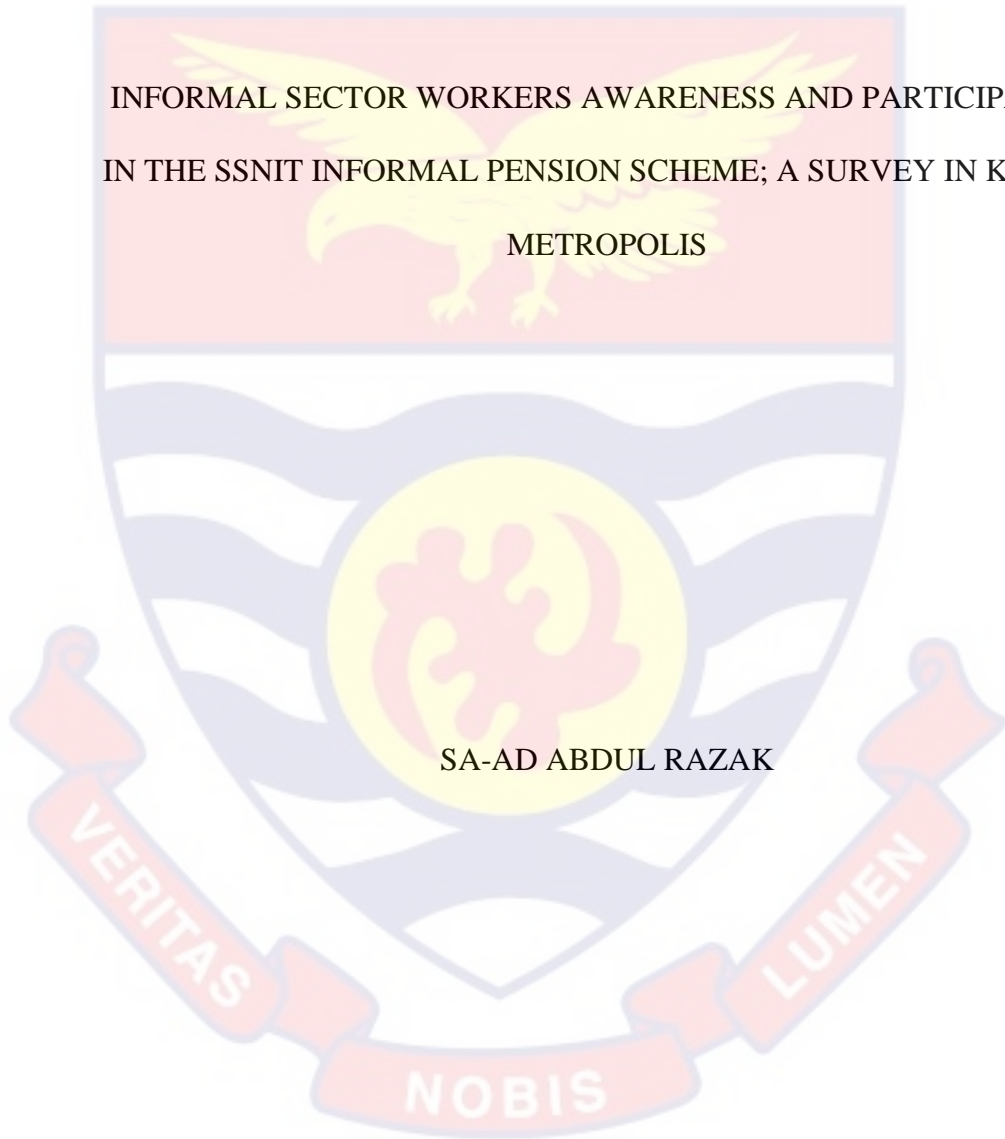


UNIVERSITY OF CAPE COAST

INFORMAL SECTOR WORKERS AWARENESS AND PARTICIPATION  
IN THE SSNIT INFORMAL PENSION SCHEME; A SURVEY IN KUMASI  
METROPOLIS

SA-AD ABDUL RAZAK



2023

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IN THE SSNIT INFORMAL PENSION SCHEME: A SURVEY IN KUMASI  
METROPOLIS

BY  
SA-AD ABDUL RAZAK

A Dissertation submitted to the Department of Finance of the School of  
Business, College of Humanities and Legal Studies, University of Cape Coast  
in partial fulfillment of the requirement for the award of Masters of Business  
Administration degree in Finance

AUGUST 2023

## DECLARATION

### Candidate's Declaration

I hereby declare that this dissertation is the result of my own original work and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's Name: Sa-ad Abdul-Razak

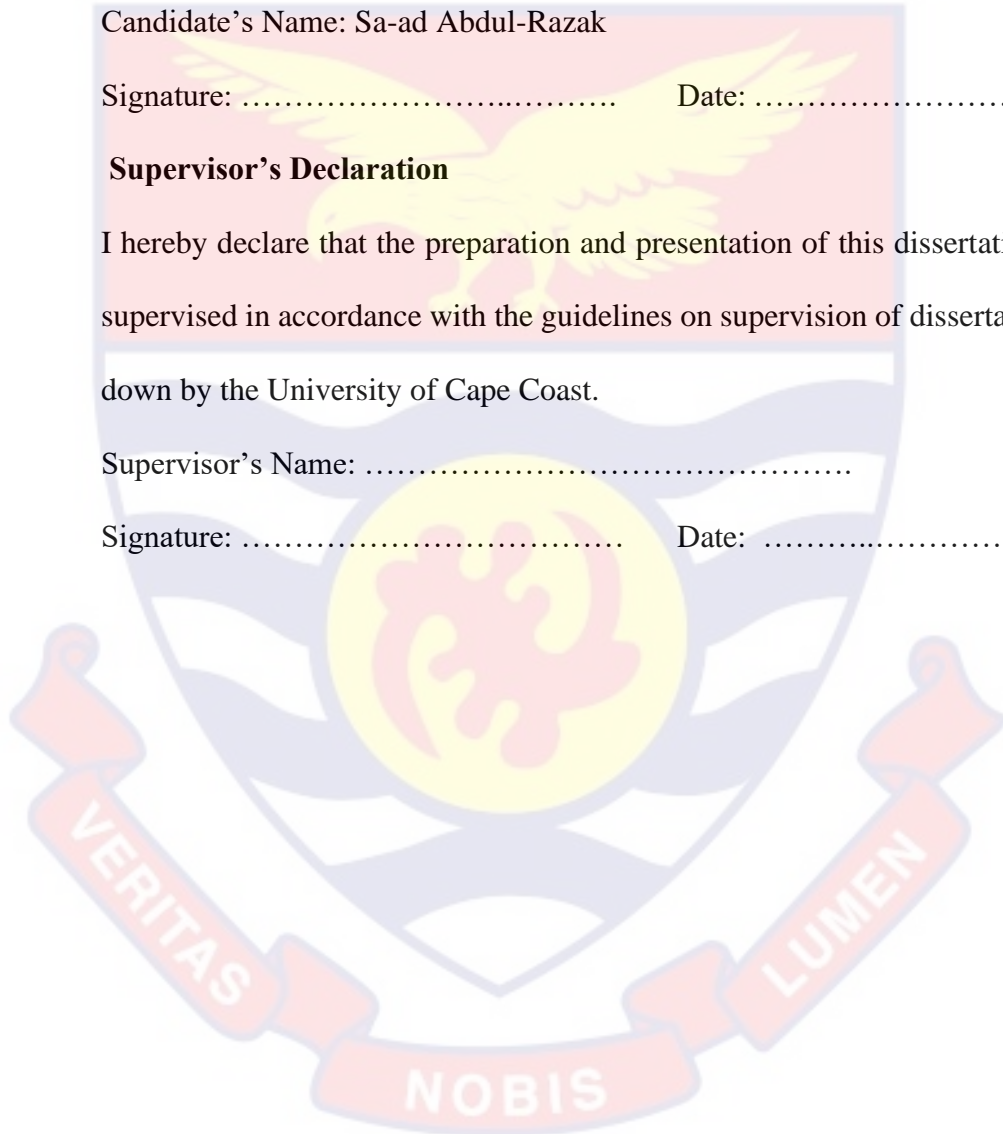
Signature: ..... Date: .....

### Supervisor's Declaration

I hereby declare that the preparation and presentation of this dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

Supervisor's Name: .....

Signature: ..... Date: .....



## ABSTRACT

This study basically examines informal sectors within Kumasi Metropolis awareness and level of participation in the SSNIT informal pension scheme. Thus, the main aim of the study is to determine the level of awareness and patronage of the SSNIT informal pension scheme among traders in Kumasi Metropolis. The study adopted descriptive survey research design. The study's population comprised of workers in the informal sector trading in goods and services such as second-hand clothing, small kiosks and containers shops, commercial drivers, mechanics, hawkers among others. Stratified sampling technique was employed to select traders from each of the study groups within the study area. In all one hundred and fifty (150) respondents were sampled for the study. The findings reveal that a chunk of the respondents only know of SSNIT scheme for workers in the formal sector or government workers. Also, more than 80 percent of the respondents were not willing to contribute to the SSNIT informal pension scheme. It was found out that, individual's level of education, position in the household, number of dependents were significant determinants of respondents' willingness to contribute to the SSNIT informal sectors. The study recommends that SSNIT being the only pension scheme of the government must embark on aggressive campaign to educate Ghanaians especially those in the informal sector on the scheme.

## KEY WORDS

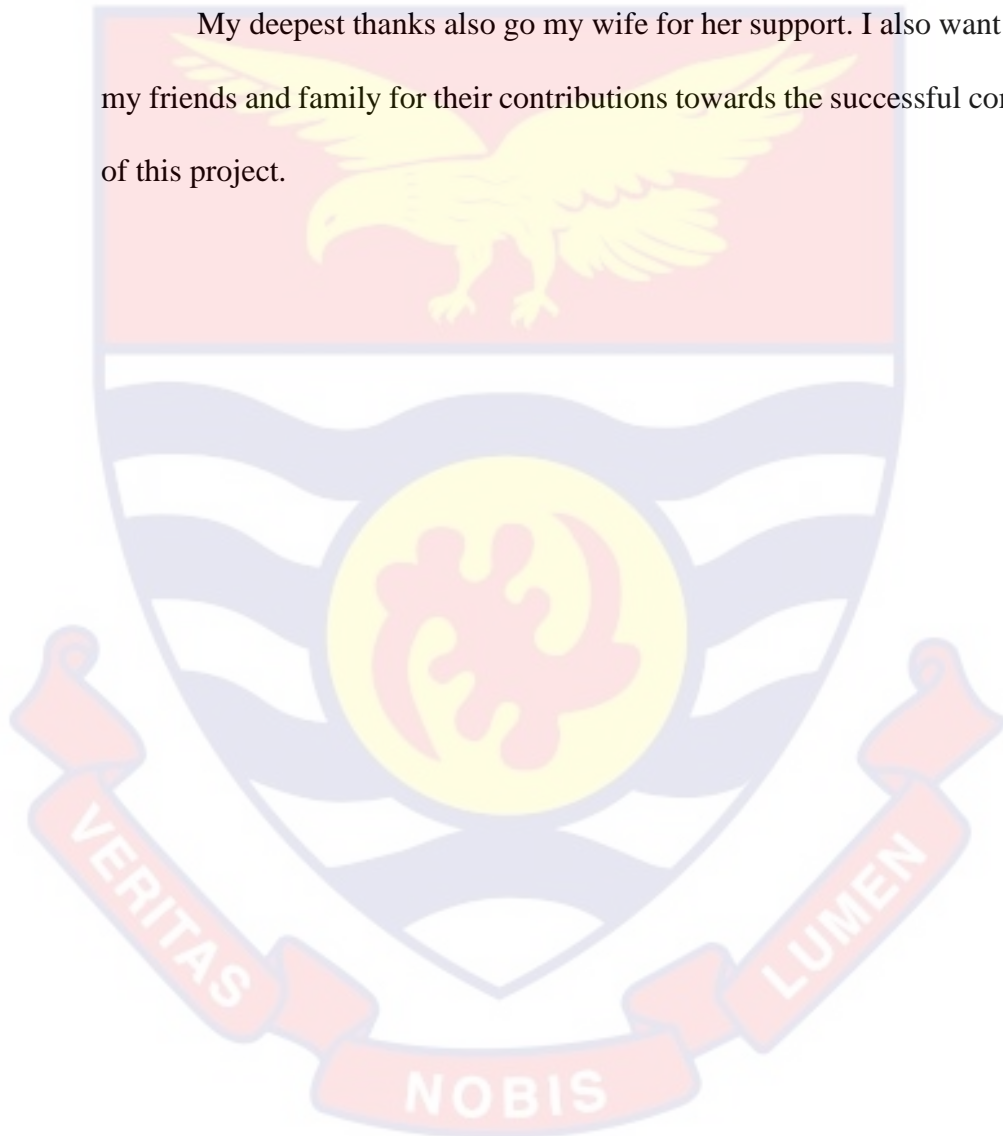
Social Security and National Insurance Trust (SSNIT)



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My deepest thanks also go my wife for her support. I also want to thank my friends and family for their contributions towards the successful completion of this project.



