

UNIVERSITY OF GHANA

**SAVING PRACTICE OF MADINA MARKET WOMEN IN
ENROLING ON SOCIAL INSURANCE**

BY

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DECLARATION

I, Dorcas Ansah, do hereby declare that “Saving practices among Market Women” has been done by my own efforts under the supervision of Mr. Paul Andoh of the Centre for Social Policy Studies. In places where references to other people’s work have been cited, full acknowledgements have been given. No part of this project work has either been presented whole or in part to any other institution for any award.

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DEDICATION

I dedicate this work to GOD ALMIGHTY, whose grace has been abundant through this moment of duteous responsibility and to my mother for her steadfast trust and motivation.



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LIST OF ABBREVIATIONS

ADB:	Asian Development Bank
DWP:	Department of Works and Pension
FAWU:	Food and Agricultural Workers' Union
GAWU:	General Agricultural Workers Union
GBP:	Great Britain Pounds
GDP:	Gross Domestic Product
GLSS:	Ghana Living Standard Survey
GPRTU:	Ghana Private Roads and Transport Union
ILO:	International Labour Organization
INPS:	National Pension Security Institute
IOPS:	International Organization of Pensions Supervisors
LTSA:	Long Term Savings Act
NDMW:	National Daily Minimum Wage
NHIS:	National Health Insurance Scheme.
NPSS:	National Pension Saving Scheme
NTC:	National Tripartite Committee
NZD:	New Zealand Dollar

OECD:	Organization of Economic Corporation and Developments
PBGC:	Pension Benefit Guarantee Corporation
PCP:	Presidential Commission on Pensions
PNDC:	Provisional National Defense Council
RoSCAs:	Rotating Savings and Credit Associations
SME:	Small and Medium Scale Enterprises
SNNIT:	Social Security and National Insurance Trust
SPSS:	Statistical Package for the Social Sciences
USD:	United State Dollar
VAT:	Value Added Tax

ABSTRACT

Securing the future of citizens through a comprehensive social insurance policy has been of great concern to Social Protection theorists, advocates and governments who seek the ultimate welfare of their citizens. Given the physically worsening progression of the human strength due to the wear and tear as we age and yet imperatively expected to maintain a healthy life; the Social Security and National Insurance Trust (SSNIT) Pension Scheme came in handy to cater for this need and even has stretched to include informal sector workers albeit on voluntary basis.

This study examines the saving practices of some fifty (50) market women in the Madina Market with the hope to reveal the inadequacies of their saving efforts in securing their post-retirement life, and also to propose an all-embracing alternative to get both the formal, informal sectors and all persons within the working age range of the economy automatically captured. The study went further to review previous and prevailing social insurance schemes with relevant international experiences that sought to chart that all-encompassing course through a compulsory regime of enrolment. It was found that knowledge about the Informal sector pension scheme was very low. Also, they wished to secure their post-retirement future but could not due to financial constraints and general mistrust for the scheme as it stands presently. It was also revealed that their mode of saving to secure their future was through susu collection, personal savings, banks and microfinance companies. Through it all, the study suggested a general difficulty on the part of informal sector workers in voluntarily enrolling on the Informal Pension Scheme. They should be invariably captured through an all-embracing policy like the kind with the formal sector workers.

The study was limited to some Market women in Madina, Ga East Municipal Assembly, Accra and so generalizations about findings have been done with caution. The researcher thus recommends future studies to involve a larger sample.

CHAPTER ONE

INTRODUCTION

1.1 Background to study

The Social Security and National Insurance Trust (SSNIT) Informal Sector Fund Pension Scheme was established to suit the Informal Sector. It is intended to reduce poverty and protect the vulnerable at old age, disability and upon a death of a member of the scheme. However, the informal sector fund of pension scheme does not adequately respond to the need for all-inclusiveness in the social security system as it is in the formal sector. The culture of the SSNIT Pension scheme has over the period benefitted the “compulsory” formal sector contributors and had little significance on the informal sector especially market women, who can only be “voluntary” contributors and have recently been introduced to the three tier system that yet lacks that ingredient of compulsion to guarantee a future financial head rest upon retirement (SSNIT Annual report, 2009). The present system is open to the discretion of the informal contributor which does not ensure consistency in contribution.

