state pension (Davis, 2002). In middle level countries approximately half of future recipients were covered. On average, 12 per cent of people of working age were contributors to pension schemes (of any kind) in

developing countries (Johnson, 1994). While the figures presented for developed and middle level countries show the proportion of people who are covered by the main national pension scheme they do not show all those who are in receipt of a retirement benefit of one type or another. Each of the countries relies upon a mix of some or all of statutory contributory, non-contributory, noncontributory means-tested and private schemes to provide income security in old age. Ideally, coverage would have been broadly defined in order to include receipt of any eligible benefit for a specific risk. The requirement to work with published data, however, meant that it was not possible to assess the number of people who were actually in receipt of any one of these benefits. Simply summing the numbers in receipt of each benefit for a given risk would risk multiple counting of people.

2.8.1 Unemployment

There was a wide range of coverage for unemployment among the developed countries from a low of 33 per cent in the USA to a high of 97 per cent in Finland, in 2000 (Lesort and Walker, 2002). The low coverage rate for unemployment in the developed economies is likely to arise both from the severe eligibility conditions attached to the receipt of unemployment benefits and that there is no social assistance benefit for those who do not meet the criteria for contributory benefits. In each of these countries, there is a close connection between unemployment benefits and labour market policies.

Each of the countries has tightened work test rules over the last decade. However, if the "welfare to work" strategy is to be successful the policy focus must extend beyond placement in short-term jobs to sustainable employment at wage levels sufficient to maintain individuals above minimum income.

2.8.2 Key Characteristics of Excluded Groups

According to Roberts et al (2004), exclusion is "non-random", there are, across countries, systematic similarities among those who are least likely to be covered by social security and identify women, migrants, and agricultural and urban informal sector workers as most likely to be excluded. These groups are unprotected largely because of the interface between their labour market position and the role and design of contributory schemes, which lie at the heart of most of the case study countries' social security systems. The problem of an over concentration on formal sector worker insurance is exacerbated for healthcare in some countries by an inappropriate focus on providing services that are not relevant to the prevailing sickness profiles and epidemiological patterns and failure to provide for women's healthcare needs. These findings have important implications for the design of policies to extend coverage of social security.

2.9 The Agricultural and Urban Informal Sectors

The agricultural and the urban informal sectors present particularly acute challenges to those seeking to extend coverage of social security. Half of the world's

labour force is employed in agriculture, while over the past two decades; globalization and structural adjustment have increased employment in the informal sector in all regions of the world (Charmes, 1998).

Even where agricultural and informal urban sector workers have rights and entitlements to social security low educational qualifications and lack of trade unionism may prevent some groups accessing their rights. Many informal sector employers avoid paying contributions for their employees, while in many of the developing economies, the state does not have effective institutional mechanisms to detect, affiliate and collect contributions from self-employed, micro-enterprise and informal sector workers.

Where schemes are available on a voluntary basis, the proportion of those who join is often very low. This may be because many workers in the agricultural and urban informal sectors have immediate needs for food, shelter and clothing and may be unable or unwilling to set aside a relatively high proportion of their current incomes to meet future needs. Many may lack coverage because of fluctuations in their incomes. The absence of a contributing employer may also reduce the incentive of self-employed workers to contribute.

2.9.1 Women

Coverage for old age pensions and healthcare has an important gender dimension. Only in the universal schemes are retired women as likely to receive a pension as men. A partial explanation for the high coverage rates for women in some countries

may lie with contribution credits made to people who are temporarily outside the workforce. In middle income countries, men were about one-third again as likely to receive an old age pension as women. Whereas in developed countries, men were about one-quarter again as likely as women to receive a pension. In Tanzania, the only developing country where male and female figures were available separately, men were almost four times more likely to receive a pension than women (ILO, 2000).

2.9.2 Migrants

Another group of people who may be disproportionately represented among informal workers are migrants. In some cases migrants may not be legal residents and consequently may not have any entitlement to benefits. However countries have nationality or residence conditions attached to at least some old age pensions or healthcare services that may exclude migrants who are legally resident. Those who are not excluded by nationality and residence conditions may have work histories that do not conform to the long-term formal sector employee model and may not have paid sufficient contributions to build up an entitlement to a full pension. Migrants may be discriminated against and may also be reluctant to assert their rights.

2.9.3 Policies to Extending Coverage

Policy makers tasked with extending the scope of coverage must decide which programmes or combination of programmes are likely to best meet the aim of

providing social security for all parts of society and foster institutions at the national, local and community level that are able to deliver the selected benefits and services.

2.10 Choice of Programme

While contributory systems may provide a high level of protection for members, they are exclusive and not open to outsiders. There is evidence that the contributory social insurance model, developed in Europe, based on employment status where individuals have an earnings and employment record, has proved to be ineffective in extending social security beyond the urban elites in developing and some middle income countries where agriculture remains labour intensive and the urban economy is largely informal (Charmes, 1998). These findings have important implications for the extension of social security coverage, suggesting that it will be necessary to move beyond conventional social insurance to expand coverage to groups that are currently unprotected.

2.10.1 Tightening the Link between Benefits and Contributions

The direction of policy in some countries recently has seen a tighter link between benefits and contributions as they introduce multi pillar systems with a large defined contribution component usually accompanied by a modest redistributive public pillar. It is argued that this tighter link is a precondition for financially sound expansion of coverage allowing revenue to cover obligations and so making the system more sustainable for those who are included. While proposals to increase the availability of

second and third tier pensions may provide greater security and maintain high income levels in retirement for those who are already members, it is very unlikely that these policies will be more inclusive of groups who are currently legally or de facto outside the scope of existing provision and may indeed increase the numbers of people who are without social security coverage.

2.10.2 Modifying the Contributory Principle

Coverage of contributory schemes could be extended to groups who are presently excluded by reducing contributions rates that are unaffordable to many people with low incomes, and amending entitlement conditions to take into account the particular circumstances of selected groups such as the self-employed and domestic servants, women and migrants. Policies that are likely to improve pension coverage for women are to modify contribution requirements and ensure that schemes provide adequately for survivors. While for migrants the contributory principle could be modified to allow migrants to select "best years" contributions. This option requires contributors or the state to subsidize previous non-contributors and requires them to be perceived as legitimate claimants by contributors and/or taxpayers. So it may be more difficult to extend this approach to groups that are perceived as "outsiders", such as migrants.

2.10.3 Moving Beyond the Contributory Principle

Another option, which may be combined with either of the two previous options, is to introduce a tax financed safety net to help cover the gaps that arise in a contributory scheme. It has been suggested that a means tested system developed by Australia provides a model for countries that cannot afford or do not wish to go down the social insurance route (Loewenstein, 1999). However, there is evidence from some of our case study countries that means-tested social assistance does not always reach the intended population and that nominally high coverage rates under non-contributory means-tested schemes may disguise actual take-up. Non-take up of means-tested benefits may exclude more women than men.

2.10.4 Universal Entitlement

For those seeking to close the coverage gap, universal schemes are of major interest in principle because by definition they cover the whole target population. Data collected over the years show that, with the exception of the USA, there has been greater success in universalizing entitlement to healthcare than to old age pensions in developed and middle income countries (Lee, 1997). This has largely been achieved through the introduction and extension of schemes financed entirely or partially through general taxation. Of our case study countries, Finland has the most complete coverage for all groups of people, including women and migrants.