## DEDICATION

To my mother



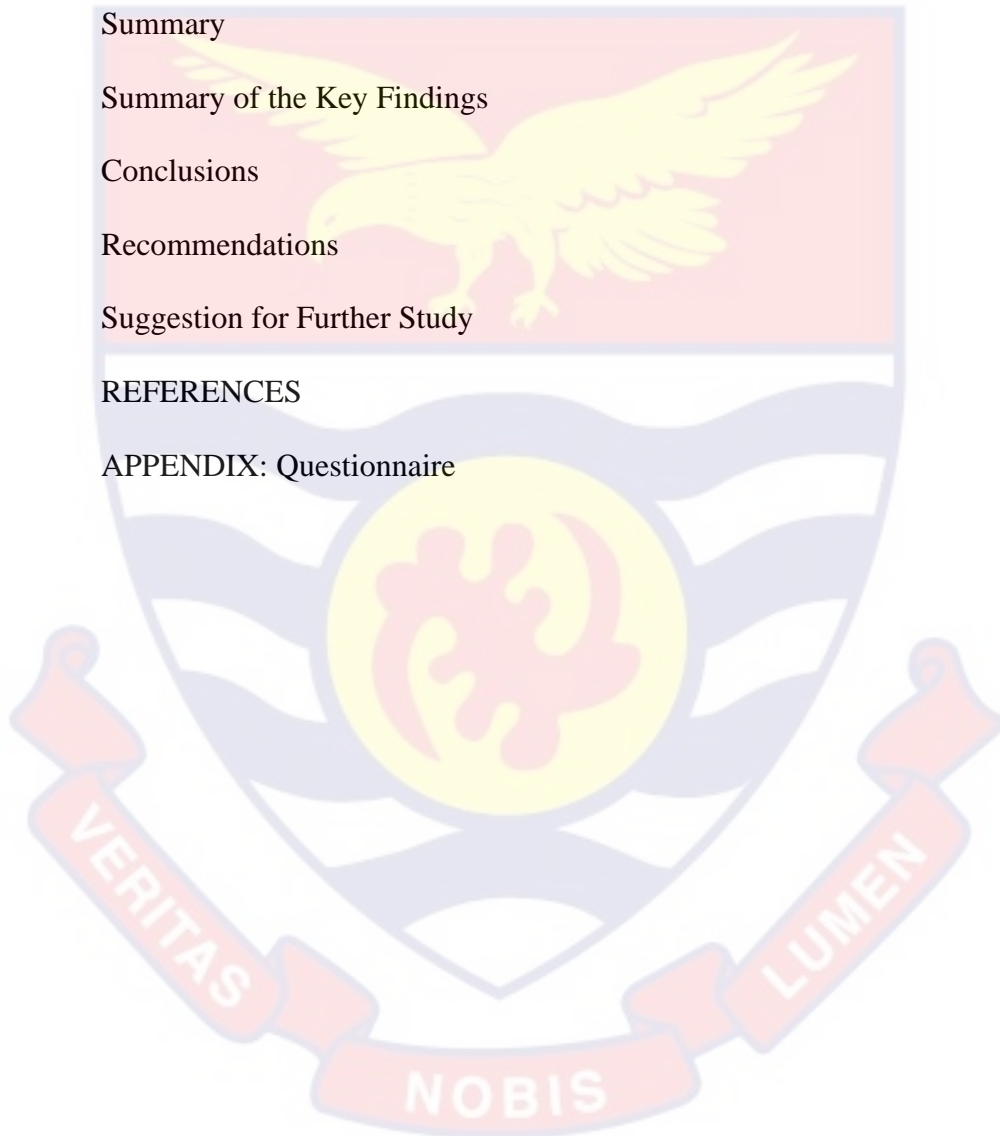
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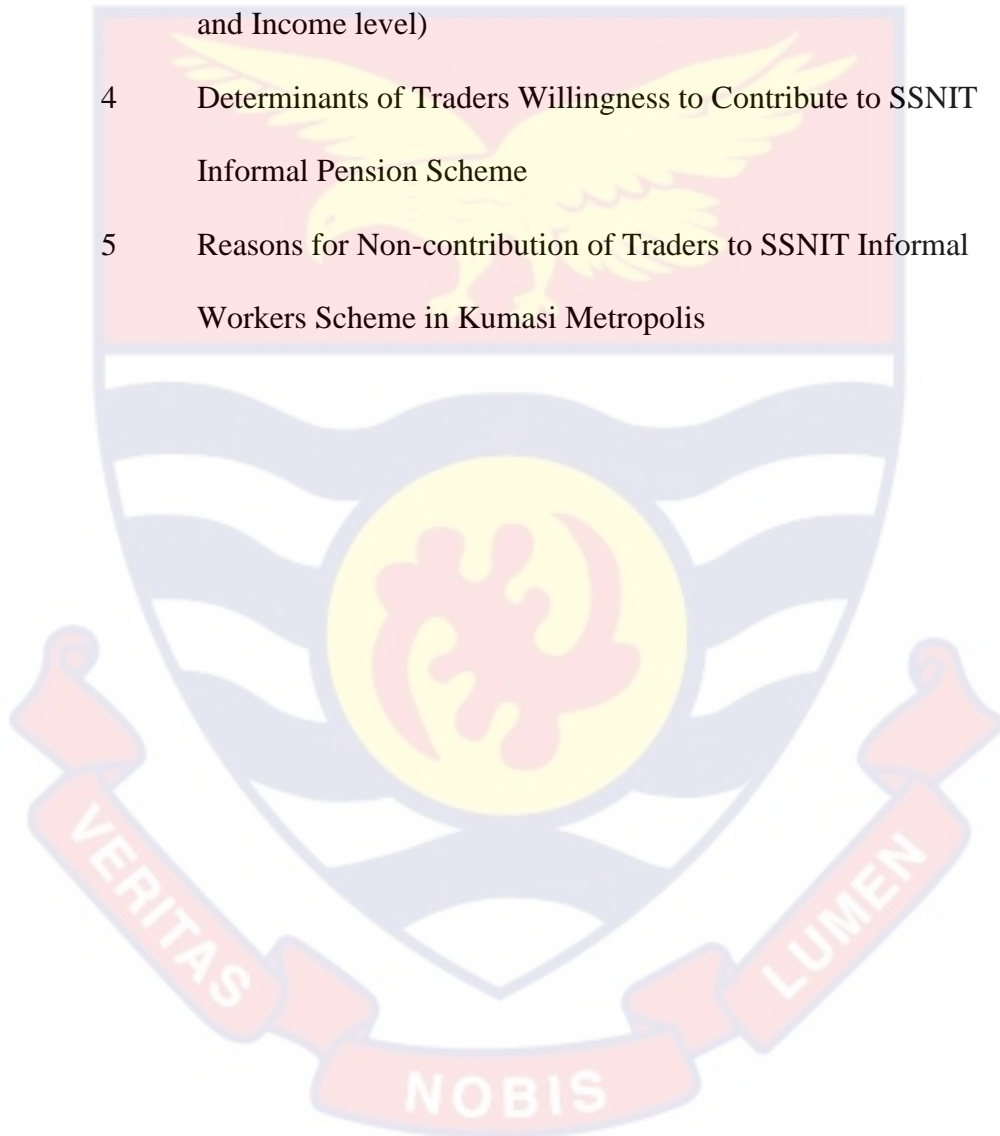
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## CHAPTER ONE

### INTRODUCTION

#### Background of the Study

In the later days within the 19th century in Germany gave birth to modern days' social systems prior to the coming into being of Bismarckian Pension Welfare Scheme. Nowadays, social schemes insurance policy coverage had improved and recognized all over the entire world, thus in cooperating advanced and emerging world. However, the kind of social schemes varies, they all together offer pay as social protection to the aged and also assist in lessen after pension income insufficiency among the less privilege in the community. Though, in spite of the unwavering improvement and extension in the current social schemes compared to time past, a compelling challenge yet to be resolved is how to spread these organized social schemes process to the informal sector workers.

The expansion of social schemes coverage in Africa, according to the International Social Security Association (ISSA, 2009) is a major challenge. One of the top priority areas of social security that requires improvement is the informal sector. The way social security is defined or described poses the biggest challenge to expanding coverage in developing nations. Leliveld (1991) asserts that social security acts as a safeguard for a society of individuals against a decline in their standard of living brought on by transient hardships and as a tool for society to better the circumstances of social groups whose members' standards of living fall below appropriate minimum standards. This justification offers a thorough understanding of social security that includes all individuals working in unorganized industries. It is commonly acknowledged that social

security works well at protecting the most vulnerable members of society. Both in established and newly emerging financial systems, social security is steadily dismantling the old family-based structures for interpersonal assistance. Urbanization is the key factor influencing social security changes in emerging nations. In certain situations, formal market-based arrangements like contributory pensions have completely taken the place of family dependent arrangements. However, the influence of formal market-based economies has been minimal in nations with highly unorganized economy.

Having a trustworthy alternative that generates a full-time income wage is the greatest way for contributors to get maximum income protection through social security. However, social security has been crucial in low-income nations for ensuring economic stability, particularly in light of issues like unemployment, pregnancy, senior years, sickness, and invalidity brought on by work-related duties.

The International Labour Organization (ILO), the umbrella organization for social security, has also expressed concerns about the security that the community provides through appropriate organizations against specific risks to which the members are exposed, such as those listed above (ILO, 1989). Social security is defined by the ILO Convention 102 (2000), which specifies the standards for interpersonal security, as well as the more extensive indirect emergency preparations that people are expected to make.

Some academicians contend that social security in developing countries is necessary for economic development (Ahmad, 1991). For a variety of reasons, the effectiveness of social security programs in developing countries has come under examination in recent years. The need to extend social security coverage

to groups of workers in the informal sector, who are frequently characterized by erratic revenue streams and are thus difficult to enlist in conventional social security systems, is the main source of concern. From the forgoing, the International Labour Organisation (ILO, 2000) in its 89th session emphasized the need to embrace a wide range of organizational approaches right down to the local level, where the potential of micro insurance schemes is explored and priority given to overall responsibility of the state in the promotion, facilitation and extension of coverage of social security.

Over 85% of all workers in Sub-Saharan Africa are employed in the informal sector alone (ILO, 2010). Algeria, Egypt, Tunisia, and Mauritius are notable exceptions, where the majority of the population does not receive social security benefits in any way. The New National Pension Law, 2008 (Act 766) has replaced the parallel Social Security and National Insurance Trust (SSNIT) (PNDC Law 247) and Cap 30 Pension Scheme in Ghana with the intention of delivering a viable pension plan that guarantees retirement income security for Ghanaian workers, including those in the informal sector. In Ghana, the SSNIT informal pension fund was started in 2000. A lot of workers in the informal sector, as well as their acquaintances in the formal sector, have their futures protected by this fund. Members' contributions to the informal sector workers pension fund vary, in contrast to the formal sector workers pension scheme. The main components of a person's contribution are their preferences and their capacity to provide (Collins-Soweh, Kuwornu, & Tsegai, 2013).

(Osei-Boateng, 2011) asserts that there is ample evidence of informal social security organizations failing. In certain aspects, urbanization and the escalating economic difficulties have also impacted parents' capacity to give

their families the support they need. According to Modigliani and Muralidhar (2004), the primary objective of a pension system is to assist households in finding the best methods to distribute scarce resources over the course of a lifetime. Pensions are thus policies and tactics designed to protect people in active service (age) against any future uncertainty that may arise. Members' contributions, which are then paid to beneficiaries, are often taken from their monthly paychecks, however occasionally they are made voluntarily by the contributors while they are still in active duty. As a result, when a contributor retired from active work or services an amount is regularly paid to him/her. This amount in many ways aid and empower the pensioner to support and live a meaningful life as well.

The majority of the time, social security interventions are neutrally scaled and always available to everyone. The situation is different since, up until recently, pension plans tended to focus more on employees in the formal industries. This may be due to the fact that, unlike in the official sector, no agency regulates the income of people who work in the unorganized sector. Making mandated informal pension contributions, like for employees in the official sector, is therefore highly difficult (Modigliani & Muralidhar, 2004). In the end, it is up to each employee to decide whether to accept or reject the plan. In light of these, the study's main objective was to determine how well-informed persons working in the informal sector were about Social Security. Further information on the workers' level of scheme participation is obtained from them. Additionally, different justifications for joining or making contributions to the SSNIT informal sector pension plan would be taken into consideration in Kumasi Metropolis.



## Statement of the Problem

The final report of the 2010 Population and Housing Census in Ghana revealed that, the informal sector is the largest employer in the country, accounting for 93.1% of the economically active persons (private informal 86.1% and private formal 7.0%). Despite the huge population in the formal sector, structures for social security have not been formally institutionalized. Ghana in 2002 established an independent SSNIT Informal Sector fund to cater for their social security needs but subscription by informal sector workers unto the pension Scheme has not been encouraging due to numerous factors.

Given the tragedy that befalls informal sector seniors who earn poor, uneven earnings, there has been an increase in advocacy for suitable pension plans that will raise their living standards as they approach old age. In Ghana, there are an increasing number of pension plans, however they operate with a variety of restrictions. Few pension contribution schemes in Ghana take into account the situation of informal workers, who make up the bulk of Ghana's working population (Awudja, Ewusi, Mensah & Kwagyiriba, 2021). The majority of pension contribution schemes in Ghana benefit workers in the formal sector. According to a survey published by the Ghana Statistical Service in 2012, more than half of the population (55.9%) is self-employed, followed by 20.4% of family-owned businesses and the remaining 17.6% of wage workers. As a result, between 86 and 90% of all employment in Ghana is in the informal sector (UNDP, 2012).

After retiring, the majority of informal sector employees eventually become a financial burden on their families and the nation. Saving money for use in old age when incomes are not forthcoming is one of the wise choices a

person can make during his or her productive life. People can better plan for their retirement when they are aware of the SSNIT pension scheme, but legislative support for informal education networks has been scarce. Around the world, there have been reports of low levels of informal sector worker participation and awareness. Few research, such as Budu-Ainooson (2011), Akor (2013), and Appiah-Kubi (2020), have been done on the informal sector in Ghana, despite some studies being done to gauge the level of awareness and engagement in the formal sector of Ghana. This leaves a gap in literature in terms of public awareness and informal sector participation in the pension scheme of Ghana. In the case of Kumasi Metropolis, it is one of the most populous settlements in Ghana with a population of about 3,630,000 inhabitants which comprised 47.8 percent males and 52.2 percent females. Out of this population, about 85 percent of its labour force are predominantly engaged in informal economic activities (Ghana Statistical Service, 2021). This necessitates the need to investigate informal sector workers awareness and participation in the SSNIT informal pension scheme within Kumasi Metropolis. In light of this, the study sought to assess the level of awareness and participation among informal sector workers on the SSNIT pension schemes, examining the key factors influencing participation level of the workers of the informal sector and finally exploring factors hindering awareness and participation among workers of the informal sector in the Kumasi Metropolis in the Ashanti Region of Ghana.

### **Objectives of the Study**

The study's major objective is to determine the level of awareness and patronage of the SSNIT informal pension scheme among traders in Kumasi Metropolis. Specifically, the researcher priorities the following objectives;

1. To find out traders in Kumasi Metropolis awareness of the SSNIT informal pension Scheme.
2. To access traders' willingness/readiness to contribute to the SSNIT informal pension Scheme in Kumasi Metropolis.
3. To find out determinants of traders' willingness to contribute to the SSNIT informal Pension Scheme in Kumasi Metropolis.
4. Identify reasons for non-contribution to SSNIT informal pension scheme by traders in Kumasi Metropolis.

### **Research Questions**

The following questions aided the researcher to achieve the set objectives of the study;

1. Are traders in Kumasi Metropolis aware of the SSNIT informal pension Scheme?
2. Are traders in Kumasi Metropolis willing/ready to contribute to the SSNIT informal Pension Scheme?
3. What are the determinants of trader's willingness to contribute to the SSNIT informal Pension Scheme in Kumasi Metropolis?
4. What are the reasons for non-contribution to SSNIT informal pension Scheme in Kumasi Metropolis?