Coming from this backdrop, this study seeks to reveal the saving practices of some market women to be juxtaposed against the structure of the scheme to highlight inherent challenges in its effort to get all persons on board. It is worthy of note that the Informal Sector forms about 80 percent of the country’s economy,(Osei-Boateng and Ampratwum, 2001), yet remains far less comparatively in terms of enrolment.

Rutherford (2000) suggests that the less privileged, mostly in the informal sector use small-scale financial services to turn small, frequent cash inflows (such as from daily milk sales) into usefully large sums (perhaps to buy a cow or land). They may also use financial services

to turn large inflows (such as monthly salaries or proceeds from the sale of a cow) into small, frequent outflows (such as daily food purchases).

Research has also found that people prefer to keep money at home more than they would have deposited in a bank. According to Beverly, Moore, and Schreiner, (2001), Cash at home, however, is easier to “withdraw” and spend than cash at a bank obviously because of prolonged procedures and processes at these banking institutions. Adding to that are disappointing client services. People feel their own hard earned money shouldn’t be too difficult to claim hence their resolve to keep their monies to themselves at home.

Poor women mostly found in the informal sector everywhere use informal saving mechanisms to prepare for emergencies and make both small and huge purchases, which suggests that these women want to save but will want to do so with low transaction costs and consistent assistance to improve deposit discipline (Rebecca M. Vonderlack and Mark Schreiner, 2001.)

Research has again made known some major and common saving practices of market women. Rebecca M. Vonderlack and Mark Schreiner, (2001), discuss these informal saving mechanisms. They are; *door-to-door deposit collectors, Rotating Savings and Credit Associations, Annual Savings Clubs and in-kind storage.*

With the *Door-to-door deposit collectors*; people often pay others to collect and to keep their savings. Deposit collectors visit men and women daily—often at their doorstep or their market stall—to pick up a small, fixed amount. In Ghana for example, market women make 30 small deposits per month (a trickle). After a month, they get back 28 times their daily

deposit (a lump). During the month, the collector usually keeps the deposits in a bank or lends them out informally. Poor people are willing to pay to save because deposit collectors almost eliminate transaction costs. Exchanges take a few seconds and occur where savers live or work. Furthermore, the presence of the collector prompts the saver to find a way to save something, even when difficult or inconvenient. The saver willingly submits to this pressure because she knows without it she would sometimes take the easy way out in the short term, to her long-term detriment.

The *Rotating Savings and Credit Associations* (RoSCAs); RoSCAs are small groups who meet to make fixed contributions at intervals practiced mostly among the people of Honduras. (For example, 12 people might meet monthly to contribute 100 Lempiras each). By turns, each member gets the pool. Those who have yet to receive the pool are savers, and members who have already received the pool are debtors. Like deposit collectors, RoSCAs are common among poor women because they offer low transaction costs and the pressure to save regularly (Ardener and Burman, 1995). Transaction costs are low because RoSCAs form among people who know and trust each other and who already meet regularly or live or work close to each other. There is pressure to save because failure to do so reduces the pool for other members.

The *Annual Savings Clubs*; These institutions resemble large-scale RoSCAs or small-scale credit unions. Run by religious groups, social clubs, or trade associations, Annual Savings Clubs have low transaction costs because members make deposits at regular meetings that they would attend anyway for non-financial reasons (for example, after weekly services in a mosque). Annual Savings Clubs are more flexible than RoSCAs; each saver chooses the amount to deposit, and balances earn interest. The annual cycle starts and ends near major

events such as Christmas or harvest that require or produce large cash flows. It is not clear how often poor women save in Annual Savings Clubs; especially ones run through male dominated, organization.

Lastly the *In-kind storage*; probably the most common form of informal savings for poor women is the in kind storage of small, high-value items that can be sold for cash in an emergency. Examples include jewellery, cutlery, radios, bricks, steel reinforcement bars, cattle, goats, chickens, extra sets of clothes or shoes, bottles of alcoholic beverages, and sacks of rice, corn, or concrete. Cash under the mattress is also a form of in-kind storage. Transaction costs are low; “deposits” just require purchases of small, high-value items. The temptation to “withdraw” is low because sales usually fetch low prices and require time and effort to find a buyer. These informal saving mechanisms suggest that the informal sector workers are concerned about their immediate needs and requirement which they save towards and not for future security after their active working life.