2.10.5 Importance of Social Protection or Pensions

Poverty Alleviation

Pensions play an important role in poverty alleviation of the elderly - one of the most vulnerable groups in any society, particularly older women. Yet, according to the ILO, only one in five workers is covered by adequate social security schemes, whilst the World Bank (Holtzman, 2001) points out that 85% of the world's population over 65 years has no retirement benefit at all. In sub-Saharan Africa less than 10% of the older population has a contributory pension (Palacios and Pallares-Miralles, 2000).

Basic, social support can be implemented via public pension arrangements. Indeed social protection is increasingly considered as contributing to the development process in the same way as health and education (Dulleman, 2007). It is beyond the scope of this paper to enter the debate over which type of social pension is most appropriate -contributory vs. non-contributory / universal vs. means tested etc. However, irrespective of the type of arrangement, in addition to reducing poverty amongst the elderly, providing pensions has also been shown to have implications for broader society, as benefits are shared with household members, for example via providing food, clothing and school materials for grandchildren.

Receiving and sharing a pension cements intergeneration relationships and makes the elder more integrated into communities, rather than feeling like a burden on their families.

The following examples of the positive social impact which pension can have are taken from Help Age International's Social Protection Facts and Figures (Help Age International 2006).

Alleviating Government Costs

In addition to social pensions being affordable for many emerging economies, developing funded pension systems can also reduce government expenditure, thereby releasing funds to direct to other key policy challenges and initiatives

(Haberman,1998).The reform of unsustainable pay-as-you-go (PAYG) pension systems can help reduce the fiscal burden that such schemes place on the population, and indeed avoid burdening future generations. Such concerns are greatest in countries with high levels of labour market informality, as is the case in developing countries in Africa and elsewhere, as large groups of the population may not have access to the pension system but support it indirectly via the tax system (Harberman,1998). Spending of pensions (particularly on pensions for civil servants and other special schemes) has increased enormously in the region, and is crowding out spending on other deserving programs (Harberman, 1998).

The potential for major fiscal imbalances and regressive distributional outcomes is compounded when the pension scheme is designed to cover only specific workers with a high degree of political power. In Africa this is often the case of civil servants pension arrangements. In all countries the formula used to calculate the pension for civil servants tends to be more generous than for private sector workers. The impact of a more generous formula and a more mature system along with a lack of reserves

results in a build-up of large deficits that are ultimately a burden on the rest of the population, and the crowding out of other important expenditures (Harberman, 1998).

Macroeconomic benefits of prefunding pensions

Many countries around the world are partly prefunding their otherwise pay-as-you-go (PAYG) financed social security systems by establishing or further developing existing public pension reserve funds (PPRFs). This trend is parallel to the growing shift towards fully-funded, privately managed pension systems, which has in turn heightened the role of pension funds in retirement income arrangements (Davis, 2002).

Though benefits of prefunding have been found in other regions, which the preconditions exist to allow such rewards to be enjoyed in many African countries may be debated.

Prefunding pensions, whether it is via the establishment of public pension reserve funds or the development of fully-funded private pension systems, it can help governments respond more effectively to the fiscal pressures that will result from ageing populations. While prefunding may not in itself offset the decline in domestic growth rates that may result from worsening dependency ratios, it can help to solvent some aspects of the demographic shock. In particular, prefunding social security systems can facilitate tax smoothing, that is, maintaining relatively constant contribution rates to the social security system. While such objectives could also be met by appropriate management of the public debt, assets in the reserve funds are

assigned to financing the social security system. Savings in the form of public debt reductions, on the other hand, may end up being used for other future outlays of the government (Davis, 2002).

Prefunding pensions can also serve important macroeconomic goals:

- *Raise national savings:* In the case of public pension reserve funds, a legal commitment to use reserve fund assets exclusively for future pension expenditures and to invest in a diversified manner forces the government to reduce current expenditure or raise taxes to maintain current fiscal objectives. Hence, public savings will rise and the overall debt position of the government may improve. If a private pension system is introduced, as long as there is not a perfect substitution between pensions and other forms of savings, total private sector savings will be raised. The impact on savings is greatest if the system is made mandatory.
- *International diversification:* by establishing reserve funds or pension funds, a country is better able to access output produced in foreign countries which may not be suffering from the same demographic and economic shocks, raising national welfare.
- *Financial market development:* In developing countries, where financial systems are underdeveloped, prefunding pensions may contribute to economic growth by improving access to finance for productive activities. Pension funds and other institutional investors can also help improve the operation of

financial markets by making markets more liquid, efficient and transparent, encouraging the in the form of modernization of market trading and engaging in shareholder activism. They can also act as a countervailing force to commercial banks and stimulate financial innovation (Davis, 2002).

- However, a high and sudden demand by pension funds for local assets could have a distorting impact, and therefore should be managed with care.

2.11 Pension Schemes in Ghana and its Effectiveness

There are currently two mandatory pension schemes in Ghana: the Social Security and National Insurance Trust (SSNIT), which is the main system and covers employees in the private sector, civil and public servants, professionals, traders, artisans, farmers and self-employed; and a small scheme originally called CAP 30 which is currently phasing-out, and only covers military, police, and a few civil servants, but used to cover all civil servants in the past. In the aggregate both systems cover less than 10 percent of the labor force in Ghana, and cost already around 1.5 percent of GDP (Department of SSNIT, 2002).

SSNIT was established by PNDC law 247 (Social Security Law, 1991), which converted a Provident Fund dating from 1972 into a pension scheme (partially-funded PAYG). The institution provides old-age pensions, invalidity, and death benefits. The current pension program has elements of defined benefits, and defined contributions. Pensioners have the right to obtain 25 percent of their pensions as lump-sum payments at the moment of retirement, and almost 30 percent of members that reach

retirement age and are ‘covered ‘by the system, do not qualify for the defined benefit component of the pension program; they receive instead lump-sum payments, as refunds of their past contributions with a determined interest (Department of SSNIT, 2002).

The system’s revenues largely consist of contributions from workers (5.5 percent of earnings), and employers on behalf of workers (13 percent of their payroll), however a fund for short-term benefits (health fund) takes 2.5 percent of the salary (out of this 18.5 percent, leaving only 16 percent for the pension fund) (Dei, 2001).

2.12 Issues of Public Concern

The major issues of concern are the adequacy of benefits currently provided by the scheme and the qualities of the services provided by SSNIT, the body established by law to administer the State pension scheme in Ghana.

The current levels of benefits are perceived to be inadequate. Also, the current pension arrangements are seen as not being generous enough. Some members of the scheme have questioned the qualities of the services provided by SSNIT, and there seems to be considerable lack of confidence in the efficiency of SSNIT in maintaining members’ records of contributions to the scheme.

Another issue of concern is the scope of coverage of the working population by the State pension scheme. Over ninety percent of the members of the scheme are formal sector employees, with the rest of the members being self-employed persons in the informal sector of the economy. A similar pattern is obtained with regards to

the coverage of the working population by the private pension schemes. However, the informal sector employs about ninety percent of the working population of Ghana (Adjei, 1999). This means that a large number of workers in Ghana are currently not making any provisions for guaranteed incomes in retirement.