### **Significance of the Study**

This study's findings will be of essential need to various stakeholders in the pension industry and the government sole agent for workers' pension (SSNIT). Secondly, the notion that SSNIT pension is only for public service workers and prominent people in the society by this study will see the light.

Thus, by the study findings many in the informal sector will appreciate and better understand issues pertaining to SSNIT for informal sector in Kumasi Metropolis and Greater Kumasi at large.

### **Scope of the Study**

This study was conducted in the Central Business District of Kumasi in the Ashanti Region of Ghana. The central business area of the city was targeted for the study. It covers suburbs such as Kejetia, Adum, Suame and Asokwa. These areas were chosen as a result of the kind of trade and vocations centered within the vicinity.

### **Limitations of the Study**

The scope of the study was limited by resource constraints. As a result various kind of individuals within who are into diverse businesses were not captured. However, the limitation of the study does not in any way affect the validity of the findings because the survey design provides basis for generalization.

### **Organization of the Study**

The study is broadly divided into five (5) chapters. Chapter one gives a general introduction to the study, Chapter two explored some relevant literature on pension and informal pension scheme theoretically and empirically, chapter three highlights the methods used for the research, chapter four presents

findings from the study. The final chapter, contains summary of the study, conclusions and any other recommendations for policy and planning.



## CHAPTER TWO

### LITERATURE REVIEW

#### Introduction

Various theories, concepts and definitions were reviewed in this chapter. Basically, the literature was reviewed under empirically and theoretically.

#### Theoretical Review

The following theories were considered for the study;

##### Theory of myopic prodigality

According to this theory, parents now do not look ahead when they were very young. Thus, most individuals according to this theory makes several mistakes in their young ages and as a result fails to save towards the future. There are a number of likely justifications people give for not saving when they are younger. Some of these according to Diamond (1977) includes the idea that they had not had adequate education on various possibilities to make a good judgment about their needs during retirement., people also fail to plan for the future because they fail to accept the reality that old age is a certainty that would dawn on them; for some, even though they may be aware of possible occurrences in old age, they fail to give it the necessary importance it deserves and so they fail to make needed preparations for it. This explains why some scholars believe the government needs to act as an autocratic father and compel citizens to save for old age.

According to Diamond (1977), considering how the problem of the prodigal father can be termed as a program fully funded which must not be implemented anywhere by the government. It is largely believed that trying to find answers may include program such as pay-as-you-go. This is because, it

will be too late to use compulsion on the old generations to save initially when the program emanates and money may also be required to pay them. However, the question concerning why richer members in the old generations would get their benefits cannot still be explained going by this reason. Considering pensions as a forced savings program, its benefits to a large extent may be explained as not means-tested. The entire program is not intended for redistribution but as a way of ensuring people save some resources now for tomorrow when old age catches in. As a way of finding solutions to the prodigal father problem, Feldstein (1985) suggested that as an opposition to the practice of social security protection programs, the optimal remedy will involve trying to test means and considers granting low retirement benefits.

#### **Theory of rational prodigality**

This theory in some way seems to be in direct opposite to the theory of Myopic Prodigality. This theory holds that parents are visionary during their old age that they did not only think of the needs they would have when they become older and retired but they also factored the things their children would have during old age and how the society would react to these needs that they would identify (Laitner, 1988).

Specifically, parents they look forward to the aid of the society even if their situation has been self-inflicted. For instance, the presence of poor children who have no support may not be the desire of society. In lieu of this, some younger people do not enroll on pension schemes or plans because they know that even when the worse occurs, society would offer them assistance.

### Misguided Keynesian theory

The idea here is that social security was an invention to lower the savings of a nation at a time when the total demand of people was low – notably referred to as the great depression (Feldstein, 1998). This follows the Keynesian postulation that consumption needs to be stimulated. This means that social security would reduce the amount of savings the state would make (Ibid). This theory makes it obvious that much social security scenes are nationally run or operated by government. The Keynesian idea offers explanation to why there is no need for a poof of handicap state. In the event the Keynesian explanation will be modified that in the long run, based on the postulation that policy makers are entirely wrong to attest to the Keynesians assumptions, hence welfare can be increases through pressured savings.

In the case when life expectancy of the populates increase, it is obvious workers in turn will call for earlier retirement living. In such situations, the Keynesian policymaker may administratively reduce ages for retiring to help control increase in private savings. This prediction is in line with what happens in the real world with regard to social security coverage. The thin line can be drawn between other performance models considering redistribution of money from the younger ones to the old. This is very efficient since it reduces savings considering analysis under the Keynesian point of view.

According to Feldstein (1974), this theory on the other side had challenges in elaborating retirement incentives generated by social security. These problems were presumed to cause increases in savings. The fact remains that, can an attempt to discourage savings to a large extend explain the point that a number of nations give specialty to retirement savings or why in some



nations such as Chile, France, and Germany social security started as funded systems. This theory in addition, fails to give in-depth explanation as to why members benefit is usually not means-tested and why social security in most cases are funded with payroll taxes instead of from the regular national budgets.

### **Theoretical backgrounds of pension reform**

Across Africa, pension schemes, as highlighted by Lansky and Williams (2006), are notably underdeveloped and face significant challenges. The coverage and participation rates in pension schemes across the continent are alarmingly low, leaving a substantial portion of the population without adequate retirement security. Pension schemes covers 10% and sometimes less than 5% of the population in various countries. It is thus expedient for pension reforms to achieve wider coverage of insurance among the population. There are many research theories on retirement funds which by different scholars in literature. All these theories basically can be put into four groups. Pensions plans can be;

1. Cash and carry system (pay-as-you-go) up to a subsidized plan;
2. Defined benefit (DB) to defined contribution (DC);
3. Publicly managed pension to privately pension managed plan; and
4. Single scheme to a multiplier scheme.

Firstly, modifying a pay-as-you-go strategy to be a program with funds is considered a retirement reforms prerequisite. Many reforms have been condemning the pay-as-you-go plan. It is usually said that this system is remarkably responsible for increases in cost of pensions. Considering the pay-as-you-go, pensioners take retirement living benefits without failure. As a result of a high number of the aged, current personnel are obliged to pay higher for social security. As a result, advocates of pension reforms usually consider pay-

as-you-go as the Gordian knot to end up not cutting up the aged. Also, according to Demesa et al. (2006), it is necessary to eliminate PAYG and put in place a novel stress-free plan which pensioners in the end will can take responsibilities for their pension benefits.

Secondly, there have been critics from pension reform promoters on the Defined Benefit (DB) pension plan. According to them, the defined benefit plan should always move in same direction with the pay-as-you-go plan. After, the Defined Benefit plan, not considering how much an individual have accumulated by their statutory deductions, pensioners receive pension benefits as defined. With regard to pension reforms, the aged have to take their particular benefits based on their actual share into their own accounts. This is termed as the Direct Benefit (DB) plan. (Gustman, Steinmeier & Tabatabai, 2010) this direct benefit plan metamorphosis into the Direct Contribution (DC) plan.

Next, in recent times, pension have been recognized as a very strong system. How one lived his/her young age notwithstanding, many individuals have prioritized their retirement. In the Western world for instance, much attention was placed on pension based on the tradition of Beveridge and Bismarck plans (Bonoli,2005). In their plan Beveridge contributed by establishing poverty preventive insurance policies whereas Bismarck plan on a greater side influenced social insurance plans. These are therefore two publicly managed plans upon which governments in taking prudent decisions for pensioners benefit are based on. Despite its advantages, there have been some criticisms that why should the citizens be depending on governments for pension benefits. They hold the view that peoples by their own efforts through

personal savings can take care of themselves in old age. Employers can thus take this responsibility on themselves (Bonoli,2005).

Lastly, there have been transformation in pension plans. This change emanates from public-financed schemes to multiple-pillar schemes. In Chile, there have often been many privately managed schemes taking over the public managed plans (De Mesa et al. 2006). Globally, there have been many multiple pillar schemes adapted by a number of nations with respect to pension reforms. These four stated pension plans have always worked with one another. But in literature their disadvantages have been reported. In recent times, none has been dominant over the other. Several recommendations have been suggested by academicians as reforms with respect to pension schemes which are geared towards better pension. Some countries have adopted pragmatic reforms while others have used systematic reforms in transforming pension scheme (World Bank,1994).

#### **Variables that impact involvement of retirement schemes**

There are diverse factors which significantly affects one's involvement in a pension or retirement scheme. According to Guariglia (2000), among the key factors which influences a worker's participation in a pension scheme includes; age, level of education, job/occupation, gender, number of dependents, marital status, kind of home ownership and future financial expectations. Martin and Whitehouse (2008) in their survey in the United States concluded that, in America individual retirement accounts have aided in luring families with higher earnings, highly knowledgeable and are married. All these notwithstanding, families within similar earning brackets with the same level of education and marriage statuses, there exist variation in their attitude towards

savings. Variables that influence an individual to contribute to retirement schemes include;

### **Individuals age**

In order to benefit from compound interest, which increases the benefits' financial value, the younger generations invest in pension benefit plans. Longer savings periods yield higher interest-on-interest returns. However, as people age, they are more likely to acquire pension benefit plans. With aging comes a greater awareness of the need to preserve retirement funds for financial security in pensions (De Mesa, 2006).

### **Culture of savings**

A greater propensity to make additional voluntary contributions for pension in Retirement benefit schemes is present in people and households that are more likely to save money and maintain other forms of saving. These individuals typically begin saving earlier in life, enabling them to accumulate more real estate. People without pension savings are more likely to lack other types of cost-saving measures (Masilela, 2005).

### **Level of income**

People who are better off financially, have more financial resources, and have the ability to save do so by discounting the future more heavily. As a result, they may be more likely to save for retirement. People with low incomes have limited capacity for saving and little future discounting. Higher current values for consumption would be assigned by them (Palacios & Sluchynsky, 2006).

### **Attainment in education**

Savings habits generally and specifically increase with level of education. The importance of saving for retirement is understood more fully by

people with higher levels of education. Education levels are important for retirement savings because they increase a person's appreciation and understanding of the value of maintaining retirement savings (Palmer, 2000).

### **Pension education**

An education campaign is a communication that aims to change behavior. If well-articulated, the advantages of saving for retirement as a wise decision have favorable effects on retirement savings. A few hours of general pension education increase the propensity to save a lot, but the effects fade or turn around over time (Palacios & Sluchynsky, 2006).

### **Links of employer**

Employers can compel their employees to participate in retirement benefit schemes at a reasonable alternative cost. Employees who find themselves in a situation like this can then start saving for their retirement benefits. Employers, on the other hand, offered pension plans to encourage people to make voluntary contributions. Employers' double member contributions to occupational plans by matching employee contributions as a gesture of goodwill.

### **Overview of Ghana's Pension Acts**

Ghanaians have had a strong cultural history of social security systems especially in the rural population prior to independence. This system operated in such a way that the extended family had the moral duty to provide for and ensure the wellbeing of the aged population, the sick and any revenue that may accrue in the event of typically the death of a contributor or possibly a pensioner of the scheme. The growth of a more mobile population which has broken own the extended family system bon, the traditional social security system has

become largely weakened and is now further weakened by the introduction of formal social security systems (Dei, 1997).

According to Ghana Statistical Service (GSS, 2010), the larger chunk of the Ghanaian population is working within the informal sector. The challenge therefore is how to design a pension scheme that suits this large population of workers within the country. The first form of pension plans in Ghana was formed before political independence by the British colonial government. The first policy however was only made for a peculiar group of civil servants who were labelled pensionable officers. The retirement benefit according to Kpessa (2010), was designed by the colonial government as a way of making civil servants more loyal and also improve their performance on the job. It was not one in which the beneficiaries had to pay a premium as most recent policies do but simply a reward system for workers who served the queen well during their service years as civil servants. (Kpessa, 2010) It is thus implicit that no worker had the choice to subscribe to the policy since the prerogative lies with the employer who decides who has qualified to be awarded the package.

According to Asamoah and Nortey (1987) only urbanites that were from Europe and selected few Africans were benefitting from the income protection plan introduced by the colonial leaders. Darkwa (1997) also writes that the old age income protection policy was being run based on the Colonial Development Act of 1940. The Pension Ordinance was later introduced by the colonial government to integrate all pension policies. Some of the policies integrated included the CAP-29, 1936 which was for non-African officers, the CAP-30, 1936 which was for European officers. The discriminations within the erstwhile policies was eliminated by the new non-discriminatory policies (Kpessa, 2011).

The integration of the policies was rebranded into CAP-30 which was carved out of the chapter 30 of the 1950 Pension Ordinance (Kumado & Gockel, 2003). The CAP-30 made it possible for employees to go on a voluntary retirement at age 45 or mandated retired when they attain 50 years of age. The problem that emerged however with the programme was that because it was free and fully funded by the British colonial government, the financial burden on the government became too much.

The financial implications in the pre-independent CAP-30 policy caused policy makers to replace it with the Provident Fund which was established in 1965. The new policy was expanded to include all employees who were not captured by the former policies of the colonial government (Kpessa, 2010). The name of the fund implied that beneficiaries were entitled to huge sums of money which have been accumulated over time from the premiums paid by members during active service and the profits that are earned on these accumulated contributions. This policy captured both private and public workers (Dixon & Hyde, 2009).

The provident fund operated in such a way that even though the employer also contributed to the fund, the employee is the one who is at full risk in case of any malfeasance from the fund managers. Under this arrangement “an individual pension is annuity whose size, at any offered life expectancy and rate of interest, is set only by the size of their lifetime pension accumulation” (Barr, 2002). The Provident paid for, provides a lump sum payment for retirement years, invalidity and survivors gains. During this time, the amount of monies raised from membership contributions only went into government financial instruments that attracted abysmally low returns on investment and too long to mature.

Mkandawire (2001) argued that between the 1950s and the early 1970s, the period was one which was a growing one because it was unified and free from social forces and focused on the welfare of human beings and amassed local resources for national development. Madavo (2006) identified that around the year 1960, African economies with Ghana inclusive had very high growth rates which allowed them to prioritize infrastructural, educational and health development.

From the middle of the year 1970 to 1982, Bofo-Arthur (2007) studied that the local savings rates dropped to 3% from 12%, investment also came down to 2% of GDP after a 12% drop, the debt of the government increases from 0.4% to 14.6% of the total expenditure made by government. Import size dropped by two-thirds, income from export fell by 50% and export contribution to GDP dropped from 21% to below 5%, per capita income fell by 30% and real wages was 80%. All these ill economic development issues caused inflation to skyrocket to around 123% in the year 1983 (Dorkenoo, 2006; Konadu-Agyemang, 2001).