In the face of these saving practices among informal sector operatives which hardly takes into consideration the aftermath of one’s active working life, social insurance has come to the front burner of international policy discussions, especially in recent times. As a result, international organizations have been formed to bring together institutions and administrative bodies dealing with one or more aspects of social security in different countries of the world. The formation of the social security association is to cooperate at the international level primarily by improving techniques and administration in order to advance the social and economic conditions of the population on the basis of social justice (Bennett, 1993).

Since the 1980’s there has been public debate on social security in Ghana as well as on the international scene which has increasingly focused on its effects on the economy. However,

this trend has changed to cover several areas. Major issues of concern are the adequacy of benefits, the informal sector, and scope of coverage of the working population by the State pension scheme. Another issue of public concern is the alleged misuse of the pension funds by SSNIT and the Government among other factors (Dei, 2001).

To ensure the effective running of the pension scheme, the three tier pension scheme was established. The first tier is basic national Social Security which incorporates an improved system of SSNIT benefits. It is mandatory for all employees in both private and public sectors. The second tier is also an occupational (or work based) pension scheme, mandatory for all employees but privately managed. This scheme is designed primarily to give contributors higher lump sum benefits than previously available under the SSNIT or Cap 30 pension schemes. Finally the third tier is a voluntary provident fund and personal pension schemes, supported by tax benefit incentives for workers in the Informal and Formal Sectors who want to make voluntary contributions to enhance their pension benefits presently available under the SSNIT or Cap 30 pension schemes respectively. The SSNIT has developed a separate social security scheme purposely tailored to suit the needs of workers in the Informal Sector of Ghana. Studies were undertaken by the Trust's research department and corroborated by a team from World Bank to the effect that, the SSNIT Pension Scheme is not suited to the Informal Sector due to the pattern of incomes in the sector, which is essentially unpredictable and irregular (SSNIT Annual report, 2009).

The selected population sample, which is the Madina Market women, was selected based on the fact that they represent typical market women in the informal sector, given their number of years in operation and their trade items. Also, researcher has had some past interactions

with them on informal sector which has built some form of relationship to warrant easy entry and access to trustworthy information.

1.2 Problem statement

Studies undertaken by the SSNIT's Research Department have shown that workers in the informal sector are not willing to sign unto a social security scheme, which can provide them with long-term and short-term financial benefits since most of them require financial support to boost their businesses and thereby increase their income.

It is in the light of this attitude towards social security schemes and with support from a World Bank team in May 2005 that SSNIT introduced the Informal Sector Fund. The objective of the Scheme is to operate a Social Insurance Pension Scheme appropriate for the working population in the Informal Sector of the Ghanaian economy as part of the Trust's mandate under the Social Security Law of Ghana (PNDC Law 247 of 1991). Also it seeks to design, operate and manage appropriate contingencies and pay benefits in accordance with the rules and regulations formulated and approved by the Trust.

The informal sector is largely very competitive and open to all persons at all times making it unattractive and disadvantageous for traders to abandon their posts and wares to visit financial institutions to save, let alone buy an insurance cover whose benefits are far from immediate reach. It is in no doubt that savings is of fundamental importance to economic development (Adams 1978, McKinnon 1973, Shaw 1973). Banks are considered to be the most effective intermediaries in mobilizing savings for economic development (Galbis 1977; Porter 1964; von Pischke 1983), but various unfavourable factors associated with these

banking institution have increased their practice of saving with microfinance groups who move round daily to take savings though with low levels of credibility.

Secondly, the nature of the trading which has got to do with constant exchanging of money for goods and injection of capital into business makes it less of a priority to consider the necessity of contributing towards the scheme.

Lastly, most people in their energetic and youthful periods would hardly envisage a future moment of frailty as a result of age and other factors, hence the need for an insurance cover. This therefore buttresses the assertion that a compulsory enrolment will be better serving than voluntary.

1.3 Objectives of Study

The general objective of the study is to examine the saving behaviour of market women in Madina, Accra towards social insurance and the factors that influence their behaviour. In achieving this general objective, the study seeks to achieve the following specific objectives.

- i. To examine/access the current saving practices of market women in Madina
- ii. To determine the knowledge and level of involvement of informal sector operatives on existing policies/schemes on social insurance for the informal sector operatives in Ghana
- iii. To examine the extent to which saving practices of market women adequately secure their social insurance.

1.4 Research Questions

In the bid to provide some insights into this study, the following research questions are necessary.

- i. How do Market women save to secure their future security?
- ii. How do Market women save their monies?
- iii. What are the current saving practices of market women in Madina?
- iv. Which financial institutions do they mostly engage in their saving practices?