This poses potential economic and social problems in the near future for a young population like that of Ghana. Educational programs undertaken by the Social Security and National Insurance Trust to attract more informal sector employees into the State pension scheme have not yielded any significant results. Similarly, attempts by private pension providers to get more self-employed workers into their pension schemes have also not yielded the desired results. The inability of pension providers to attract more informal sector workers into the State and private pension schemes is mainly due to the fact that most of them are self-employed with generally low and fluctuating incomes. They will therefore have to be motivated enough to wish to set aside part of these low incomes towards retirement. Due to the exceptionally low coverage of the self-employed workers by the pension schemes, the World Bank, in 1997, sponsored a study on how to provide social protection in the form of pensions for the informal sector in Ghana (Adjei, 1999).

According to early work in Ghana and the White paper on pension, the formal sector is still low. The main weaknesses of the current system can be summarized as follows:

- Inadequate investment returns
- Very low coverage
- High administrative costs and low efficiency
- Substantial slippage in real value of the pensions

In response to workers' protests, a Presidential Commission on Pension was established in August 2004. The Commission was in charge of examining the pension arrangements and to make appropriate recommendations for a sustainable pension scheme (s) that would ensure retirement income security for Ghanaian workers, with special reference to the public sector. The Commission consists of a Chairman and eight members, from various sectors. The Commission presented a progress report in November 2004, an Interim report in June, 2005 and the final report in March, 2006 to the President. The Government shares the view of the Commission that to ensure retirement income security for all Ghanaian workers, the ultimate goal is the creation of unified pension structures.

Given the inadequate current pension schemes, the Government accepted the Commission's recommendation for a contributory three-pillar pension structures, comprising two mandatory schemes and a voluntary one, as follows:

- First pillar. A mandatory basic state social security scheme to be administered by a restructured SSNIT, which will pay only periodic monthly and other pension benefits (such as survivors and invalidity benefits). It will be a defined benefit scheme, benefiting from a portion of contributions paid to SSNIT by both the employee (5.5 percent), and the employer

(13percent).Under this new scheme, SSNIT will no longer pay the earlier mentioned 25 percent gratuity lump-sum (Government(UK) Actuary's (2006)

- Second pillar. A mandatory, privately-managed occupational pension scheme. It will be a defined contribution pension scheme, paying mainly lump-sum benefits with a flexibility that allows the contributor to purchase additional annuities to enhance monthly pension benefits.
- The contribution rate will be 5 percent, out of this, 4 percent will be hived off SSNIT, while the remaining 1 percent will be contributed by the employer and the employee in equal proportions.
- Third pillar. A voluntary private pension scheme, offering attractive tax incentives. This would be operated in line with the provisions of the Long—Term Savings Act (LTSA), 2004.

In short, the current pension system in Ghana is about to start a transition towards the new three pillar pension structure. Some of the proposals for such structure are still under revision. The new system should also ensure that it minimizes labour market distortions, and that the system is adequate, affordable, sustainable, robust, and equitable (Adjei, 1999).

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter deals with the methodology adopted in conducting the study. The chapter is organized as follows; research design, research area, population and sampling, research instrument (data collection technique), administration of instrument and analysis of data.

3.1 Research Design

The research was based on social protection in the form of providing pension funds for the informal sector economy of Ghana, a case study of SSNIT Informal Sector Fund. Both quantitative and qualitative tools were used to determine the relevance and challenges associated with SSNIT Informal Sector Fund Pension Scheme. The study was conducted with the use of questionnaires.

3.2 Sources of Data

The materials for the study were both from primary and secondary sources of data.

3.3 Primary Sources

There are several approaches available to gathering primary data. In order to collect reliable and valid information, the researcher contacted some departments within SSNIT Informal Sector Fund in Kumasi. The manager, Heads of department, Marketing officers

and employees from the various levels in the organization were also contacted and data collected. The method used in collecting the primary data was made up of questionnaires.

a) Questionnaires

The purpose of using questionnaires was to obtain information about how the staff and general public perceive social protection in the case of social insurance (pension scheme) in the informal sector of the country and whether it suited the Informal sector group. A set of questionnaires was prepared with open-ended as well as close ended questions.

3.3.1 Secondary Sources

The study also made use of secondary data in gathering information. The sources of the secondary data include; periodical, government publications, annual report of SSNIT, publications. This helped to identify how others have defined and measured key concepts, the data sources that others used and this helped to discover how this research is related to the work of others in social insurance or pension schemes specifically.

3.3.2 Research Area

This study was conducted in Adum, Suame and Asafo Branches in Kumasi because of the availability and accessibility of information and also ensures a more detailed investigation which would yield more valid and reliable results. The staff of the branch, some members of the scheme as well as the general public constituted the population.

3.3.3 Population and sampling

The population of the study included the entire staff of Kumasi Area office and the general public; the number of staff selected was fifty (50) while the public had hundred (100). The researcher wanted to find out how the staff and the general public alike perceived pension schemes in the country, the challenges and the way forward and whether it could be sustained or otherwise. The purposive sampling technique was used in selecting staff and some management members of SSNIT Informal Sector Fund. The simple random sampling technique was used as well to select the consuming public thus the general public. Respondents were randomly selected from Adum, Suame and Asafo industrial areas which included some fitting mechanics, seamstresses, hairdressers and some commercial drivers. This ensured that all respondents had equal chance of being selected. This was intended to ensure representativeness in the sample selected.

3.4 Research Instrument

The researcher used questionnaires in collecting data. The researcher prepared the questionnaires with over fifteen simple pre-test questions to be responded by the staff and the general public to ensure the validity and reliability of the study. The questions were designed to make the purpose of the study successful after the results have been ascertained. This instrument gave expected information about the staff's and general public's reaction to pension funds in the country; especially the informal sector.

3.5 Administration of instruments

The questionnaires were distributed to the sampled respondents to know how they comprehend the idea of social protection, its suitability, the challenges associated with it and the way forward.

Though it took nearly one month for all questionnaires and discussions to be completed the researcher handed over the questionnaires to the respondents in time and this gave them enough time to study the pattern of the questionnaire and to answer appropriately without being rushed.

3.6 Analysis of data

The data was organized into tables and figures based on the questionnaires given to the respondents. The results were then analyzed and converted into percentages and other charts. Quantitative and qualitative methods were employed in the analysis of the data. The result was subsequently computed into percentages. Percentage (%) values, which were not round figures, were approximated to the nearest whole numbers. Diagrammatic representations of the statistical summaries of the result were presented in the form of pie charts, graphs and frequency tables.

Computer data analysis such as Statistical Programmed for Social Scientist (SPSS) and other relevant software such as Analytical Hierarchy Process (AHP) were the main tools employed to analyze the data in order to help interpret results.

The AHP was used to find out which factor among others is most detrimental in a control matrix. Note that any factor compared to it must be equally detrimental, this makes the values along the matrix diagonal all equal to 1.