Because of the falling interest rate and the increasing inflation situation during this period, the values of the lump sums of money paid to people as retirement benefits had next to no value economically. Because of how the poor economic situation affected the provident fund, workers' unions agitated that the fund be converted into a Pay as You Go System which would pay beneficiaries a monthly amount to the beneficiaries (Kpessa, 2010).

Later in the 1990s, administration converted the problematic prepared fund to a social insurance policy that enabled pensioners to obtain monthly instalments instead of the one time (Kpessa, 2011). Under this new scheme, staffs were



asked to bring about at least 240 months (20 years) to the scheme to be approved for retirement benefits. “Individuals who retire before the required retirement age are paid lowered benefits” (Darkwa, 1997; Kumado and Gockel, 2003). Staff who were under the Provident Investment were automatically enrolled in the newest social insurance scheme and also “Individuals who attained the actual retirement age at the exact time of the transition were given the possibility to choose between monthly benefits along with lump sum payment, and pension entitlements were extended to staff members who aged 55 (the retirement age under the provident funds) with less than 240 regarding months participation but more as compared to 180 months contribution to be able to smoothen the transition process” (Dei, 1997). The design was designed in a way which it considered the three main eventualities; old age/retirement, invalidity/disability in addition to dependents/ survival’s benefits. Typically, the compulsory old age retirement seemed to be pegged at 60years even though the voluntary retirement was likewise placed at 55 yrs.

Kpessa (2010) finds that the benefit the individual gets from the scheme was a calculation dependent on 50% of the average of an employee’s three best. In addition to the 50% minimum base pension benefit, employees are given a 1.5% additional amount for every additional year they have contributed after their 20<sup>th</sup> continuous year contributions. Adjei (2000) and Osei (2005) also added all their voice to this topic simply by finding that if an employee can't contribute for the total involving 240 months before retirement living will receive his or her accumulated advantages with interest that is computed at half the rate in the government’s treasury bills.

For that disability benefit, in order to meet the criteria, the employee should have contributed for a minimum of three years to the scheme as well as must be medically proven from the medical board incapable of functioning again. Disability benefits are generally paid in monthly instalment to the pensioner and one time to nominated beneficiary in the event the pensioner is deceased.

Kpessa (2010) reports in his analysis on “The politics connected with retirement income security coverage in Ghana: Historical trajectories and transformative capabilities” in which “Dependents of deceased workers who contribute to the scheme to get a total of 240 weeks or more receive lump sum rewards equivalent to twelve years month to month retirement income. Under the societal insurance scheme, if a member of staff passed away before reaching the 240 month contribution threshold, the particular dependent receives a onetime benefit equivalent to 12 years old age income proportional to the charitable contributions made. In the event that a pensioner passes away before age seventy-two, his/her dependent are paid a lump sum benefit calculated because of the age 72 of the dearly departed retiree while dependents of any deceased pensioner aged seventy-two and over are not entitled to almost any benefit” (Dei, 1997; Dorkenoo, 2006; Osei, 2005).

The Ghanaian government also reported in 2006 that there were around 647, 712 active users overall in 1991, the year this programme was introduced. In addition, the Social Security and Countrywide Insurance Trust in 2006 reported that by year's end, there were 1,211, 620 active members, an increase of 87.06 percent over the previous fifteen years of establishment. The scheme also reported significant commitment of 2, 868 million old cedis at that time. Employer and employee both contribute 12.5 percent of wages toward this type

of insurance, for a total contribution of 17.5 percent. The most distinguishing characteristic of the social insurance plans is related to the fact that it ensures inter-generational transfers and designed to make certain solidarity and collectivization associated with risks (Kpessa, 2010).

Financial, producing, services, residential (real estate), and commercial properties are only a few of the economic sectors where money or contributions from the system are invested. Fixed income and non-fixed income assets make up the majority of the scheme's investment portfolio. The fixed income investments include registered stocks, residential finance company index-linked securities you own, fixed deposits, call payments, student loans, corporate loans, treasury bills, and government securities you will own. The majority of these assets are often short-term. Economically, non-fixed income prospects include buying commercial, residential, development, and equity real estate. These often last for a long time and are respected for advertising swings (Kpessa, 2010).

By the end of 2006, the scheme normally had equity involvement in more than 53 firms, many of which are traded on the currency markets, according to data from Osei (2005) and SSNIT (2006). Actuarial evaluation of the plan in 2004 projected that, from 2% rate of comes back on investment and 3% annual increase in contributors; often the scheme can be sustained more than a fifty-year (2004-2054) period (Kpessa, 2010). The running regarding two of the nation's retirement benefits scheme brought some amount of dissatisfaction. Kumado and Gockel (2003) also reported undoubtedly that; "Clearly, retirement positive aspects under CAP 30 are usually undoubtedly better than those beneath the SSNIT scheme, which is why individuals who can keep themselves

in the program do so, and others outside the item are fighting to get into it. The problem is not only that there is fantastic dissatisfaction among those workers who also do not enjoy the superior insurance coverage of CAP 30; it might be that the largely unfunded characteristic of the plan is an empty on general revenue”.

In July 2004, the Ghanaian government formed a nine-member commission on pensions. The chair of that commission was T.A. Bediako and the commission was tasked to evaluate the prevailing pension policies as a way of promoting security in terms of income to workers who were retiring from active service in Ghana. The commission submitted their findings to the government in the first quarter of the year, 2006. The major counsel given from the commission’s report was that there was the need to formulate a new policy which was the three-tier pension policy that was made up of compulsory and voluntary contribution aspects. The recommendation thus brought about a new system that did away with the CAP-30 policy. Agbobli (2010) commented on how the three-tier policy operated. It was a policy that offered three different avenues into which one can save into against retirement. The scheme was supported by the constitutional document called the Pensions Act, 2008 (Act 766). The three elements were important in bring comfort to the contributors and their beneficiaries.

In the first tier, there is a mandatory contribution which is an improvement on the SSNIT and included all employees regardless of whether they worked in the formal or informal sector. It had no lump sum payment component but only monthly emoluments to the pensioner or their survivors.

The second tier is the occupational pension plan which is also compulsory for all workers in both government and private establishments even though it is not managed by the state. The goal is to be able to provide the subscribers a larger lump sum on retirement than what their SSNIT or CAP-30 contributions could earn them.

In the third tier, there is voluntary provident fund and individual schemes or policies that are supported by state funds from tax revenue. The aim of the third tier was to protect the workers outside the formal sector within the country and secure them a safer financial retirement life. The employee pays 13% of the contributions and the employer pays 5.5% adding up to 18.5%. This implies a 1% increase in the contribution that comes from the old social security policy. The increment was divided between the employer and the employee. Despite the fact that the 1% increment looks nominally low, it brings about a rather higher benefit and reward. This is because, it ensures the earning of a lump sum, monthly benefits, benefits accruing to contributors in times of invalidity, and also benefits that their survivors could reap and also a tax-free opportunity for their investment.

#### **Bodies responsible for managing the national pension policies**

The basic body formed by the state to manage the retirement contributions in Ghana is the SSNIT (Social Security and National Insurance Trust) which was established in the year 1965. The role of SSNIT generally has been to improve upon the Three Tier Basic Scheme that existed into a Pay as You Go model. The present management of pension within the country is overseen by the National Pension Regulating Authority. The authority has full responsibility for regulating all-retirement policies in Ghana. The new pension

plans require that private banks and financial bodies entrusted with the management of pension policies in a sub-level in addition to the Pension Fund Management group which are to be also regulated by the NPRA. The two main bodies authorized to operate pension formally in Ghana are National Pension Regulatory Authority (NPR) and Social Security and National Insurance Trust (SSNIT).

### **The National Pensions Regulatory Authority (NPR)**

By the National Pensions 2008 (Act 766), the National Pensions Regulatory Authority came into existence in the year 2008. This act aims at offering a renewal in the pensions system within the country by providing a policy in which contributions are made to a scheme that has Three Tiers components. The focus of the body was to manage all registered pension policies and oversee the activities of the managers of these schemes. The body exists as a corporate entity that has the right to sue and also be sued. The overriding focus of this group was to improve efficiency in how various pension policies were managed within the country.

### **The Social Security and National Insurance Trust [SSNIT]**

The institution that is mandated for managing Ghanaians pension funds since the early years following independence is SSNIT. The genesis of SSNIT was with the duty to manage the provident Fund with workers within the informal sector as its clients. The role of SSNIT however change in 1991 when a law was made to change the then existing Provident Fund to a cash and carry system (Pay As You Go). According to Gockel (1996), the conversion was necessary because it had the focus of improving the quality of income and social protection that workers were entitled to upon retirement. As at the year 2012,

the SSNIT report showed that SNNIT had an approximate membership of 1,051,429 who were contributors in addition to 119, 323 people who were on pension and were beneficiaries of the policy. The scheme now has regional offices in all the ten administrative regions within Ghana. Gockel (1996) again identified that the two main operational lines of the scheme are the administrative and the investment units. The main sources of fund for SSNIT are the returns on investments that they operate and also the profits made on membership contributions. It sells equities, and deals in real estates as its main investment policies to raise money to support its operations (SSNIT report, 2012).

### **Relevance of Social Protection/Pension**

#### **Poverty alleviation**

In order to reduce high poverty among the most at-risk groups in any society, especially among elderly women, retirement benefits are crucial. While the World Bank (Holzmann, 2001) notes that 85% of the world's population over 65 years old has no retirement benefits at all, the ILO reports that only one in five employees is covered by adequate interpersonal security schemes. In sub-Saharan Africa, only 10% of the elderly population receives a contributory pension (Palacios & Pallares-Miralles, 2000). Fundamentally, public pension plans are a means of implementing social support. As with health insurance and education, social protection is in fact more and more seen as a factor in the process of growth (van Dullemen, 2007). The debate over which type of social pension is most suitable—contributory versus non-contributory / common versus means-tested, etc. is outside the scope of this essay. Regardless of the system in place, providing pensions has been shown to have effects on society

as a whole in addition to reducing elderly poverty because benefits are shared with family members, such as by giving grandchildren food, clothing, and school supplies.

By receiving and dispersing a pension, older people become more integrated into communities and less like a burden on their families, strengthening intergenerational relationships. According to Assist Age International's Social Safety Facts and Figures, the following are some positive social impacts that pension plans can have (Help Age International 2006).

#### **Alleviating cost on Government**

Building funded pension systems could also reduce government spending, as social pensions are also affordable for many emerging economies (Haberman, 1998). The population's financial burden caused by unsustainable pay-as-you-go (PAYG) pension techniques can be lessened, and future generations could be spared from carrying that burden. Large populations may not have access to the pension system, which makes such problems more prevalent in countries with high rates of informality in the labor market, as is the case in developing nations on the African continent and elsewhere. The tax system, however, will serve as their indirect means of support (Harberman, 1998).

Expenses on pension payments has surged in the region and is now outpacing funding for other deserving programs (especially pensions for civil servants as well as other distinct schemes) (Harberman,1998). When the pension structure is created to only cover specific personnel with such a high degree of government powers, the possibility of significant fiscal imbalances and regressive distributional outcomes is typically increased.



Civil servant pension plans in Africa are an example of this. The formula used to determine a civil servant's pension is typically more generous than one for a worker in the private sector in every country where it is used. The result of a much more forgiving formula, an older system, a lack of stored, and these factors combined with the crowding out of other crucial expenditures is the accumulation of enormous deficits that ultimately put the rest of the population under stress (Harberman, 1998).

### **Problems of non-coverage of pension schemes**

A sizable portion of the population does not receive any form of social protection in the majority of countries around the world. Some are partially covered. The problem is more common in developing countries like Ghana and Kenya than in developed ones. Additionally, there are a few minor gaps in social protection coverage in developed nations (Odundo,2008).

### **Definition of informal sector**

The informal sector is made up of activities of marginal nature which are different from but has no relation to the formal sector which generate income for the needy and assures them of safety in difficult times (Sethuraman, 1976; Tokman, 1978). This school of thought belief that informal sector activities mainly emanated as a result that modern job opportunities absorb labour in surplus as a result of the slow rate of growth in the economy as compared to the rapid population growth.

According to the structuralist school, the informal sector should be viewed as subordinated economic units (micro-firms) and workers who help to lower input and labor costs and, as a result, boost the competitiveness of big capitalist firms. Different modes and forms of production are seen in the

structuralist model, in stark contrast to the dualist model, to not only coexist but also to be inextricably linked and interdependent (Moser, 1978; Castells and Portes, 1989). This school holds that the persistence and expansion of ad hoc production relationships is explained by the character of capitalist development (rather than a lack of growth).

According to the legalist school of thought, the informal economy is made up of tenacious microentrepreneurs who choose to operate formally in order to save money, time, and effort (Caicedo & Olaya, 2007). Micro-entrepreneurs will continue to produce informally as long as government processes are time-consuming and expensive, claim Soto et al. According to this theory, excessive government regulations and rules stifle private businesses. Soto has advocated for property rights more recently as a way to turn the unofficially owned assets of unregistered business owners into actual capital (Caicedo & Olaya, 2007).

The il-legalist school of thought, which has gained traction among neoclassical and neoliberal economists over the years, holds that informal businesspeople intentionally try to avoid laws and taxes and, in some cases, engage in the sale of illegal goods and services. The idea that the informal economy is a shadow or black economy is linked to this point of view. This school of thought contends that informal business owners operate illegally, or even criminally, to avoid paying taxes, commercial regulations, electricity and rental fees, and other expenses associated with doing business formally (Maloney, 2004).

According to Chen et al. (2004), the prevailing re-thinking of the informal employment, presently typically referred to as the informal economy,

suggests an integrated approach that takes into account which elements of substance dualism, constructivism, strict constructionism, as well as il-legalist assumptions are also most suitable toward which segregates of informal jobs in which contexts. Unquestionably, several poor individuals and households take part in subsistence production that have or have quite few interconnections to the formal sector as well as the official regulatory system (dualist school); a few size and financial choose to forego tax payments and abiding by the law (il-legalist school); other unofficial groups and employees are subjugated to bigger official corporations (structuralist school). For the sake of this study, small scale firms in the manufacturing and service industries as well as in the framework of current ideas will indeed be referred to as the informal sector. An integrated strategy that considers which parts of its products and services are not adequately accounted for in official reporting and data as a result of bad record keeping and a failure to disclose for fear of paying taxes.

Small manufacturers and service providers of household and industrial products and services, such as blacksmiths, consignment stores for used clothing, shops and kiosks, artisans, hawkers, and many more, are examples of self-employment and businesses that trade in goods and services but are not typically subject to taxes. The phrase "informal economy" is now frequently used to refer to the growing and more diverse groups of employees and businesses that operate indiscriminately in both rural and urban areas.