1.5 Significance of Study

The urgent need to secure the future of all persons no matter the status in life is of global concern. The International Labour Organizations has assumed a frontline position in this quest to secure the future of the working population both in the formal and informal sector by championing and supporting relevant policies in countries worldwide to ensure successful promotion and implementation of programmes and policies geared towards workers' security. The locus of the social protection theory shall be given a deeper significance as this research will challenge the existing form of informal sector pension scheme for an all-embracing structure.

The study will seek to examine the saving practices of market women, specifically at Madina Market to understand their intentions behind those saving mechanisms and further interrogate the linkage to their future pension security. The present low patronage of the Informal Pension Scheme because of its mode of enrolment and contribution I think makes it difficult for individuals to enrol voluntarily as against that of the formal which is deducted at source and partly supported by employees. So the study will seek to investigate other means of securing the future of these informal sector operators if any.

This study hopes to strongly advocate for a social security system that embraces the two sectors of the working population, i.e. formal and informal in the manner that makes for easy coverage of all and not left to the discretion of citizens who find themselves within the informal sector. The relative ease associated with the mode of contribution for the formal sector employees makes it less stressful and uneventful, contributing to the success of the Formal Pension Scheme.

The study will further propose a suitable policy enterprise for government to consider implementing to better the current system whose structure does not capture all citizens, in effect providing concrete basis to advance the need for an inclusion of the Informal sector operatives onto the Pension insurance scheme which will positively affect their livelihoods when they are unable to continue working due to old age.

1.6 Organization of Study

The study is organized into five chapters. Chapter one discusses the Background, Statement of the Problem, Objectives of the Study, Research Questions, and Significance of the Study. Chapter two reviews all literature relevant to the study beginning with the Theoretical Framework. Chapter three is about the methodology used in the study. This includes the sources used for the study, the Study Population, Sampling Frame, Sampling Procedure, Method of Data Collection and Data Management. Chapter four deals with analysis of the data and examines whether the results correspond to the research problem or otherwise. Chapter five examines the findings and makes the necessary recommendations.

1.7 Definition of Concepts

Informal Sector: That part of an economy that is not taxed, monitored by any form of government, or included in any gross national product (GNP), unlike the formal economy

Saving Practices: Means of keeping sales and earnings for a preferred duration

Pension: A contract for a fixed sum to be paid regularly to a person, typically following retirement from service.

Informal Sector Pension Fund: A voluntary insurance scheme designed for the informal sector by the Social Security Insurance Trust (SSNIT)

CHAPTER TWO

LITERATURE REVIEW

2.1 Theoretical framework

As defined by the United Nations' Research Institute for Social Development, Social Protection is concerned with preventing, managing, and overcoming situations that adversely affect people's wellbeing. Social protection consists of policies and programs designed to reduce poverty and vulnerability by promoting efficient labour markets, diminishing people's exposure to risks, and enhancing their capacity to manage economic and social risks, such as unemployment, exclusion, sickness, disability and old age.

2.2 The present state of the informal pension scheme (voluntary)

There are currently two mandatory pension schemes in Ghana: the Social Security and National Insurance Trust (SSNIT), which is the main system and covers employees in the private sector, civil and public servants, professionals, traders, artisans, farmers and self-employed; and a small scheme originally called CAP 30 which is currently phasing-out, and only covers military, police, and a few civil servants, but used to cover all civil servants in the past. Both systems cover less than 10 percent of the labour force in Ghana, and cost already around 1.5 percent of GDP (SSNIT Report, 2011).

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

retirement, and almost 30 percent of members that reach retirement age and are covered by the system, do not qualify for the defined benefit component of the pension program; they receive instead lump-sum payments, as refunds of their past contributions with a determined interest (Department of SSNIT, 2002).

The scheme's revenue largely consists of contributions from workers (5.5 percent of earnings), and employers on behalf of workers (13 percent of their payroll), however a fund for short-term benefits (health fund) takes 2.5 percent of the salary (out of this 18.5 percent, leaving only 16 percent for the pension fund) (Dei, 2001). The major issues of concern are the adequacy of benefits currently provided by the scheme and the qualities of the services provided by SSNIT, the body established by law to administer the State pension scheme in Ghana.