The next step in AHP is to prioritize the factors within each criterion. This means we can determine which factor is the most detrimental, the second most detrimental factor and the third most detrimental factor within each of the three criteria respectively. The synchronization is mathematically complex; an approximation method was used to provide a reasonably good estimate of detrimental scores. The Statistical Programmed for Social Scientist (**SPSS**) was also used to analyze the pre-coded questions. This package was used to compute the percentages because it is easier to use and can also be used to make a tables needed for discussions of the results. Microsoft Excel was also used to draw the graphs for the computed data. This was used by the researcher because of the ease in using Microsoft excel for this purpose over the other software. The other questions that were open-ended were analyzed by listing all the vital response given by the respondents. Analytical Hierarchy Process (AHP) was used based on the criteria: control, occurrence and impact, to find out the factor which most affects the seamlessness of the operations of SSNIT Informal Sector Fund pension scheme. They were all considered based on their relevance to the research.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION OF RESULTS

This chapter looks at the presentation, discussion and analysis of data collected from the field by providing detailed information on the findings of the study and detailed discussion on responses obtained from the various questionnaires posed to the respondents as well as the analysis of the findings. This chapter deals with SSNIT Informal Sector Fund in the Kumasi Area Office, its operational effectiveness, public perception on its viability and suitability. Descriptive statistics was used in presenting the data. Graphical presentations such as frequencies, percentages and charts were employed to explain the data collected. Questionnaires were taken to both the staff and non staff and their responses were interpreted as:

4.1 Demographic background of respondents

Samples were selected based on targeted units using the non-probability sampling method, specifically the Purposive critical case Sampling. This method ensured that representative samples of all the known elements of the population occur in the sample. A sample size of one hundred and fifty(150), comprising fifty (50) members of staff of SSNIT Informal Sector Fund while the majority of hundred (100) were from the general public particularly those within the Informal Sector. This was

because the survey wanted to find the views of both staff and the general public in relation to SSNIT Informal Sector Fund.

Fifty (50) staff of the targeted population responded to the administered questionnaires; Break down shown in Table 4.1 below.

Table 4.1 Backgrounds of Respondents

VARIABLES	FREQUENCY (N=55)	PERCENTAGE (%)
Sex		
Male	48	32
Female	102	68
Age of Respondents		
< 20yrs	0	0
21-30	9	6
31-40	78	52
41-45	57	38
>45	6	4

Source; Field Data, 2011

Table 4.2 shows the characteristics of the respondents (staff, management and some of the workers both (formal and informal) in the catchment area. The background of the respondents showed that 68% are females and the remaining 32% are males who

responded to the questionnaires. For the ages of the respondents 52% are within the ages 31-40 years, 38% are also between 41-45 years, with 6% and 4% are 21-30 and above four- five (45) years respectively.

The researcher wanted respondents to rate the activities of SSNIT Informal Sector Fund in the country over the years, respondents were to choose between excellent, very good, encouraging, bad and others by specifying; responses from respondents are discussed as follows;

4.2 Activities of SSNIT Informal Sector Fund

Table 4.2 The Rate of Activities of SSNIT Informal Sector Fund

	Frequency (F)	Percentage (%)Rate
	Rate	
Excellent	6	4
Very Good	27	18
Encouraging	108	72
Bad	3	2
Othere(s) specify	6	4

Source; Field Data, 2011

Out of one hundred (150) respondents, six (6) representing four percent (4%) of the respondents stated that the activities of SSNIT Informal Sector Fund in the metropolis over the years have been excellent, respondents explained that SSNIT Informal Sector Fund since its inception has continuously been growing its cliental base. It has also

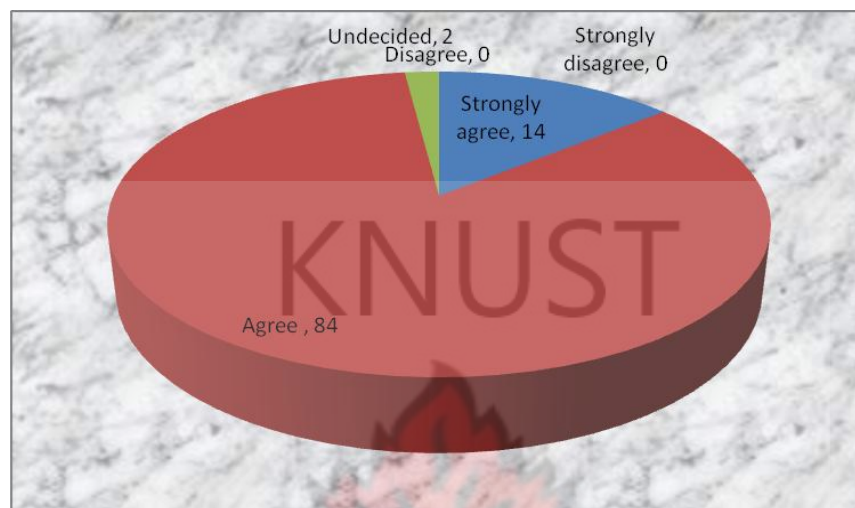
provided income to its contributors during pensions, invalidity and to beneficiaries in case of deaths of its members. This has helped sustain and improve the standards of living of their members accordingly.

Twenty-Seven (27) respondents representing eighteen percent (18%) of the population were of the opinion that the activities of SSNIT Informal Sector Fund over the years have been very good, respondents explained that SSNIT Informal Sector Fund pension scheme over the years has been the most consistent pension scheme taking care of workers in the Informal Sector who retire from active work. The majority of the population which constituted hundred and eight (108) respondents representing seventy two percent (72%) of the population stated that the activities of SSNIT Informal Sector Fund over the years have been encouraging. It was explained that SSNIT Informal Sector Fund as an institution is spreading its coverage as far as sensitizing the public about the need to obtain a pension scheme.

Two percent (2%) of the respondents believed that activities of SSNIT Informal Sector Fund over the years have been very bad; respondents explained that pension funds received by retirees and other beneficiaries are woefully inadequate, while there are lengthy delays in processing pension claims of its members. The four (4) percent constituting six respondents of the population were indifferent.

4.3 1 Improvement in the core operations of SSNIT Informal Sector Fund

Figure 4.1 Improvement in the core operations of SSNIT Informal Sector Fund



Source; Field Data, 2011

Figure 4.2 indicates that the out of fifty (50) respondents, eighty-four percent (84%) of the respondents agreed that the core operations of the SSNIT Informal Sector Fund had improved over the years. Respondents explained that the sector has increased its coverage of operations in the country through public awareness and education on the need to enroll onto the scheme. Recruitment of more trained and equipped staff to register more members on to the scheme, take their contributions and to manage members and their expectations as well. This has ensured consistency and sustainability of the fund.

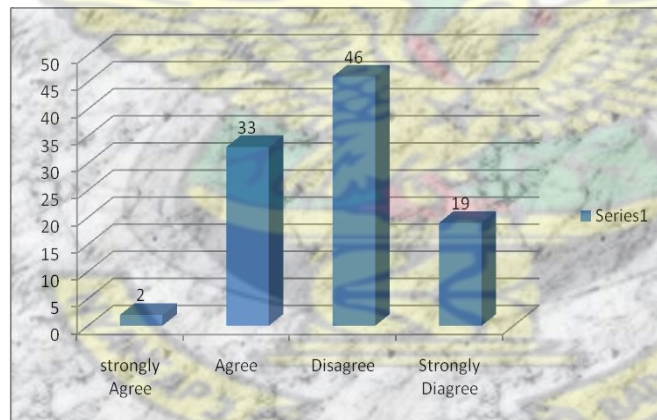
Two percent (2%) respondents however are undecided with that statement that the core operations of the SSNIT Informal Sector Fund had improved over the years. Respondents explained that the core operations of SSNIT Informal Sector Fund have not changed. There seem to be the same challenges of low coverage and poor knowledge about the scheme with the growing population of the Informal Sector workers in Ghana.

Finally fourteen percent (14%) of the population stated that the activities of SSNIT Informal Sector Fund over the years are improving and further explained that there have been a lot of dynamic changes within the fund which facilitate the mode of payment of contributions and other benefits to its clients.