### **Experiences of the SSNIT informal sector workers pension scheme in Ghana**

Before the coming into existence of the National Pension Act of 2008, SSNIT Informal Sector Pension System was launched in 2005. This was

Ghana's first pension system aimed at the informal sector. By 2012, it had grown to about 100,000 participants. Following the enactment of the National Pension Laws of 2008, SSNIT identified clearly the act to mean that SSNIT's mission was to offer tier 1 pensions rather than to participate in tier 2 or 3 schemes. Leadership further realized that the scheme necessitated distinct business procedures from the main scheme and chose to prioritize enhancements to the major plan. According to Abels and Guven (2016) the plan incurred significant administrative expenses, that SSNIT managers refused to support with tier 1 contribution earnings. The SSNIT Informal Sector Pension Scheme was transferred to the National Trust Holding Company in 2012, and it later obtained a trustee's operating license under the new pensions law. The scheme has grown in size and now has over 155,000 participants.

In 2018, the system was placed under the jurisdiction of the National Pensions Regulatory Authority (NPRA).

Both a short-term savings account and a long-term retirement account were included in the plan's design. The quantity and frequency of contributions was completely up to the members; they might make contributions every day, every week, every two weeks, every month, every quarter, twice a year, annually, or periodically. Each donation was split into two equal halves and credited to the short-term savings account and the retirement savings account. After five months of membership, members were able to withdraw the accrued funds in the short-term accounts. Members might also receive financing from other financial institutions by using their short-term accounts as collateral.

Prsonally, a contributor can pay his/her contributions in person at a branch office, through formal trade organizations, through an SSNIT-accredited

marketing agent, through a bank standing order, through salary deductions, or through wire transfers. Every SSNIT regional office has a desk dedicated to the informal sector where the program is still run (Abels & Guven, 2016).

The National Pension Act does not prohibit SSNIT from operating a tier 2 plan, as the organization's management has recently concluded, and it is interested in returning to the market for the informal sector. It is determining whether to continue with the present plan or come up with a new one. It would be necessary to obtain the plan from National Trust Holding Company in order to restart it. The revised system was kept in place in 2019 because it was seen to fit more closely within the already-existing SSNIT organizational structure. It also contributes to cost savings and strengthens the tier 1 scheme's synergies.

#### **Ghanaian pattern of pension contributions**

Since between the years 1980-1983, contributions have been made to the tune of hundreds of thousands cedis. Specifically, this development may be blamed on the political instabilities and economic rot existing within the country within those years in Ghana. A way to improve membership contribution to the pensions schemes was by improving productivity within the country but this was impossible because of the poor economic atmosphere which even resulted in some firms folding up within the country. Also, some of the firms because of the drought of those years lacked basic raw material inputs for their work and so slacked in terms of their productivity and the efficiency with which businesses operated. Political instability in those days also led to large labour force emigrating and reducing the strength of the active workforce. Within the years that followed however, the contributions raised by pension schemes in Ghana amounted to thousands of the old cedis which were an improvement

upon the achievements of the previous years. These could be explained as resulting from a relative political and economic stability that the nation seemed to have re-established within the 1984s and 1988s. Again, a larger section of the population got informed about the existence of the schemes through public sensitization for workers and employers alike across the country. The growth in the awareness levels increased the growth in the subscriber rates of the schemes. The scheme thus realized an increased contribution rate which was around tens of thousands of cedis and reached hundreds of thousands of old cedis from the late 90s to the early parts of the years 2000.

These increases were based on the fact that both employees and employers were not taxed between these periods by the state. Workers enjoyed saving monies that did not attract tax. As (Allen & Santomero, 1997) assert, employers were pleased because they did not have to pay taxes on the contributions they made. Both employees and employers did not stand any loss at this point in terms of their contributions to pension schemes. The contributions to the scheme attained the highest peak in the year 2009 when SSNIT realized an amount of ₵6,670,000 because the labour market in Ghana had improved in terms of its competitiveness. Here, employers who offered the best pension contributions to their staff were more likely to get the best employees to work and stay in their organizations. These companies with high contributions were deemed to have employees at heart. Employers who failed to increase contribution to pension schemes thus suffered a competitive disadvantage within the labour market. The levels of contributions however declined in the year 2010 upon the introduction the three-tier pension scheme. This was because SSNIT only had control over 11% of whatever amount was

contributed to pension schemes. Again, the decline in contribution was because of the fact that the new scheme did not receive enough awareness within the general populace and so both workers and their employers were reluctant to make payments to the scheme.

### **Empirical Review**

#### **Factors influencing workers willingness to pay SSNIT**

Looking into different literature in relation to willingness of informal pension workers in paying SSNIT contribution, different schools of thought indicated socio-economic factors is key among these contributing factors. These factors also extend to cover socio-demographic features of workers as well as product characteristics and organizational factors.

By the use of ordered logistic scale, Castel (2008) came out with variables which affects individuals' willingness to engage in pensions voluntarily in Vietnam. It was observed that beside pension packages that enhances participation, other factors such as a person's ability to save, education, knowledge and attitude towards pension, fiscal burden positively influences individuals in the informal sector willingness to contribute to the pension schemes.

Kwasi Bannor et al. (2022) on involuntary pension participation in general and among farmers, in particular, are scanty. This study aimed at investigating cocoa farmers' awareness of pension schemes as well as assessing their willingness to participate in a cocoa pension scheme. A sample of 450 cocoa farmers were interviewed using a structured questionnaire. The discrete choice experiment (DCE) comprising conditional logit (CL) and random parameter logit (RPL) models were used to analyse farmers' willingness to pay

for pension schemes. From the study, only 43 percent of farmers were aware of the cocoa pension scheme. The results of DCE analysis revealed that farmers' decision and willingness to pay for pension scheme were influenced by the scheme attributes such as premium, payment period, payment method and pension pay. For pension institutions, the revelation that farmers are less likely to participate in a pension scheme that takes longer years to realize the benefits should be crucial in developing schemes for cocoa farmers.

Additionally, (Vithanage 2015) proposed through the use of contingent valuation method and probity model, other alternative premium benefit that can finance farmers and pension benefits in Sri-Lanka. It was revealed from their study that socio-economic factors likely which influenced farmers willingness contribute to the pension scheme included ages, marital status and household income.

Asiamah (2022) sets out to assess the financial literacy of the informal sector workers and investigate whether financial literacy affects the participation of the informal sector workers in the personal pension scheme. This study used a descriptive survey design. Self-administered questionnaires were used to collect primary data of which 420 informal sector workers were sampled and used in the study. The Binary Logit Model was used to determine the probability of the informal sector workers to participate in the personal pension scheme given financial literacy. The study found that financial literacy among the informal sector workers is extremely low. It, was however, revealed that there is significant relationship between financial literacy and participation of the informal sector workers in the personal pension scheme.



Additionally, Chen et al. (2015) analyzed some factors which influences contractual services practitioners' willingness to pay for pension. The study employed multiple random sampling technique to select nine hundred elderlies in China using COX proportional hazards regression model. It came out that, health status, gender, level of education, income and mode of pension have positive influence on an individual's willingness to contribute to the contractual services of a general practitioner. Comparing males and females' willingness to contribute, it was observed that females had the will to pay than males. Also, families with high per-capita income and poor health status were also willing to pay.

Megbetor (2021) provides an economic analysis of the Ghanaian pension system and evaluates the system in correspondence with the recommendations of the World Bank and other institutions. The research ascertains whether the pension paid to beneficiaries is adequate, explores challenges of pension implementation in Ghana, and examines lessons that can be learned from pension systems of some selected developing countries. The comparative analysis is based on the World Bank multi-pillar pension evaluation model. To ensure that the comparative study is effective, informative, and beneficial the countries selected are Chile, Mauritius, and Singapore. These countries have made strides in their pension system implementations. This research adopts a qualitative research approach and is entrenched in a pragmatist philosophical stance following a thematic method of analysis. Due to the Covid-19 pandemic, telephone interviews were used to draw information from ten pensioners and ten pension fund managers to enhance the research. The main findings of the research are that Ghana's

pension system provides inadequate pensions, has a sustainability threat, does not promote equity, and is not affordable to private-sector employers. Furthermore, there are also investment risks, a lack of robustness, weak supervision, and labour market distortions. The pension system is, however, predictable and contributes to economic growth.

Moreover, Smeaton and McKay (2003) did a study on misconceptions on retirement age and state pension. It was clear there exist differences between pension age and retirement ages as factors that influence pension eligibility. The role of gender and marital status play in pension schemes were highlighted, it was maintained that women were very eligible for pension at a young age in the United Kingdom. This notwithstanding, marital status plays a major role in pension payment.

In his study on "Children Old Age Support and Pension in Rural China," Zhang (2015) found that the sex ratio, gender, having at least one son, having more sons overall, lower educational attainment, greater portion of minority groups, lower individual income, and lower family income were all statistically significant. According to the empirical assessment, peasant farmers with sons were much less likely to take advantage of pension plans. But according to his research, connected to a pension has a detrimental effect on how much dependency peasant farmers have on their offspring.

The willingness of undocumented employees in Wuhan, China, to contribute for social health insurance was examined in a similar study by (Bärnighausen et al 2007). b Based on the premium required to receive social health insurance coverage, it was found by the use of non - market valuation analysis that

undocumented employees were prepared to pay a sizable amount of their income.

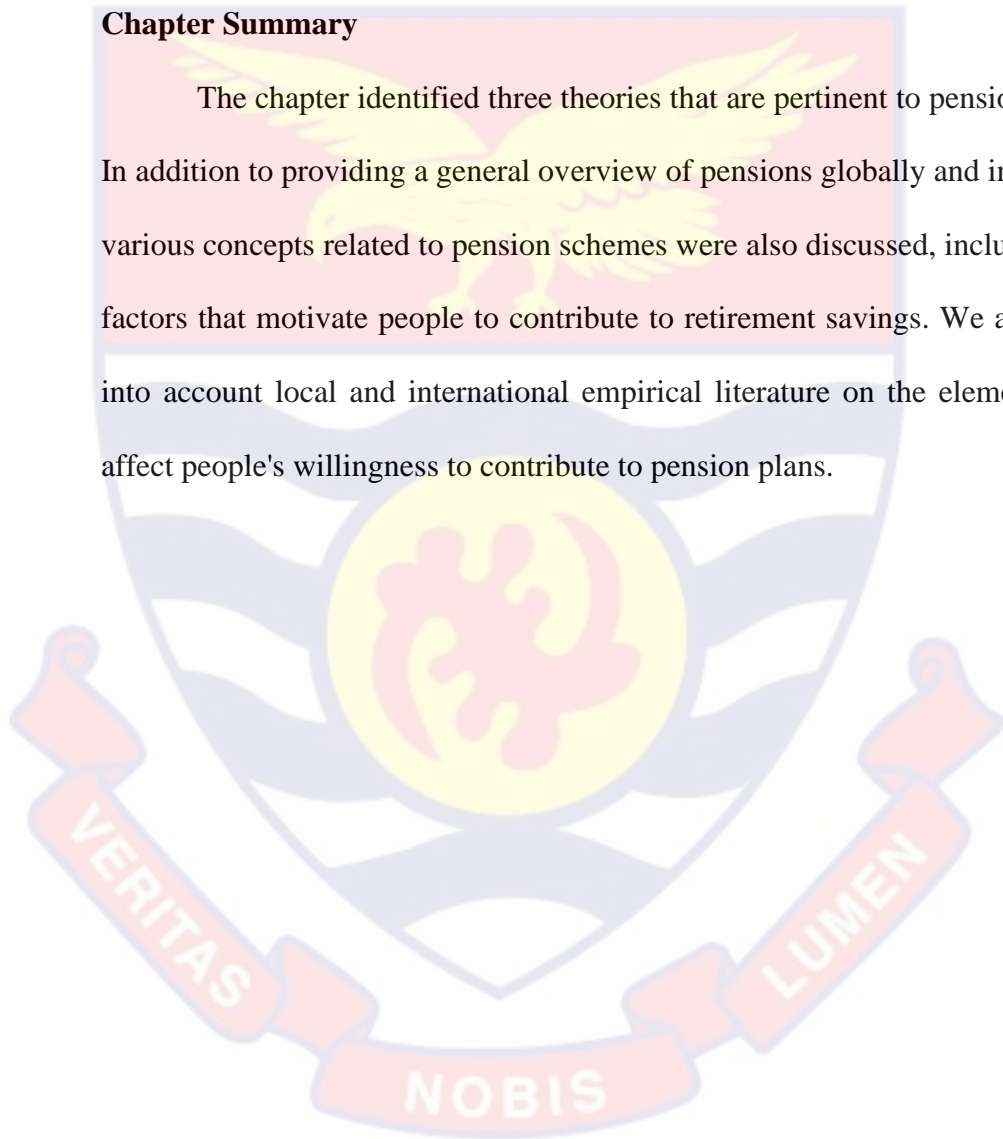
Collins-Sowa (2013) examined the desire to engage in micro pension plans in Ghana using four hundred (400) urban informal labourers, comprising drivers, woodworkers, hair dressers, and vegetable farmers. They investigated the socioeconomic variables that influence their desire to pay using a single logistic regression model. The empirical results showed that an individual's willingness to pay is impacted by their age, education, marital status, family size, kind of pension, health, and other sources of income. If a farmer produced vegetables in a rural region, having assets like animals had a negative effect on the farmer's willingness to pay. Farmers' willingness to take part in the micro-pension program is also influenced by age, FBO membership, the length of premium payment savings, and household size. Savings, however, had a negative impact on the vegetable farmers' willingness to take part in the program. The decision to participate in the pension scheme in the informal sector is also influenced by knowledge of the scheme, payment method, and type of pension scheme.

In the Ghanaian metropolis of Tamale, Adzawala et al. (2015) evaluated the variables influencing the informal sector workers' willingness to pay into pension plans. They discovered that these older employees were more likely to participate in the scheme than were younger employees. Additionally, against expectations, single workers were more likely than married workers to contribute to pension plans. Education's estimated effect on willingness to pay for a pension plan in the study area was positive, indicating that the longer one spent in school had a positive impact. The marginal effect of income was

positive, indicating that a worker was more likely to contribute to the pension plan the higher his income level. Finally, contrary to expectations, larger households with more dependents had a positive impact on willingness to contribute to pension plans. The authors hypothesized that smaller households with fewer dependents might prefer bank savings to pension plans.

### **Chapter Summary**

The chapter identified three theories that are pertinent to pension plans. In addition to providing a general overview of pensions globally and in Ghana, various concepts related to pension schemes were also discussed, including the factors that motivate people to contribute to retirement savings. We also took into account local and international empirical literature on the elements that affect people's willingness to contribute to pension plans.