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

Another issue of concern is the scope of coverage of the working population by the State pension scheme. Over ninety percent of the members of the scheme are formal sector employees, with the rest of the members being self-employed persons in the informal sector of the economy. A similar pattern is obtained with regards to the coverage of the working population by the private pension schemes. However, the informal sector employs about eighty percent of the working population of Ghana (Osei-Boateng and Ampratwum, 2001).

This means that a large number of workers in Ghana are currently not making any provisions for guaranteed incomes in retirement.

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

Due to the exceptionally low coverage of the self-employed workers by the pension schemes, the World Bank, in 1997, sponsored a study on how to provide social protection in the form of pensions for the informal sector in Ghana (Adjei, 1999).

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

Commission that to ensure retirement income security for all Ghanaian workers, the ultimate goal is the creation of unified pension structures.

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

- i. First pillar. A mandatory basic state social security scheme to be administered by a restructured SSNIT, which will pay only periodic monthly and other pension benefits (such as survivors and invalidity benefits). It will be a defined benefit scheme, benefiting from a portion of contributions paid to SSNIT by both the employee (5.5 percent), and the employer (13percent).Under this new scheme, SSNIT will no longer pay the earlier mentioned 25 percent gratuity lump-sum (Government(UK) Actuary's, 2006)
- ii. Second pillar. A mandatory, privately-managed occupational pension scheme. It will be a defined contribution pension scheme, paying mainly lump-sum benefits with a flexibility that allows the contributor to purchase additional annuities to enhance monthly pension benefits.
- iii. The contribution rate will be 5 percent, out of this, 4 percent will be hived off SSNIT, while the remaining 1 percent will be contributed by the employer and the employee in equal proportions.
- iv. Third pillar. A voluntary private pension scheme, offering attractive tax incentives. This would be operated in line with the provisions of the Long Term Savings Act (LTSA), 2004.

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

Modern pension system can trace their roots back at least to late 19th century in Germany, when the Bismarckian social welfare system was introduced. Nowadays, pensions have spread and established around the globe, including in both developed and developing countries. Though the type of pension system varies, all play an important role in providing necessary income to elderly populations and in alleviating post-retirement poverty among the poorest sectors of society. However, despite the continued evolution and development of modern pension system over the past century, one issue which is yet to be resolved is how to extend such structured pensions arrangement to informal sector workers. (Hu and Stewart, 2001)

Though the definition of this sector varies by country, informal sector workers are generally those with low incomes or self-employed, working in very small (unregistered) companies or the household sector, often on a part-time basis (and migrant workers) in industries such as agriculture, construction and services (<http://www.gdrc.org/informal/huss0772.pdf>).

Compared to workers in the formal sector - who normally join either mandatory or voluntary pension systems, or both - those in the informal sector are typically not covered well (in many cases not at all) by modern, structured pension systems. They do not have access to pension plans organized or run by employers, may lack official registration papers or other documents which could help the relevant authorities target them for other schemes, may

change job frequently and often live and work in rural areas which financial infrastructure is poor or non-existent. These workers may also come from lower income and educated groups, meaning their knowledge and understanding of pension and saving products is limited and their resources for long-term savings scarce. Hence gaining access to a structured pension system is a challenge for these workers. This issue is even more severe in developing countries, and indeed a rise in the informal sector has been correlated with economic growth in several regions (ILO, 2002).

The challenge is greater in these countries partly due to logistical difficulties in getting informal sector workers to participate in pension schemes, and partly due to the traditional role of family support in pension provisioning. Recently both the international community and national governments have realized the increasing importance and urgency of extending the pension system to the informal sector. Indeed, a range of different policy initiative has been undertaken, aiming to tackle this problem given the country-specific conditions and environments.

2.3 Relevant International Experiences

This section provides comparative information on how countries have been working to extend pension coverage to the informal sector. The discussion will be presented by type of policy initiatives which have been undertaken or are being considered by governments. It should be noted at the outset that it is possible that a government has adopted, or considered adopting, a combination of the following initiatives rather than a single policy.

2.3.1 Access to social assistance programmes (non-contributory pensions)

Before discussing ways to bring informal sector workers into structured pension systems (either mandatory or voluntary), it needs to be acknowledged that in reality in developing countries – particularly those with the lowest income levels - there is always a group of population whose main challenge is to meet basic needs, e.g. food, clothing and housing. Informal sector workers (including agricultural workers) in developing countries are an important component of such population groups. In this context, it could be very difficult (if not impossible) for governments to undertake any meaningful actions to bring these individuals into formal pension systems.