4.4 Awareness of SSNIT Informal Sector Fund

This was to find out from respondents if the general public especially is aware and well informed about the existence of the SSNIT Informal Sector Fund; respondents were to choose strongly agree, agree, undecided, disagree and strongly disagree

Fig.4.2 Awareness of SSNIT Informal sector Fund pension scheme



Source; Field Data, 2011

Figure 4.2 shows that only four percent (4%) of the respondents were of the opinion that the general public is well informed and aware of the SSNIT Informal Sector Fund, thirty three percent (33%) of the respondents agreed with the statement that the general public is aware and well informed on the existence of SSNIT Informal Sector Fund pension

scheme. But the majority of the population constitute forty four percent (44%) of the respondents disagreed with the statement that the public is well informed and aware of the SSNIT Informal Sector Fund while nineteen percent (19%) of the respondents strongly disagreed that the public is aware and well informed about this pension scheme. This is inconsistent with Stewart and Hu (2009) of the accession that one reason why people may not join a pension scheme (even where available and advantageous for them to do so) is because of a lack of knowledge on pensions in general and the scheme in particular. This situation of unawareness is a threat to the viability as well as suitability of the scheme.

Table 4.3 Distribution of potentially active life by gender

CONTRIBUTORS	MEN	WOMEN
Current beneficiaries to the scheme	54	96
Self-employed contributors	65	85
Contract workers	81	69
Out of labour force	0	0

Source; Field Data, 2011

Table 4.3 indicates that the SSNIT Informal Sector Fund pension scheme performance depends on the characteristics of the labor market it serves. Here in the Kumasi Metropolis, Categories of membership include individuals 7,228; hairdressers 1,779; tailors 1,652; artisans 1,841; and formal sector workers 1,042 (B & FT, 2010).

From the studies it was found out that Self-employment is more important for women than for men within the metropolis. There is therefore the tendency to increase pensions through the contributory system for women than for men in the metropolis.

Improving men pensions probably requires alternative policies for the SSNIT Informal Sector Fund to implement.

4.5 Challenges of the SSNIT Informal Sector Fund Pension Scheme

This was to find out the challenges facing the SSNIT Informal Sector Fund; answers from respondents are discussed as follows;

Table 4.4 Challenges faced by SISF from Entrepreneurs

	Frequency (F) N=150	Percentage (%)
Distrust for the system	8	5
Employers avoiding government scrutiny	24	16
Cost of Compliance	70	47
Inadequate and unstable cash flow	48	32

Source; Field Data, 2011

Table 4.4 shows the major challenges SSNIT Informal Sector Fund has in dealing with the general public however voluntary the scheme may be. Forty-seven percent (47%) of the respondents were of the opinion that some people do not want to disclose their source of wealth because they want to avoid taxes; the cost involved thus deters them from joining the scheme. Thirty-two percent (32%) of the respondents also made mention of the inadequate and unstable cash flow of their returns which are preventing them from joining the scheme. Sixteen percent were also of the perception that it would open doors for government scrutiny of their business and five percent does not trust the regulations and operations of the scheme.

Table 4.5 Challenges of SSNIT Informal Sector in the Informal Sector Workers

	Frequency (F) N= 150	Percentage (%)
Lack of Awareness	36	24
Short-Sightedness on the Fund (Myopia)	12	8
Distrust of the System	18	12
Benefit Dissatisfaction	27	18
Low –income	57	38

Source; Field Data, 2011

With the above table 4.5, incapacity of workers to enroll onto the scheme due to their low-income, contribute to the challenges of SSNIT Informal Sector Fund pension scheme in enrolling more members onto the fund. Ignorance among these workers in both (Informal and Formal sector) is as a result lack of effective education on the scheme; majority of those in the informal sector especially are not aware of such a scheme that will help them enjoy pension benefits. Twenty-four percent (24%) of respondents shared this view.

Another challenge facing the Informal Sector Fund pension scheme is the Distrust of the System based on the perception that they can be duped; as a result, people of such perception refuse to enroll onto the Informal Sector Fund pension scheme.

Most of such people are expressing doubts over the benefits and some believe that it is a way to get money out of them; twelve percent (12%) respondents also shared this view.

Eighteen percent (18%) of the respondents were dissatisfied with inadequate benefits based on the experience of those who once contributed to the formal sector pension scheme. Respondents explained that the membership of a State Pension Scheme is mandatory to at least part of the working population. It is thus, expected to be relatively cheap to run even with a more complex benefit structure. However, the actual cost of administration depends on the structure that is in place to deal with the collection of contributions and payment of benefits. It is generally argued that just about 5% of the annual contribution income should be consumed; most often this is not so as this percentage is always exceeded and eventually affects the benefits given to contributors (Carmichael and Palacios, 2004).

Eight percent (8%) of the respondents were of the opinion that they don't think the scheme will be of any help to them in future. That is they have a myopic view about pension schemes in general. Lack of personnel in handling the informal sector is also a challenge. Respondents explained that more employees are needed to go out and sensitize the public on the Informal Sector Fund pension scheme and also to help contribution collection, education and registration of new members; the current employees handling these tasks are scanty with regards to the population targeted. Thirty eight percent (38%) of the respondents were of the opinion that most of the informal sector people are not able to enroll on to the SSNIT Informal Sector Fund Pension scheme due to their low income rates.

Some of operational hindrances militating against the wide coverage of SSNIT Informal Sector Fund were admitted to be numerous. A consensual set of factors compiled based on views and comments under the circumstance revealed the following ranked on the scale of 1 to 5 (Table 4.2).

The researcher believes that factors affecting the low coverage of SSNIT Informal Sector Fund Pension Scheme at its downstream are as a result of upstream activities. In this vain, a critical look at downstream challenges will give us a greater insight into the viability and the suitability of the SSNIT Informal Sector Fund Pension Scheme. The following challenges in rankings (Table 4.8) were derived from the study:

Table 4.6 Mean factor ranking

Stakeholders	Op	La	Cf	Ds	Lg
Management	1	2	4	3	1
Staff	1	3	3	1	1
Contributors	1	3	2	4	1
Non-contributors	1	3	3	2	2
Industrial Professionals	1	3	4	2	1
Mean ranking	1	2.8	3.2	2.4	1.5

Source; Field Data, 2011

OP – Operation La Lack of Awareness Cf – Unstable Cash flow

Ds – Distrust of the System Lg – Legislations

Ranking the various factors believed to militate against the wide coverage of contributors of SSNIT Informal Sector Fund Pension Scheme, it was found out that Lack of Awareness (La), Unstable Cash flow (Cf) and Distrust of the System (Ds) significantly will threaten the viability and the suitability of the Scheme. The findings of the ranking are showed in Table 4.1. We can now consider the three major factors and use the Analytical Hierarchy Process (AHP) based on the criteria: control, occurrence and impact, to find out the factor which most affects the seamlessness of the operations of SSNIT Informal Sector fund Pension Scheme.

The following data were gathered in the research and the pair-wise comparison ratings for each of the three criteria are summarized in the following matrices:

Table 4.7 Factor pair-wise matrix

CRITERIA			<i>Criteria</i>
<i>Impact</i>	<i>Occurrence</i>	<i>Control</i>	
Lack of Awareness	0.64	0.08	Impact
Unstable Cash flow	0.28	0.72	Occurrence
Distrust of system	0.07	0.19	Control

The first step in doing this is to sum the value in each column of the pair-wise comparison matrix; and the values in each column are divided by the corresponding column sums as depicted on table 4.3. Notice that the values in each column sum to 1. Next the values in each row is averaged and the row averages provide the company with their preferences for each criterion, summarized in the following matrix.