## CHAPTER THREE

### RESEARCH METHOD

#### Introduction

Various research methods used by the researcher in conducting the study were highlighted in this chapter.

#### Research Design

The study adopted descriptive survey research design. Descriptive research design describes a study's population, cases or phenomenon under study. Primarily, a descriptive research design provides answers to the how, what and where questions in research (Saunders, Lewis, & Thornhill 2016).

Also, it is a type of very time effective research methodologies which engages respondents who are at the Centre of the objectives of the study. Descriptive studies portray the variables by answering who, what and how (Babbie, 2002). Babbie asserts that a descriptive survey provides opportunities for researchers to gain valuable insight into a phenomenon's existing state. Hence, the descriptive survey design was used to determine the level of awareness and patronage of the SSNIT informal pension scheme among traders in Kumasi Metropolis.

#### Population of the Study

Generally, in research, a population is the collection of large individuals/objects which are the main focus of the study. Researches are usually conducted to benefit the population (Castel, 2008). Moreover, as a result of the size of the population, every object or individual within the population cannot be considered because it makes the research time consuming and expensive.

In this study, attention was given to informal sector workers majority being traders centered in the central business area of Kumasi Metropolis. These group of people were mostly self-employed.

Thus, the study’s population was made up of workers in the informal sector centered in the central business district of Kumasi Metropolis. These included traders who were into home-used clothing, small kiosks and shop owners, pharmaceutical shop owners, commercial drivers, artisans and “Kayayes”. Based on 2021 GSS survey, about 85 percent of KMA labour force which is about 1,258,346 are in the informal sector.

### **Sample Size and Sampling Procedure**

The study population was chosen using a convenience sampling technique. The study involved 150 participants selected through convenience sampling. The researcher adopted the convenience sampling technique due to the nature of the population used in the study. By choosing "convenient" population units, a convenience sample is obtained. Another name for the convenience sampling technique is chunk, incidental, or opportunity sampling (Mohan, 2007).

**Table 1: Sample Size from the Various Businesses**

No	Strata (Group)	Sample Size
1	Kayeyes	28
2	Small Shops	59
3	Artisans	10
4	Clothing Dealers	28
5	Commercial Drivers	25
Total		150

Source: Field Survey (2022)

Therefore, 150 respondents were chosen from the five (5) strata as the study's sample.

### Model Specification

To achieve the set goal of the study an econometric model was used to measure the relation between major variables in the study. These variables were factors likely to influence respondents' willingness to contribute to the SSNIT informal pension scheme. This was represented by the equation;

$$\begin{aligned} \text{Contribution}_i = & \beta_0 + \beta_1 \text{Age}_i + \beta_2 \text{Sex}_i + \beta_3 \text{Marital Status}_i + \\ & \beta_4 \text{Education Level}_i + \beta_5 \text{Household Position}_i + \\ & \beta_6 \text{Number of Years in Trade}_i + \beta_7 \text{Number of Dependents}_i + \\ & \beta_8 \text{Income level}_i + \varepsilon_i \end{aligned} \quad (1)$$

Where;

$\varepsilon_i$  = stochastic error term

$\beta$  = parameter to be estimated

### Data Source

In this study, the main data source was primary. Primary data according to Castel (2008) is a kind of data generated by the researcher himself. This can be generated by using questionnaire, interviews, experiments which are designed especially for understanding and to solve a research problem at a particular point in time.

### Data Collection Procedure

Data was collected for the study mainly through the use of questionnaires for respondents. Precisely, the questionnaires gathered quantitative data of respondents. The questionnaire was administered in person. The advantage of administering in person is summarised by Osuala (1982) that

the researcher can brief respondents to precisely understand what the items mean to obtain the right responses. Two research assistants were used to help in the administration of the questionnaire. It is ethical in research to assure respondents of their confidentiality and anonymity; hence the questionnaire was accompanied with a cover letter to this effect and to crave their maximum co-operation.

### **Data Presentation and Analysis**

Data gathered were checked for their completeness and made available by coding them. By the use of descriptive statistics like mean scores, percentages and frequencies data analysis were made. The analysis was then using statistical package for social sciences (SPSS). Tables and figures were then used to present the study findings. Also, the researcher used inferential statistics to run regression on traders' willingness to contribute to the SSNIT Pension Scheme in Ghana. Variables such as age, sex, marital status, education level, number of years in trade, and income level of respondents were included in the regression model. Specifically, the estimation technique used in the provided model is Ordinary Least Squares (OLS) regression. OLS is a statistical method commonly employed in econometrics to estimate the parameters of a linear regression model by minimizing the sum of the squared differences between the observed and predicted values of the dependent variable (Wooldridge, 2016).

### **Validity and Reliability of Data**

To ensure minimal bias in the study variables, questionnaires were pretested prior to the main study. Needed details were provided to make questionnaires very easy and simple for respondents.



## CHAPTER FOUR

### RESULTS AND DISCUSSION

#### Overview

This chapter presents the results of the fieldwork and the discussion to examine the informal sector awareness and participation in the SSNIT pension scheme. The section presents the results on the demographic characteristics of the respondents followed by its discussion. The chapter also focuses on the presentation of the main data to address the research questions. The discussions are presented with headings reflecting the research questions being addressed.

#### Demographic Data of Respondents

Variables considered under demographic data of respondents include; sex, age, marital status, number of children, level of education, occupation and income level of respondents. These variables informed the researcher about respondents' perception, attitudes and reasons for any decision made with respect to the study.

**Table 2: Demographic Data of Respondents**

Variable	Sub-Variables	Number	Percentage (%)
Sex	Male	66	44
	Female	84	56
	Total	150	100
Age (Years)	Less than 20	15	10
	21-30	66	44
	31-40	36	24
	41-50	24	16
	51 and above	9	6
	Total	150	100
Marital Status	Single	66	44
	Married	75	50
	Separated/Widow	9	6
	Total	159	100
Number of Children	Nil	15	10
	1	54	36
	2	30	20
	3	27	18
	4	18	12
	5 and more	6	4
	Total	150	100

Source: Field Survey (2022)

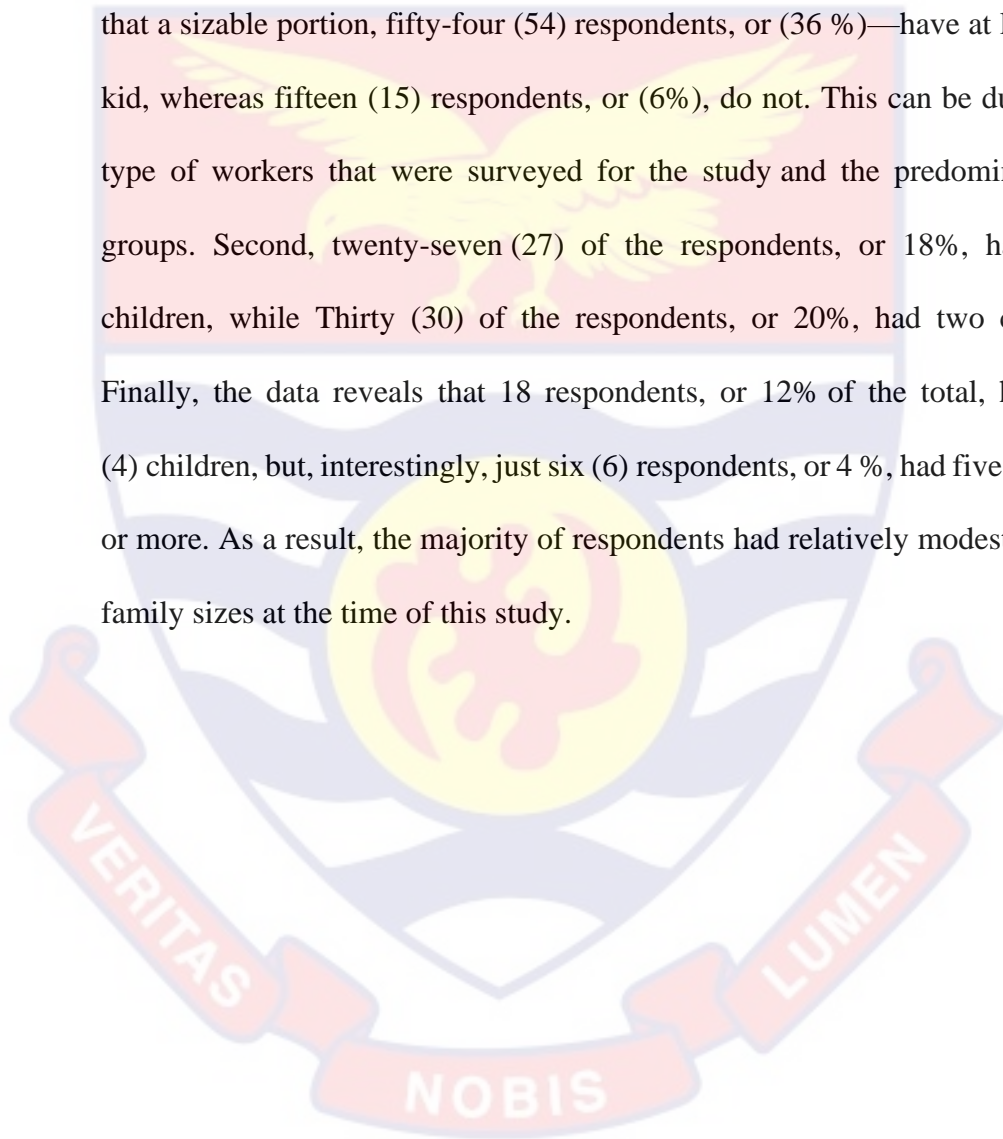
From Table 2, out of a total of one hundred and fifty (150) respondents, eighty-four (84) representing 56% were females whereas sixty-six (66) representing 44% were males.

Additionally, with respect to the ages of respondents, fifteen (15) representing 10% aged below twenty (20) years while sixty-six (66) representing 44% aged between twenty-one and thirty (21-30) years. Thirty-Six (36) representing 24% were between the ages of thirty-one and forty (31-40), twenty-four (24) representing 16% aged between forty-one and fifty (41-50) whereas nine (9) representing 6% were more than fifty-one. Thus, majority of individuals in the informal sector within the KMA aged between twenty-one and thirty years. Age is a determining factor and plays a very important role on how individuals look at pension schemes, savings culture and how likely social schemes options available to them might be considered. As expected, individuals are most likely to consider their sources of future livelihood as they grow older and because they might not more be economically vibrant. The age bracket chosen for this study was between 18yrs to 51yrs which is believe to be the active working class in the informal sector and are mostly targeted by SSNIT informal pension scheme for participation.

Moreover, seventy-five (75) of the respondents 75 representing 50% were single while sixty-six (66) representing (44%) of them were married. Only nine (9) people, or 6%, confirmed either widowed or divorced. Marriage inevitably entails male responsibility for the upkeep of the family. They occasionally have to provide for the requirements of their extended family in addition to those of their nuclear families. The capacity to contribute to any type of social security program may be restricted due to the growing cost of living

and all of these obligations. Some of the same difficulties may apply to responders who are bereaved, divorced, or single. In actuality, respondents' marital status or lack thereof does not give them a benefit in terms of retirement participation.

In relation to the number of children of respondents. The data reveals that a sizable portion, fifty-four (54) respondents, or (36 %)—have at least one kid, whereas fifteen (15) respondents, or (6%), do not. This can be due to the type of workers that were surveyed for the study and the predominate age groups. Second, twenty-seven (27) of the respondents, or 18%, had three children, while Thirty (30) of the respondents, or 20%, had two children. Finally, the data reveals that 18 respondents, or 12% of the total, had four (4) children, but, interestingly, just six (6) respondents, or 4 %, had five children or more. As a result, the majority of respondents had relatively modest nuclear family sizes at the time of this study.



**Table 3: Demographic Data of Respondents (Education level, Occupation and Income level)**

Variable	Sub-Variables	Number	Frequency (100%)
Education Level	Basic Education	45	30
	SHS/ Vocational	66	44
	Tertiary	24	16
	No Education	15	10
	Total	150	100
Occupation	Second-Hand	40	27
	Cloth Dealers		
	Small-shop	30	20
	Owners	30	20
Drivers	Commercial	15	10
	Mechanics/Carpenters	20	13
Hawkers/kaayaye	Mechanics/Carpenters	15	10
	Hawkers/kaayaye	150	100
	Others		
	Total	51	34
Income Level (GHS)	Total	33	22
	Below 300	27	18
	301 - 600	24	16
	600-900	15	10
	901-1,200	150	100
	Above 1200		
	Total		

Source: Field Survey (2022)

From Table 3, it was obvious that forty-five (45) respondents representing 30% had basic education. Whereas sixty-six (66) respondents, representing 44% had Senior High school or Vocational Education. Twenty (24) of the respondents representing 16% had Tertiary education. Fifteen (15)

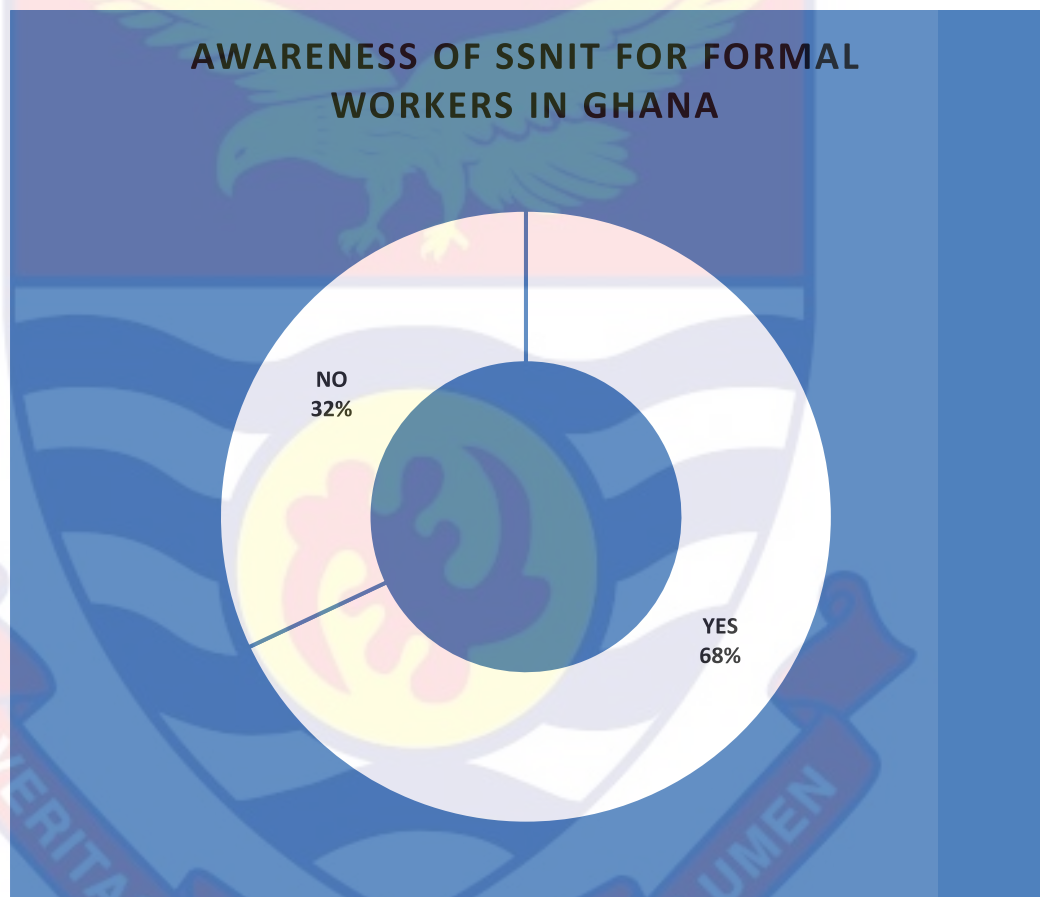
respondents representing 10% had no formal education. This means that there is significant portion of the respondents have at least a basic education, and a substantial number have completed Senior High school or received vocational training. However, there is still a notable proportion with no formal education, which may have implications for their awareness and participation in formal pension schemes.