Therefore, an important policy tool is to provide social assistance to all of the poorest elderly, on a non-contributory basis. In general there are two approaches –means tested and universal. Under the means-tested approach, only those who are too poor to support themselves are eligible for benefits, whilst under the universal approach all older people (subject to certain criteria but not levels of income and wealth) are entitled to receive such benefits. (OECD, 2006)

2.3.2 Voluntary participation by the informal sector

One of the main reasons why informal sector workers do not want to participate in voluntary pension systems (and in some cases even comply with mandatory schemes) is that they find the strict criteria involved too involving, e.g. in terms of contribution requirements, vesting policies and requirements on governance structure of pension fund itself etc.. In order to encourage participation of this particular group of population, it may therefore be necessary

to relax some requirements to a level which is consistent with the situation relating to informal sector workers.

Indeed when governments start to address informal sector coverage, many of their reforms feature such increased flexibility. For example, in China informal sector employees are required to join the mandatory public pension scheme. However, due to lack of incentives and relatively high contribution rates, as well as relaxed enforcement powers of the labour ministry, very few comply with this requirement. In view of this problem, in many local regions across the country, restrictions have been modified to encourage participation. Specifically, the contribution rates for the system have been reduced from the standard 28% of earnings (20% from employer and 8% from employee) to 20% (of which 8% will be directed to an individual account).

Meanwhile, in terms of voluntary private pensions in China, the central government has also been working to encourage the set-up of additional pension schemes among small and medium sized enterprises (SMEs). In this context, compared to the standard pension arrangements which normally apply to the large state-owned enterprises in China, simplification and flexibility will be the main features of the new pension products (e.g. easier application procedures and faster assessment processes).

In Chile and in other developing countries where there is a large agricultural sector, in order to encourage participation of the temporary and/or seasonal workers (most from the agricultural sector), flexible contributions are allowed. In other words, when there is a good harvest, due to good weather conditions and/or advances in fertilization technology, farmers can make larger pension contributions than normal. However, if bad weather conditions

prevail (e.g. flooding or pest problems) farmers may not have sufficient funds to meet their basic needs, let alone to put aside extra money for pension contributions.

Even during a period when weather conditions are relatively stable, it is still common in the agricultural sector for farmers to receive income from goods/crops during a specific period of the year (or for agricultural workers to only be employed for a specific season), making their earnings during the year highly volatile. Hence it can make sense to allow for irregular contributions which correspond to the income pattern of such seasonal industries and workers.

In addition to flexibility in terms of contributions, flexibility in terms of withdrawals may be necessary to encourage informal sector workers to participate in pension arrangements. Given in many countries these workers are from vulnerable groups of society, having access to long-term pension savings may be required to cover periods of unemployment, for emergency spending (such as on health care) or for other life essentials, such as housing. Some pension systems do therefore allow for withdrawals in specific circumstances. For example in Australia early withdrawals from superannuation funds are permitted in limited exceptional circumstances on compassionate grounds or in cases of severe financial hardship.

However, this flexibility needs to be balanced with the risk of leakage from the system; with large withdrawals leading to insufficient balances upon retirement as has been a problem with the provident fund in Singapore and pension funds in South Africa, for example. (Hu and Stewart, 2009)

2.3.3 Financial education

One reason why people may not join a pension scheme (even where available and advantageous for them to do so) is because of a lack of knowledge on pensions in general and the scheme in particular. For example, around 80% the informal sector employees in India surveyed by the Asian Development Bank (ADB, 2006) did not know what a pension was. Likewise, even though they meet the criteria, very few informal sector workers join the Public Provident Fund in India. In developed countries, this same problem also exists. For example, in the United Kingdom up to over GBP 6 billion pension credit benefits are not claimed, largely due to lack of knowledge among this group of people (Stewart, 2006).

Given such challenges, financial education may be able to play a role in raising public knowledge and awareness, and therefore potentially leading to increased pension coverage – including for the informal sector (Stewart 2006). For example the ADB (2006) have estimated that 20 million of 360 million workers in the Indian informal sector are financially able and willing to join the New Pension System (involving individual DC accounts, currently eligible to civil servants but to be made available to the entire population).

One of their proposals for successfully bringing these workers into the system is through financial education –i.e. via public awareness campaigns. Similarly in China, projects have been undertaken to provide training for local social security bureau officials to ensure that they know how to effectively explain benefits available to eligible people (such as rural workers, only 11% of whom claim available pension insurance benefits). Financial education projects have also been conducted in the pension context in several OECD countries with some success. In the UK, a specific campaign was launched in 2006 to help self-employees

understand current pension system and arrangements available to them, with the aim of including them into the formal private pension system.