For example, for the impact criterion, distrust of the system is the most detrimental; unstable cash flow is the most detrimental in the occurrence criterion and finally is the control criterion which is the distrust of the system, is the most detrimental to the operations of SSNIT Informal Sector Fund Pension Scheme.

We also need to rank the criteria in order of how detrimental they are to the viability and suitability of SSNIT Informal Sector Fund Pension Scheme. This was accomplished in the same way the challenges were ranked within each criterion previously, by using pair-wise comparisons. The following matrix thus shows the pair-wise comparisons for the four criteria.

Table 4.8 Criteria pair-wise comparison

Criteria	Impact	Occurrence	Control
Impact	1	1/3	1/5
Occurrence	3	1	1/5
Control	5	5	1

The values in each column in the matrix are summed, then the column values are divided by their corresponding column sums and the rows are averaged, resulting in the following matrix:

Clearly control is the most detrimental with criterion, occurrence and impact following in that order. Evidently, the inability of the institution to control distrust, unstable cash flow and lack of awareness leads to inadequate coverage of non-contributors in the informal sector. An overall score for each factor is computed by multiplying the matrix summarizing the detriment for each factor for each criterion we developed previously by the row averages for the three criteria in the table below:

Table 4.9 Criteria averages

Criteria	Impact	Occurrence	Control	Row averages
Impact	0.11	0.05	0.14	0.10
Occurrence	0.33	0.16	0.14	0.21
Control	0.56	0.79	0.71	0.69

.Table 4.10 Overall factor score

CRITERIA				<i>Criteria</i>	
<i>Impact</i>	<i>Occurrence</i>	<i>Control</i>			
Lack of Awareness	0.64	0.08	0.72	Impact	0.10
Unstable Cash flow	0.28	0.72	0.19	Occurrence	0.21
Distrust of system	0.07	0.19	0.08	Control	0.69

$$\text{Lack of Awareness score} = 0.10(0.64) + 0.21(0.08) + 0.69(0.72) = 0.58$$

$$\text{Unstable cash flow score} = 0.10(0.28) + 0.21(0.72) + 0.69(0.19) = 0.31$$

$$\text{Distrust system score} = 0.10(0.07) + 0.21(0.19) + 0.69(0.08) = 0.13$$

Based on these scores, lack of awareness. It is identified as the most detrimental factor to the wide covering of non-contributors of SSNIT Informal Sector Fund Pension Scheme. In terms of the frequency, unstable cash flow was used far more times as an excuse of workers in the informal sector for not joining the SSNIT Informal Sector Fund Pension Scheme than lack of awareness as we can see from the above Table 4.5 where unstable cash flow ranked 0.72 as against lack of awareness 0.28.

This affirms the fact that the impact and occurrence of lack of awareness if nothing is done to avert this situation through Multi-faceted campaign using different interventions it could lead to a highly vulnerability of the scheme being non viable as well as unsuitable to operate. All said and done, in order to rely on such a result, one must have Confidence in the judgment made in developing the pair-wise comparisons.

Lack of awareness within the informal sector about pension schemes in the informal sector is a major source of challenge facing the Pension institutions. The findings

indicated that lack of awareness of SSNIT Informal Sector Fund Pension Schemes could be attributed to Language barrier, lack of knowledge of majority of Informal Sector workers in Ghana, Aversion to long term savings, Negative perception of the insurance industry and financial sector, and Knowledge of tangible benefits from the scheme. Any of these could restrict or stop the coverage of non-contributors to the scheme.

Vulnerability of SSNIT Informal Sector Fund Pension Scheme to these challenges has increased. There have been implementations in ensuring development of the Economy, reduction in the myopia of the public, modernization of labor relations; Improve “user friendliness” for both employers and workers.

Vulnerability of the scheme towards its viability and suitability, unstable cash flow among the informal sector workers, distrust of the pension scheme has also increased because of the growing complexity of supply networks. Indeed the probability that something happens at a particular node or connection is higher than for a small and simple network.

Nevertheless, many employers, as evidenced by broad avoidance and cheating, still desire to keep their workers attached to them under conditions that are more or less exploitative. Note that what is identified as exploitation, however, is not infrequently characterized by collusion between the employer and the employee. In this case, the problem is at the level of willingness, not readiness. In addition to the challenges cited above, the rural population which mainly constitutes the farmers also poses special challenges as to how the scheme can cover all these people. Many rural risks, such as harvest failure and natural catastrophe, are highly correlated for people in these areas not

joining Informal Sector Fund. Practical issues abound; how to cover some of these areas characterized by poor transport and communications infrastructure, thinly-spread and sometimes remoteness; how to determine revenue of these workers for purposes of helping them to contribute to the Pension scheme are real challenges facing the SSNIT Informal Sector Fund in their bid to cover them. Incomes are low, poverty is widespread, and there is an abundance of alternative insurance instruments, in the form of community and extended family support to these categories of people.

4.6 Viability of the SSNIT Informal Sector Fund Scheme

Respondents made up of SSNIT Informal Sector Fund staff were asked if the SSNIT Informal Sector pension scheme in the country is viable, respondents were to choose from the following strongly agree, agree, undecided and disagree. Answers are illustrated in table 4.11

Table 4.11 Viability of the SSNIT Informal Sector Fund Pension Scheme

	FREQUENCY (F) N= 50	PERCENTAGE (%)
strongly agree	23	46
Agree	27	54
Undecided	0	0
Disagree	0	0

Source; Field Data, 2011

Table 4.11 shows that forty-six percent (46%) respondents from SSNIT Informal Sector

Fund staff and management strongly agreed that the SSNIT Informal Sector Fund Pension Scheme is viable. Respondents explained that more logistics and strategies have been provided to make the work of the scheme easy and accessible to them all.

The majority of fifty-four percent (54%) of the staff and management respondents agreed that the scheme is viable, they were also of the opinion that when all the right measures like public education and awareness are properly implemented, it would help ensure the viability of the scheme. From the figure and explanations above, it is realized that SSNIT Informal Sector Fund Pension Scheme is viable in the country as majority of the scheme management stated.

4.7 Suitability of the SSNIT Informal Sector Fund Pension Scheme

Respondents made of SSNIT Informal Sector Fund staff were asked if the SSNIT Informal Sector Fund pension scheme was suitable to the those working in the Informal sector, respondents were to choose from the following: strongly agree, agree, undecided and disagree. Answers are illustrated in table 4.16.

It shows that forty two percent (42%) respondents from SSNIT Informal Sector Fund staff and management strongly agreed that the SSNIT Informal Sector Fund Pension Scheme is suitable for the workers in the Informal sector; especially with their inconsistent nature of income as shown in the table below.

Table 4.12 Suitability of the SSNIT Informal Scheme

	FREQUENCY (F) N= 50	PERCENTAGE (%)
Strongly agree	29	58
Agree	21	42
Undecided	0	0
Disagree	0	0

Source; Field Data, 2011

The majority of fifty-eight percent (58%) of the staff and management respondents agreed that the scheme is suitable, they were also of the opinion that this scheme is very good for them since most the workers in the Informal Sector can barely manage their finances especially with long term investments. Therefore the SSNIT Informal Sector Fund Pension scheme is suitable as it can be deduced from the table and explanations above.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter of the study draws conclusion in the light of the findings and makes appropriate recommendations based on data and information gathered from the management and staff of SSNIT Informal Sector Fund and the general public, as well as empirical research carried out by pension researchers and practitioners and also from a large base of accumulated scientific knowledge only accessible through a thorough review of relevant literature.