Additionally, the result shows that the informal sector in the Kumasi Metropolis is diverse, with a range of occupations represented. Understanding the occupations is crucial because different types of work may have varying levels of income stability and job security, which could impact participation in a pension scheme.

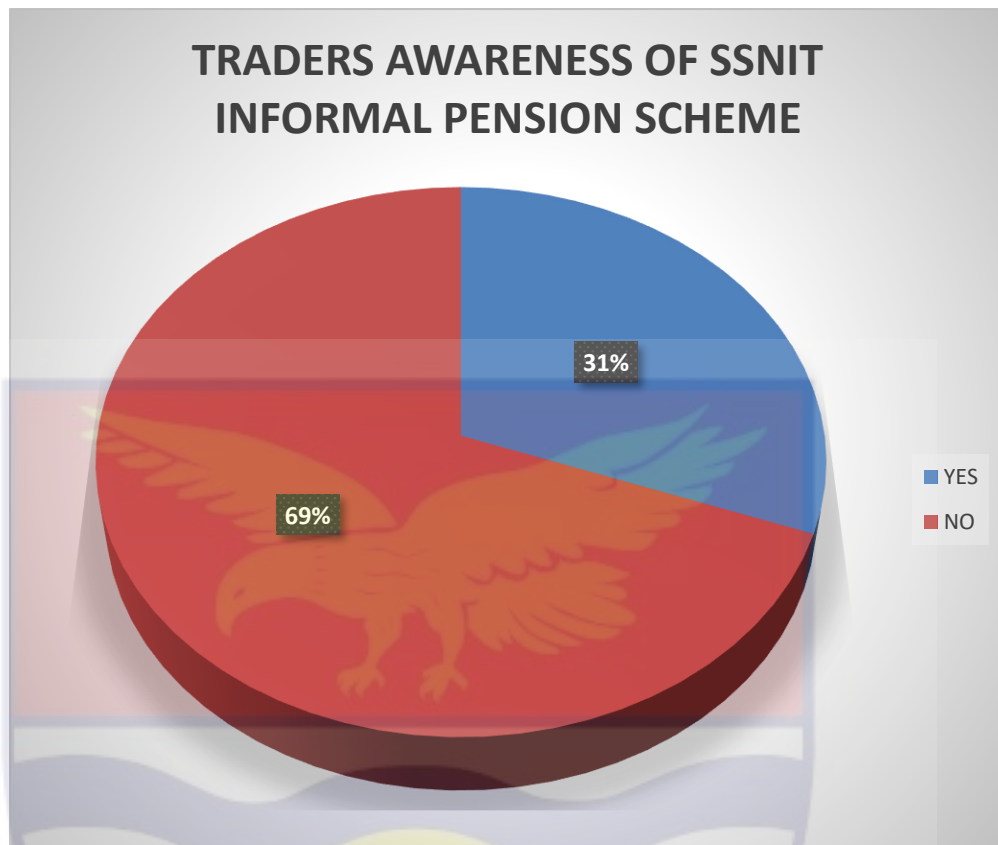
Moreover, fifty-one (51) respondents representing 34% earns less than GHS300 in a week, thirty-three (33) respondents representing 22% earned between GHS301 and GHS600 a week. Twenty-seven (27) respondents representing 18% income level within a week was between GHS601 and GHS900, twenty-four representing 16% earned between GHS901 and GHS 1,200 whereas fifteen representing 10% earned more than GHS1,200 in a week. This suggests that a substantial portion of the surveyed informal sector workers earn relatively low incomes, with more than one-third earning less than GHS 300 per week. Income levels can be an important factor influencing individuals' ability to save for retirement or participate in pension schemes in Kumasi Metropolis.

## Awareness of Traders about SSNIT Informal Pension Scheme in Kumasi Metropolis

Respondents were asked their level of awareness of the SSNIT Informal Pension Scheme. Prior to this, the researcher sought to find out from the respondents whether they were aware of Social Security for formal workers in Ghana. Figure 1 and 2 present the results.



*Figure 1:* Traders in KMA Awareness of SSNIT for formal Workers in Ghana. From Figure 1, One hundred and two (102) representing 68% of respondents were aware of social security for Ghanaian formal workers whereas forty-eight (48) representing 32% had no knowledge about the existence of SSNIT for formal workers in Ghana.



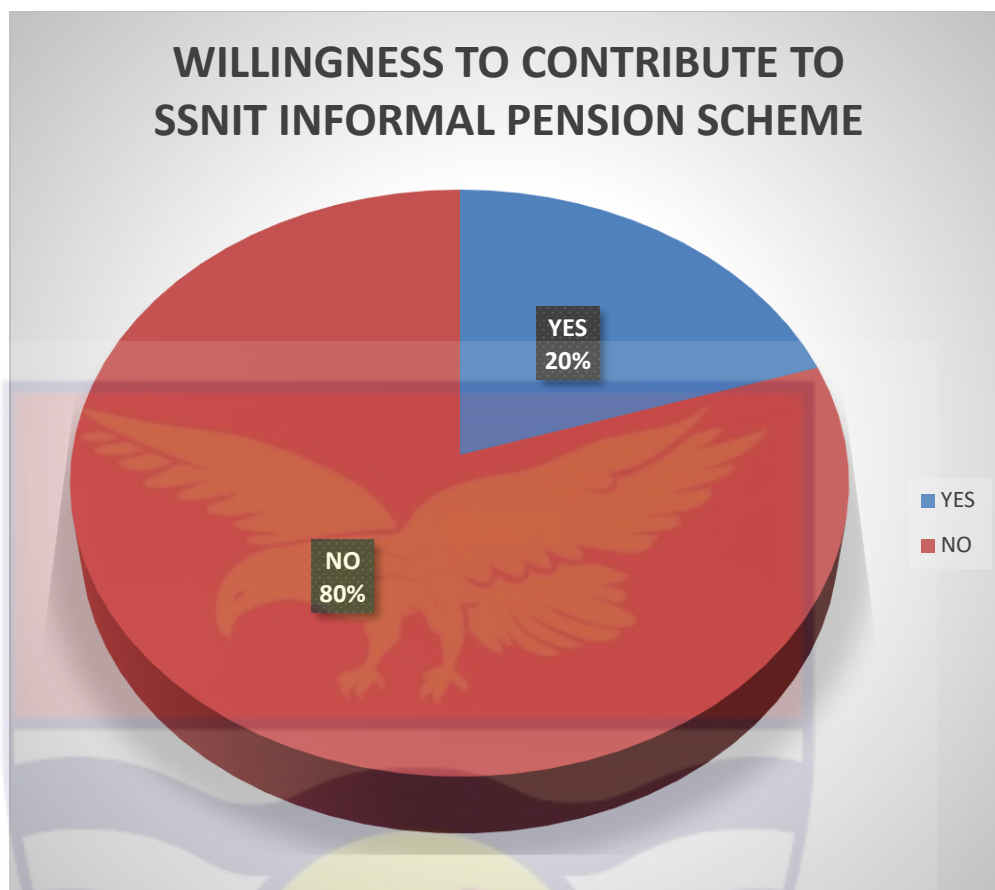
*Figure 2: Traders in KMA Awareness of SSNIT for Informal Workers*

From Figure 2, forty-six (46) representing 31% were aware of SSNIT for workers in the informal sector while one hundred and four (104) respondents representing 69% knew nothing about it. Thus, majority of the traders within the Kumasi Metropolis had no knowledge about SSNIT for informal sector workers in Ghana.

#### **Traders in Kumasi Metropolis Willingness/Readiness to Contribute to the SSNIT Informal Pension Scheme**

This part elicited from respondents' willingness or readiness to the SSNIT informal sector scheme. Respondents were to answer Yes or No. Figure 3 provides the results.





*Figure 3:* Traders in KMA willingness to contribute to SSNIT informal pension scheme

From Figure 3, it was obvious that one hundred and twenty (120) respondents, representing 80% were not ready to contribute to the SSSNIT informal pension scheme. But thirty (30) representing 20% of the respondents were willing to contribute to the scheme. Thus, the finding was indifferent to (Rajasekhar & Sen, 2012) results that worker are generally willing to voluntarily pay for social security schemes, their willingness to pay however vary from sector to sector.

**Determinants of Traders’ Willingness to Contribute to the SSNIT**

**Informal Pension Scheme in Kumasi Metropolis**

**Table 4: Determinants of Traders Willingness to Contribute to SSNIT**

Informal Pension	Scheme		
Variable	Coefficient	Marginal Effets	P-Value
Age	0.146	0.293	0.145
Sex	0.424	-0.111	0.793
Marital Status	0.096	-0.037	0.702
Educational Levels	0.189	0.263	0.045***
Household Position	0.019	-0.010	0.019***
Number of Years in Trade	0.175	-0.267	0.226
Number of Dependents	0.032	-0.027	0.054***
Income level	0.064	0.039	0.002***
<i>Chi (2)</i>	24.42		
<i>Prob&gt;Chi (2)</i>	0.0008		
<i>Pseudo</i>	0.306		

Source: Field Survey (2022) \*\*\* 5% Significant level

From Table 4, a positive marginal effect of 0.293 with coefficient of 0.146 suggested that age positively affect trader’s willingness to contribute to the SSNIT informal pension scheme. However, at 5% significant level age was noted not to be significant in determining traders’ willingness to contribute to the scheme. Also, the sex of traders either male or female was also not significant in determining the willingness of traders to contribute towards the scheme. Additionally, marital status as well as number of years of a trader were also not significant in determining traders’ willingness to contribute to the

SSNIT informal pension scheme. These findings contradict Adzawala et al., (2015), findings on a similar study in the Tamale Metropolis in the Northern region of Ghana where age, marital status and sex were major determinants of a person contribution to SSNIT.

It was obvious from the marginal effect regression results that at 5% significant level, a trader's level of education had a coefficient of 0.019 at 0.045 significant level. Thus, a trader's level of education determines his/her willingness to contribute to the scheme. This finding however moves in a similar direction with that of Sane and Thomas (2013) and Castel (2006) work where illiterate workers were found to have a lower probability to participate in voluntary pension system. Collins-Sowah (2013) on the other hand shared different view that education have no significance influence on willingness to participate in micro pension schemes in Ghana.

Moreover, one's position in the family at 0.019 significant level also contributes to traders' willingness to contribute to the scheme. Additionally, income level and number of dependents on a trader were also very significant as factors which determines an individual's willingness to contribute to SSNIT informal pension scheme at 0.054 and 0.002 significant levels respectively.

When observing that household position, reliance, and income were characteristics that strongly affected informal sector employees' willingness to contribute to informal sector pension systems. Adzawala et al. (2015) identified a similar pattern in the Tamale Metropolis in the Northern region of Ghana.

**Reasons for Non-Contribution to SSNIT Informal Pension Scheme by Traders in Kumasi Metropolis**

Respondents were asked whether they Strongly Agreed [SA], Agreed [A], Disagreed [D] or Strongly Disagreed [SD] to some reasons why they do not contribute to the SSNIT informal Pension Scheme. Table 5 contains the response.

**Table 5: Reasons for Non-contribution of Traders to SSNIT Informal Workers Scheme in Kumasi Metropolis**

Reasons for Non-contribution to SSNIT informal workers Scheme	SA	A	D	SD	Total
I am a non-salary worker or not on government payroll	130 (86%)	20 (14%)	0	0	150 100%
My current income level is too low to pay contribution	100 (67%)	15 (10%)	35 (23%)	0	150 100%
Not aware of the existence of pension scheme for the informal sector workers	103 (69%)	13 (8%)	34 (23%)	0	150 100%
No or less time to go to the office to make their contributions	120 80%	30 20%	0	0	150 100%

Source: Field Survey (2022)

From Table 5, one hundred and thirty (130) respondents representing 86% strongly agreed that their non-contributing to the scheme was because they were not earning salaries. Twenty (20) representing 14% agreed to this reason. None of the respondents disagreed or strongly disagreed.

Additionally, one hundred (100) traders representing 67% were not contributing to the scheme because their income were not enough to pay the contribution. Fifteen (25) representing 10% agreed whereas thirty-five (35) representing 23% disagreed. No trader disagreed with this reason for non-contribution to the scheme.

Moreover, one hundred and three (103) representing 69% strongly agreed that their non-contribution to the SSNIT informal workers scheme was because they are not aware of the existence of such scheme. Thirteen (13) representing 8% agreed while thirty-four (34) traders, representing 23% disagreed.

Also, one hundred and twenty (120) respondents representing 80% strongly were of the view that their non-contribution to the SSNIT informal workers scheme was due to the fact that they have no time to walk to the office to make payments for their contribution. Thirty (30) representing (20%) agreed to this fact.

### **Discussion of Results**

This part discusses the findings of the study concerning:

1. traders in Kumasi Metropolis awareness of the SSNIT informal pension Scheme.
2. Traders' willingness/readiness to contribute to the SSNIT informal pension Scheme in Kumasi Metropolis.
3. Determinants of traders' willingness to contribute to the SSNIT informal Pension Scheme in Kumasi Metropolis.
4. Reasons for non-contribution to SSNIT informal pension scheme by traders in Kumasi Metropolis.