2.3.4 Towards a compulsory participation for the informal sector

Recently governments in a number of OECD (Organisation for Economic Co-operation and Development) countries have been considering introducing so called auto enrolment mechanisms into pension systems for employees, including informal sector workers. Notable examples are the recent reforms in Italy, the United Kingdom and New Zealand. The reasoning behind these initiatives is the same as for compulsory participation - i.e. when faced with difficult choices (such as those around pension provisioning) people tend to make no decision. Semi-compulsion or soft compulsion plays on this behaviour by, rather than making individuals actively choose to join a pension scheme, automatically enrolling them and giving them the option to opt out – thereby using people's natural inactivity to deliver higher membership levels.

The main reason why semi-compulsion is preferred to a pure mandatory approach is that individuals are offered more free choice (as there will always be a group of the population – whether in the formal or the informal sector - who would prefer to plan their own retirement, rather than being forced to join a scheme which might not be best choice for them). Although the UK has a relatively mature pension system and developed pension market, employees in the informal sector are not well covered by private pension arrangements, which provide significant supplementary pensions on top of the relatively limited public pension provisions provided by the state. It is estimated that a population of around 7 million people are under saving in the UK, most being low income earners and those in the informal sector (Department of Works and Pensions, 2006).

In addition, roughly 2 million of around 3 million self-employees are not saving via private pension arrangements. Hence the UK government recently decided to introduce a personal saving plan, to be known as the National Pension Saving Scheme, (NPSS), from 2012. According to Department of Work and Pensions (2006), all employees in the UK who earn more than GBP 5,000 annually will be required to automatically enrol into the NPSS (with employees allowed to opt out if they participate in other qualified pension schemes, e.g. stakeholder schemes). The minimum contribution for employees is 4% of earnings up to a maximum contribution of GBP 5,000. The employee contribution will be matched by a minimum 3% employer contribution of which 1 % is in the form of tax rebate from the government.

A key component of the NPSS will be the establishment of a central clearing house, for collection, reconciliation and administration functions, which is designed to be similar to the Swedish PPM model 5. The investment function is expected to be outsourced to external professional asset managers. The main advantage of having a centralized agency is cost efficiency (with evidence from various countries showing that competition of such functions does not always successfully reduce prices). It is expected that up to 10million new contributors will join the NPSS and the annual new contributions to pensions will be around GBP 4 or 5 billion. Over the long term, it is estimated that the NPSS could accumulate up to GBP 150 billion (Department of Works and Pensions, 2006). Three reasons could explain why employees in the informal sector may be interested in this initiative.

First, it is automatic enrolment, therefore mitigating some reluctance to participate. Second, the matching contributions from the employer and government should be attractive to informal sector workers, therefore encouraging them to stay within the scheme rather than

opting out. Third, given that a central and single clearing house will be established, the cost should be lower than otherwise, which should encourage participation amongst lower income workers.

In the UK, for example, the decline in fees and charges for personal pensions since the mid-1990s has been attributed more to regulation rather than competition (Department of Works and Pensions, 2006). In Italy, following approval of the new pensions law by the Parliament in 2004, since July 2007 employee contribution to the severance pay (i.e. *trattamento di fine rapporto* or TFR) are automatically transferred to a public pension fund run by the INPS (i.e. the National Social Security Institute), unless they choose to stay with the old TFR or divert their funds to a pension fund. New employees are given six months to make their decision. Once decision is made, those who decide to go with pension funds cannot return to the old TFR, although those who decide to stay with TFR can still join a pension fund at any time.

In Italy domestic employees are covered by the public pension system under administration of INPS. Participation in the system is voluntary for contract workers while self-employed persons in Italy are covered by special systems. The government of New Zealand introduced a voluntary, long-term savings initiative in 2007 known as KiwiSaver 7. Those in formal employment are automatically enrolled into an eligible saving scheme on starting work, with employees and employers both contributing, but can opt out within a certain period (Hu. and Stewart, 2009).