5.1 Summaries of findings

Despite the continued evolution and development of modern pension system over the past century, one issue which is yet to be resolved is how to extend such structured pensions arrangement to informal sector workers.

This study utilizes both primary and secondary sources of data. Data collection tool used was basically questionnaires. Both qualitative and quantitative (analytical) methods were employed in analyzing the data with the aid of Statistical Package of Social Scientist and the Microsoft Excel, 2007.

It was revealed in the analysis that the operation of the SSNIT Informal Sector Fund is encouraging; the majority of respondents shared this or agreed with this view.

It was also realized that the core operations of the scheme have been improved which is helping to meet the challenges of the economy, and is gradually helping to spread the coverage of the scheme to non-contributors in the country as the scheme is covering majority of the workforce in the Kumasi Metropolis. In short the operation of the SSNIT Informal Sector Fund from the analysis is encouraging but there is a lot to be done to sustain and enhance it to cover majority of workers in the informal sector.

It was also shown in the analysis that SSNIT Informal Sector Fund Pension Scheme performance depends on the characteristics of the labor market it serves. From the studies, it was found out that Self-employment is more important for women in the Kumasi Metropolis than for men in the metropolis that accounts for more women joining the scheme than men. There is, therefore more space to increase pensions through the contributory system for men in the metropolis as well. Improving the enrollment of SSNIT Informal Sector Fund Pension Scheme of more men probably requires alternative policies to be implemented by the SSNIT Informal Sector Fund.

Ranking the various factors believed to militate against the wide coverage of contributors for SSNIT Informal Sector Fund Pension Scheme, it was found out that Lack of Awareness (La), Unstable Cash flow (Cf) and Distrust of the System (Ds) significantly will threaten its viability and suitability respectively.

From the study lack of awareness is identified as the most detrimental factor to the wide coverage of non-contributors of SSNIT Informal Sector Fund Pension Scheme. In terms

of the frequency, unstable cash flow was used far more times as an excuse for workers in the informal sector for not joining the SSNIT Informal Sector Fund pension scheme other than the fact that there is lack of awareness.

Where unstable cash flow ranked 0.72 as against lack of awareness 0.28. This affirms the fact that the impact and occurrence of lack of awareness could lead to a highly vulnerability of the scheme to be non viable as well as unsuitable to operate.

There is therefore the need to avert this situation through Multi-faceted campaign using different interventions. All said and done, in order to rely on such a result one must have confidence in the judgment made in developing the pair-wise comparisons.

Lack of awareness among the informal sector workers on pension schemes are a major source of challenge facing the Pension institutions. The findings indicated that lack of awareness of SSNIT Informal Sector Fund pension schemes could be attributed to Language barrier Lack of knowledge of most of the informal sector workers on how to manage their finances through social insurance programs like enrolling on to a pension scheme, Aversion to long term savings and investments.

Negative perception of the insurance industry and the financial sectors, and conviction of tangible benefits from the scheme. Any of these could restrict or stop the coverage of non-contributors to the scheme.

5.2 CONCLUSION

Based on the studies carried out for this assessment on the viability and suitability of SSNIT Informal Sector Fund Pension Scheme. The low coverage among independent workers for the scheme was found out to be coming from lack of awareness of this pension scheme to the majority of the workers in the informal sector.

Unstable cash flow of informal sector workers, distrust of the system just to mention a few. All are detrimental to the success of the scheme.

This allows for consideration of relevant dimensions in the design and to evaluate the feasibility and scope that the simplified scheme could have for workers with low contributory capacity. It can also enhance and facilitate in the design of how to enroll more of informal workers onto the scheme. The various formal national social security schemes introduced in the country have been limited in scope and beset by serious policy and institutional problems.

The majority of the workforce, which is in the informal sector, does not benefit from the scheme and therefore there is the need to work hard to and bring all of them on board so that that the nation's economy will not be burdened in the up keep of the aged people. This would thereby provide a relief for the economy of Ghana.

5.3 RECOMMENDATION

Payment of a Living Wage

Another strategy for improving SSNIT Informal Sector Fund Pension Scheme in Ghana is to lobby the employers to pay a realistic living wage to enable workers not merely to meet their current consumption needs but also to save and prepare for old age.

Mandatory Occupational Pension

Payment of occupational pensions to employees should be made mandatory for all employers. It is also very important to make pensions transferable. This will help motivate more people to contribute.

Improved Coverage of SSNIT Informal Sector Fund Pension Scheme

The coverage of SSNIT Informal Sector Fund pension scheme needs to be improved through the organization of effective and comprehensive educational and awareness raising programmes. Important target groups of such a programme are self-employed people, including, Traders, Mechanics, Carpenters, peasant farmers and proprietors of small and medium-scale enterprises (SMEs) etc. Development of our Economy must be in full gear that will help promote awareness, and also reduce myopia.

It will also modernize labour relations and improve and enhance the growth of SSNIT Informal Sector Fund in administering social protection through its pension scheme. Efforts must be made to improve “user friendliness” for both employers and workers.

SSNIT Informal Sector Fund should offer reasonable rates of return on contributions in order to make it more attractive to the informal sector workers.

The contributions for SSNIT Informal Sector Fund Pension Scheme rates should be moderate to accommodate all those in low income groups to enroll. Charge reduced contribution rates below a given threshold should also be ensured. Relieve credit constraints on small businesses, self employed, and farmers.

Flexible terms

Allowing more flexible contribution and withdrawal terms for informal sector workers can be important for encouraging their participation in the pension systems of the country. Contribution schedules should be able to reflect part time or seasonal work (with larger contributions allowed at certain times of the year and contribution holidays during other periods), with access to benefits allowed (though strictly controlled) for emergency and essential purposes.

Setting up industry based schemes for workers on short contracts who move jobs frequently (such as those workers in the catering and construction industries) also allow flexibility and should therefore help to raise participation rates of the scheme.

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APPENDIX 1

QUESTIONNAIRES

This questionnaire is designed to gain an understanding of social protection for the informal economy of Ghana, a case study of SSNIT informal sector. Kindly complete this questionnaire as objectively as possible. The information given out is solely for academic purpose and would be treated as confidential. Thank you.

Write or tick (✓) the appropriate response to each question. You can tick more than one answer if possible or necessary.

Personal Data

1. Sex: Male ☐ Female ☐
2. Age range: Below 26 ☐ b. 26-30 ☐ c. 31-35 ☐ d. 36-40 ☐ e. 41-45 ☐
f. above 45

SSNIT Informal Sector Fund

3. How would you rate the activities of SSNIT Informal Sector in the country over the years?

Excellent ☐ Very Good ☐ Encouraging ☐ Bad ☐ others (specify)

.....

Explain answer

.....

.....

.....

.....
.....

4. The core operations of SSNIT Informal Sector Fund have improved over the years?

Strongly agree ☐ Agree ☐ Undecided ☐ Disagree ☐ strongly disagree ☐

5. If you agree to question 4 list some of the possible causes of the said improvements

a.

.....
.....

b.

.....
.....

c.

.....
.....

6. Please give reasons for your disagreement.

a.

.....
.....

b.

.....
.....

.....

c.....
.....
.....
.....