## **Traders in Kumasi Metropolis Awareness of the SSNIT Informal Pension Scheme**

The first research question was intended to find out traders' awareness of the SSNIT informal pension scheme. From Figure 2, the findings from the study showed that majority of the Kumasi Metropolis traders polled (69% of the respondents) were unaware of Ghana's SSNIT for workers in the informal sector. The finding is significant because it shows that this group of workers are unaware of a crucial social security program that is intended to help them in retirement and other difficult times. This lack of awareness may imply that many workers in the informal sector are not making contributions to the scheme, potentially leaving them financially vulnerable in the future, especially during retirement. The findings of this study are in line with that of (Amfo et al., 2022) who opined that lack of participation in the scheme is as a result of lack of awareness and that only 43 percent of farmers were aware of the cocoa pension scheme.

## **Traders' Willingness/Readiness to Contribute to the SSNIT Informal Pension Scheme in Kumasi Metropolis**

The second research question was meant to ascertain the trader's willingness to contribute to the SSNIT informal pension scheme. From Figure 3, the findings from the study showed that majority of the traders surveyed, representing 80% of the respondents, were not prepared to contribute to the SSNIT informal pension scheme. This is crucial to the researcher as it suggests a general reluctance among a substantial portion of the informal sector workers to participate in the scheme voluntarily. The findings also show that there is variability in the willingness to contribute to the scheme among traders in the

metropolis. This variability is influenced by factors such as income levels, age, household size and awareness of the benefits of the scheme.

While prior research by (Rajasekhar & Sen, 2012) indicated a general willingness to pay for social security schemes, the current study found a substantial portion of traders in Kumasi Metropolis were unwilling to contribute. The results are in tandem with that of (Collins-Sowa, 2013) who observed that farmers' willingness to take part in the micro-pension program is also influenced by age, FBO membership, the length of premium payment savings, and household size.

#### **Determinants of Traders' Willingness to Contribute to the SSNIT Informal Pension Scheme in Kumasi Metropolis**

The third research question was meant to determine traders' willingness to contribute to the SSNIT informal Pension Scheme in Kumasi Metropolis. From Figure 4, the findings showed that while there is a positive correlation between the demographics (age, sex and marital status) and willingness to contribute, the lack of statistical significance suggests that age, sex and marital sex alone may not be a strong determinant in this context. It's possible that other factors have a more significant impact on traders' decisions and the demographics of the respondents. But Education level, income level and number of dependents play significant roles in determining traders' willingness to contribute to the SSNIT informal pension scheme.

This finding aligns with similar research by Sane and Thomas (2013) and Castel (2008), which found that illiterate workers were less likely to participate in voluntary pension systems. However, Collins-Sowah (2013) had a different perspective, suggesting that education had no significant influence

on willingness to participate in micro pension schemes in Ghana. Thus, several factors influence traders' willingness to contribute to the SSNIT informal pension scheme in Kumasi Metropolis. While age and gender did not emerge as significant factors, education, family position, income level, and the number of dependents were found to be important determinants.

### **Reasons for Non-contribution to SSNIT Informal Pension Scheme by Traders in Kumasi Metropolis**

That last research question which is also depicted in Table 5 shows that there are multiple barriers to traders' participation in the SSNIT informal pension scheme. These barriers include misconceptions about eligibility (not earning salaries), financial constraints (income insufficiency), lack of awareness, and logistical challenges (limited time to make payments). For instance, lack of time or the perceived inconvenience of visiting the SSNIT office to make payments is a significant concern for traders, with 80% strongly agreeing with this statement. Again, significant proportion of traders (67%) attribute their non-contribution to the scheme to the insufficiency of their income. This is in line with the work of (Adzawala et al., 2015) that a worker was more likely to contribute to the pension plan the higher his income level.

### **Chapter Summary**

This chapter delves into the results and discussion regarding the awareness and participation of the informal sector in the SSNIT pension scheme. The chapter begins by presenting demographic data of the respondents, followed by discussions on their awareness, willingness to contribute, determinants of contribution, and reasons for non-contribution to the pension scheme. In all, the findings highlight a lack of awareness and willingness to



participate in the SSNIT informal pension scheme among traders in Kumasi Metropolis. While education level and income significantly influence participation, other factors like age and gender were found to be insignificant. Addressing barriers such as lack of awareness and financial constraints could potentially increase participation in the scheme among informal sector workers.



## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### Overview

This is the final chapter of the study. It presents a summary of the research process and the findings on the informal sector workers awareness and participation in the SSNIT informal pension scheme in Kumasi Metropolis. Based on the main findings, conclusions are drawn to enable appropriate recommendations to be made as well as suggestions for further research.

#### Summary

The descriptive cross-sectional survey design was used to examine the informal sector workers awareness and participation in the SSNIT informal pension scheme in Kumasi Metropolis. The following research questions guided the study;

1. Are traders in Kumasi Metropolis aware of the SSNIT informal pension Scheme?
2. Are traders in Kumasi Metropolis willing/ready to contribute to the SSNIT informal Pension Scheme?
3. What are the determinants of trader's willingness to contribute to the SSNIT informal Pension Scheme in Kumasi Metropolis?
4. What are the reasons for non-contribution to SSNIT informal pension Scheme in Kumasi Metropolis?

The study employed the descriptive survey design using a questionnaire as the only instrument to collect the relevant data in addressing the research questions formulated. The stratified sampling technique was used to sample the respondents. The respondents comprised of 150 informal sectors from Kumasi

Metropolis. Descriptive and inferential statistics were used to analyse the data. Specifically, for the descriptive statistics, mean scores, percentages and frequency data analysis were used to analyse the demographic characteristics and some portion of the main data. The researcher used inferential statistics to run regression on traders' willingness to contribute to the SSNIT Pension Scheme in Ghana. Variables such as age, sex, marital status, education level, number of years in trade, and income level of respondents were included in the regression model.

### **Summary of the Key Findings**

The main findings from the study are as follows:

1. The study revealed that majority of the Kumasi Metropolis traders (69% of the respondents) were unaware of Ghana's SSNIT informal pension scheme for workers in the informal sector.
2. The study showed that majority of the traders surveyed, representing 80% of the respondents, were not prepared to contribute to the SSNIT informal pension scheme.
3. The findings also discovered that while there is a positive correlation between the demographics (age, sex and marital status) and willingness to contribute, the lack of statistical significance suggests that age, sex and marital sex alone may not be a strong determinant in this context.
4. The study showed that there are multiple barriers to traders' participation in the SSNIT informal pension scheme.

### **Conclusions**

It was established from the study that, a number of traders in the Kumasi Metropolis knew of SSNIT for formal workers only. Only a handful of traders

had knowledge about the informal pension scheme from the SSNIT. These notwithstanding, the response from these traders showed that they were not willing to join the scheme any time soon. Among the disadvantages of the behavior of these traders towards the scheme will be a rise in dependency ratio in the future. This is due to the fact that most of them are not planning very well for their old age or death.

Among the reasons for these few enrollments could be from the fact that, those in the informal sector had very low confidence in the SSNIT due to low education generally about the scheme. Also, challenges and difficulties one may encounter when claiming his/her benefit deter them from contributing to the scheme.

### **Recommendations**

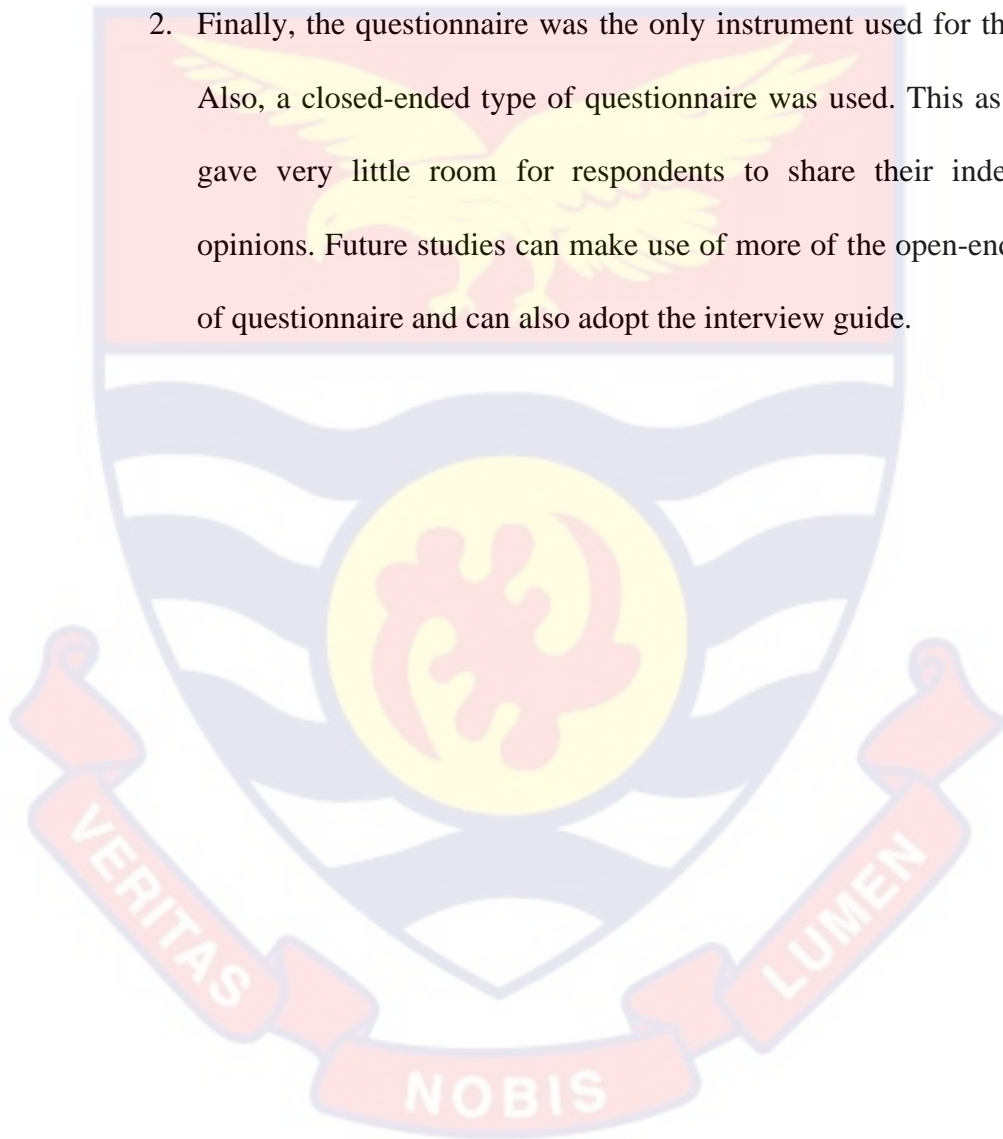
Based on the findings and conclusions drawn from the study, some recommendations are made for teaching and learning.

1. SSNIT should launch comprehensive and targeted public awareness campaigns to educate traders and the broader informal sector community about SSNIT and the benefits it offers.
2. SSNIT should provide flexibility in contribution levels to accommodate traders with varying income levels in the country.
3. SSNIT should incorporate financial education and literacy programs into awareness campaigns to help less-educated traders understand the benefits and importance of pension contributions.
4. SSNIT should make the enrolment process more straightforward and convenient, possibly by introducing mobile payments and online registration.

### Suggestion for Further Study

This current study determined the informal sector workers awareness and participation in the SSNIT informal pension scheme in Kumasi Metropolis.

1. The study could be replicated in other regions in the country to find out what persists there.
2. Finally, the questionnaire was the only instrument used for the study. Also, a closed-ended type of questionnaire was used. This as a result gave very little room for respondents to share their independent opinions. Future studies can make use of more of the open-ended type of questionnaire and can also adopt the interview guide.



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**APPENDIX**  
**QUESTIONNAIRE**

**Preamble**

This study is being undertaken for academic purposes and any information given will be treated with the highest degree of confidentiality. The questionnaire is divided into Five sections; A, B, C, D and E. Questions may be answered by ticking [] against the response(s) that best suits your opinion or filling the space where appropriate. Thank you for your participation.

**SECTION A: Demographic Characteristics of Respondents**

1. Gender:

Male

Female

2. Kindly indicate your age bracket

20 years and below

20-30years

30-40years

40-50years

more than 50 years please specify.....

3. What is your marital status?

Married

Single

4. Level of Education

None

Primary

SHS

Tertiary

Please others(s), specify.....

5. Number of Children?

None

One

Two

Three

Four

Above four

6. Major trade?

Second hand clothes dealer

Small shops and Kiosks

Mechanics and Carpenters

Commercial Driver

Hawker/Kaayayo

Please others(s), specify.....

7. Position in business

Owner

Employee

8. What is your monthly gross income

Below GHC 1000

1,001- 2,000

2,001-3,000

3,001- 4,000

4,001- 5,000

[ ] Above 5,001

**SECTION B:**

**LEVEL OF AWARENESS/KNOWLEDGE ON SSNIT INFORMAL PENSION SCHEMES.**

1. Do you know about SSNIT?

Yes [ ]

No [ ]

2. Do you know about SSNIT for formal workers?

Yes [ ]

No [ ]

3. Do you know about the SSNIT informal sector pension scheme?

Yes [ ]

No [ ]

**SECTION C**

**WILLINGNESS TO CONTRIBUTE TO SSNIT INFORMAL SECTOR PENSION SCHEME**

1. Are you willing/planning to contribute to the SSNIT informal pension scheme?

Yes [ ]

No [ ]

**SECTION D**

**DETERMINANT OF TRADERS WILLINGNESS TO CONTRIBUTE TO SSNIT INFORMAL PENSION SCHEME**

Kindly select from the following variables which are likely to influenced your decision to contribute to the SSNIT informal pension scheme. Please select as applicable to you.

- Age [       ]
- Sex [       ]
- Marital Status [       ]
- Educational Levels [       ]
- Household Position [       ]
- Number of Years in Trade [       ]
- Number of Dependents [       ]
- Income level [       ]

**SECTION E**

**REASONS FOR NON-CONTRIBUTING TO THE SSNIT INFORMAL PENSION SCHEME**

Please choose either Strongly Agreed (SA), Agreed (A), Disagreed (D) or Strongly Disagreed (SD).

<b>Reasons for Non-contribution to SSNIT informal workers Scheme</b>	<b>SA</b>	<b>A</b>	<b>D</b>	<b>SD</b>
I am a non-salary worker or not on government payroll				

My current income level is too low to pay contribution				
Not aware of the existence of pension scheme for the informal sector workers				
No or less time to go to the office to make their contributions				