7. There have been challenges associated with the operations of SSNIT Informal Sector pension scheme? Yes ☐ No ☐

8. If yes what are some of the challenges?

.....
.....
.....

9. The people of Informal Sector are adequately informed about SSNIT Informal Sector Fund pension scheme?

Strongly agree ☐ Agree ☐ Undecided ☐ Disagree ☐ strongly disagree ☐

others (specify)

.....
.....
.....

10. Do you believe that SSNIT Informal Sector Fund is well resourced to carry out its operations effectively?

Yes ☐ No ☐

11. The SSNIT Informal Sector fund is viable.

Strongly agree ☐ Agree ☐ Undecided ☐ Disagree ☐ strongly disagree ☐

others (specify)

.....

.....

.....

12. SSNIT Informal Sector Fund pays adequate benefits to contributors at the age of pension.

Strongly agree ☐ Agree ☐ Undecided ☐ Disagree ☐ Strongly ☐
disagree

13. SSNIT Informal Sector Fund pays adequate benefits in the form of survivor's lump sum to beneficiaries at the death of a contributor.

Strongly agree ☐ Agree ☐ Undecided ☐ Disagree ☐ strongly disagree ☐
others(specify).....

.....

.....

.....

14. SSNIT Informal Sector Fund pays adequate benefits in the form of invalidity lump sum to contributors in times injury.

Strongly agree ☐ Agree ☐ Undecided ☐ Disagree ☐ strongly disagree ☐
others(specify).....

.....

.....

.....

15. SSNIT Informal Sector Fund has been efficient in meeting customer expectations?

Strongly agree ☐ Agree ☐ Undecided ☐ Disagree ☐ strongly disagree ☐

others (specify)

.....

.....

.....

16. SSNIT Informal Sector Fund has achieved its objectives for implementation.

Strongly agree ☐ Agree ☐ Undecided ☐ Disagree ☐ strongly disagree ☐

others (specify)

.....

.....

.....

17. SSNIT Informal Sector fund has many prospects for the years to come?

Strongly agree ☐ Agree ☐ Undecided ☐ Disagree ☐ strongly

disagree

others(specify).....

.....

.....

18. Briefly state some of these prospects if agree/ strongly agree

.....

.....

19. How do you project SSNIT Informal in the next ten years?

.....

.....

.....

20. What is your personal view about the suitability of this pension scheme in Informal Sector of the Ghanaian economy?

.....

.....

.....

.....

21. On the average the financial status of a contributor at pension age is better than that of a non contributor?

Strongly agree ☐ Agree ☐ Undecided ☐ Disagree ☐ strongly disagree ☐

others

(specify).....

.....

22. Please give two reasons for your answer:

a.....

.....

.....
b.....
.....
.....

23. How would rate this particular scheme compared to other similar schemes?

Authentic ☐ Satisfactory ☐ Unsatisfactory ☐ Undecided ☐ Others

(specify).....
.....
.....

24. The introduction of SSNIT Informal Sector pension fund has enhanced the saving culture of Informal sector workers.

Strongly agree ☐ Agree ☐ Undecided ☐ Disagree ☐ strongly disagree

others(specify).....
.....
.....

APPENDIX 2

AHP pair-wise comparison sheet

Factor pair-wise comparison ratings for each of the three criteria (1=EQUAL 3=MODERATE 5=STRONG 7=VERY STRONG 9=EXTREME)				
	Impact			
		Lack awareness	Unstable cash flow	Distrust of the system
1	Lack of awareness			
2	Unstable cash flow			
3	Price increases			
	Occurrence			
		Lack of awareness	Unstable cash flow	Distrust of the system
1	Lack of awareness			
2	Unstable cash flow			
3	Distrust of the system			
	Control			
		Disruptions	Delays	Price increases

1	Disruptions			
2	Delays			
3	Price increases			
Criteria pair-wise comparison 1=EQUAL 3=MODERATE 5=STRONG 7=VERY STRONG 9=EXTREME				
		Impact	Occurrence	Control
1	Impact			
2	Occurrence			
3	Control			



APPENDIX 3

Factor pair-wise summation matrix

Impact				Occurrence				Control			
	La	Cf	Ds		La	Cf	ds		La	Cf	Ds
La	1	3	7	La	1	1/7	1/3	La	1	5	7
Cf	1/3	1	5	De	7	1	5	Cf	1/5	1	3
D s	1/7	1/5	1	Ds	3	1/5	1	Ds	1/7	1/3	1
	31/2 1	21/ 5	13		11	11/3	61/ 3		11/3	61/3	11

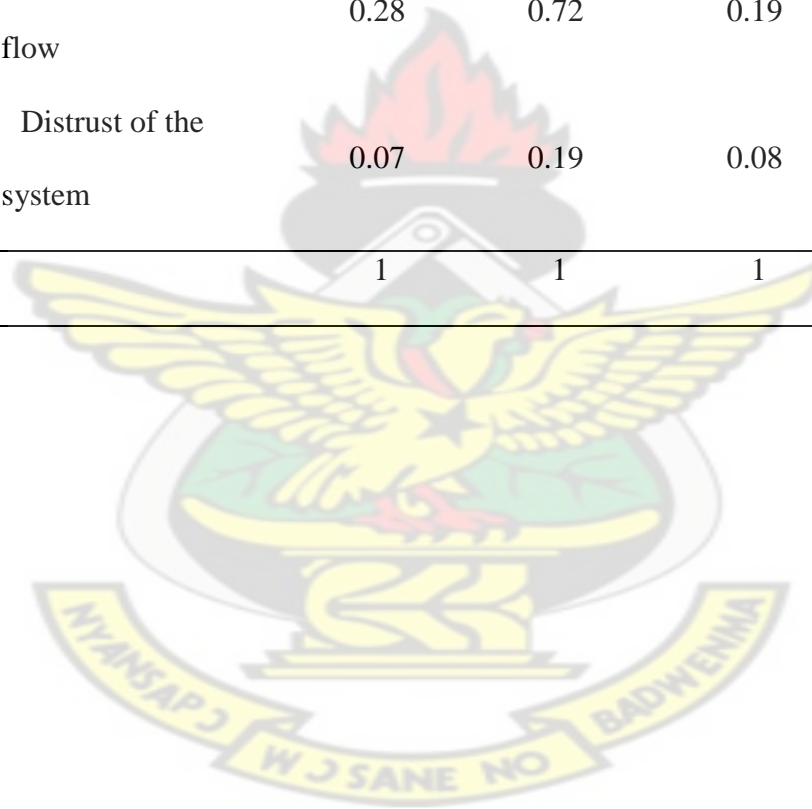
Impact				Occurrence				Control			
	La	Cf	Ds		La	Cf	Ds		La	Cf	Ds
La	0.68	0.7 1	0.5 4	La	0.0 9	0.11	0.0 5	La	0.74	0.79	0.64
Cf	0.23	0.2 4	0.3 8	Cf	0.6 4	0.74	0.7 9	Cf	0.15	0.16	0.27
D s	0.10	0.0 5	0.0 8	Ds	0.2 7	0.15	0.1 6	Ds	0.11	0.05	0.09
	1	1	1		1	1	1		1	1	1

Source: Field survey, 2011

APPENDIX 4

Criteria pair-wise row averages

CRITERIA			
Detrimental Factors	Impact	Occurrence	Control
Lack of Awareness	0.64	0.08	0.72
Unstable Cash flow	0.28	0.72	0.19
Distrust of the system	0.07	0.19	0.08
	1	1	1



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