Membership is not restricted to formal employment as all New Zealand citizens under the age of 65 and resident in the country can join the scheme, whether self-employed or not working. Incentives, for formal sector workers and other participants include a NZD 1000 contribution

from the government on setting up the scheme, a NZD 40 payment from the government each year to cover scheme costs, tax incentives and the possibility of linking Kiwi Saver savings to mortgage payments. As of May 2008, take-up of the scheme was estimated to have reached 673,000 (40% of the working population) (Hu and Stewart, 2009).

2.3.5 Compulsion of pension participation

In addition to the above argument, the semi-compulsion, another policy initiative the governments may consider is to make participation of private pension systems mandatory if workers in the informal sector are not properly covered by other forms of voluntary pension arrangement. However, before going into details it is worth noting that international experiences presented in this section should be more relevant to those African countries where households in the informal sector are capable of putting aside extra monies into a funded account. If such forced savings - which normally are unavailable for use until (or close to) the retirement age - would crowd out the present basic needs of the group of population, (e.g. foods, housing and education), this would not be an optimal policy choice (Martin and Whitehouse, 2008).

This is particularly the case when retirement is often not the (main) driver of savings amongst poorer households. One survey study shows that for poorer households with savings in South Africa, emergency needs, food, and funeral costs are the three most important reasons for saving, while retirement is only considered the eighth most importance (Masilena, 2005).

The argument for mandatization comes from behavioural economics, with individuals tending towards inactivity when facing difficult financial situations partly due to the difficulty in making a right decision and the level of negative consequence of making a

wrong decision and because many people – especially younger generations – live for today and are reluctant to think about their retirement several decades away and to save for the future (OECD, 2006).

These arguments are particularly relevant for pension issues given that surveys consistently show that most people find joining an appropriate pension scheme a rather complicated task and difficult decision. In this context, many people chose to make no decision - especially if there is no proper and effective incentive, as is often the case with the informal sector, which effectively leads to under saving.

It is worth noting that although sanitization increases participation in general, it may be particularly effective and necessary for the informal sector workers given that, in general, they may be less informed and more short-term in their financial planning than those working in the formal sector. Therefore, if arrangements are voluntary it is likely that they will not participate or simply do not know what pensions are and/or how to participate.

Around the globe, many countries have reformed their pension system by legalizing mandatory participation of private pensions, which in some cases apply to the formal sector only, e.g. in Chile, and in other cases which apply to both formal and informal sectors, e.g. in Australia (except the self-employed) and Hong Kong China. Chile in 1981 introduced the well-known privatization of its pension system, under which employees in the formal sector were required to join the new mandatory pension system, with each employee allocated personal pension account (fully funded and defined contribution based). Following its pension reform, pension coverage in Chile increased significantly from 48% in 1980 to 58% in 2000 (De Mesa et al 2006), and private pension assets increased from virtually zero to

USD 111 billion in 2007, accounting for 61% of GDP. Yet the current system is only mandatory for those working in the formal sector (and voluntary for the self-employed), which means that many people are left out, and therefore face the risk of not having sufficient pensions when they retire. Current estimates are that around one third of workforce in Chile - including most of 1.2 million people working in the informal sector - is not covered by the mandatory system (Herald Tribune, 2008).

In view of this problem, a recent reform to the system has been to require the self-employed (who form a large part of the informal sector) to join the system on a mandatory basis. Mandatory participation applies to both formal and informal sector employees in some economies, e.g. Australia, Hong Kong and China. In Australia, the current superannuation pension system requires that all employees in the public and private sectors (including those in the informal sector with some exceptions) participate in the system. The contribution rate for employers is 9% of payroll; while employee contributions are allowable and voluntary up to certain limits. Though participation may not be particularly popular or information sector workers and their employers (given tax incentives have limited impact for low income workers or for companies making a loss), compliance is strictly enforced (via severe penalties) by the Australia Taxation Office (Hu and Stewart, 2009).

Self-employees in Australia are not required to contribute on their own behalf under the Superannuation system, regardless of income thresholds. However there are tax incentives - provided an individual earns less than 10% of their income as an employee, an individual can (from 1 July 2007) claim tax deduction for personal contributions to a complying fund. There is no limit to the amount of the deduction; however the 2007 reforms also introduced caps on

the amount of concessional taxed contributions that can be made in a year to a fund (Hu and Stewart, 2009).

In Hong Kong China public and private-sector employees and self-employed persons aged between 18 and 65 must become members of a provident fund scheme. This obligation applies to both full-time and part-time workers holding a contract of 60 days or more. Employees in the catering or construction industry who are employed for less than 60 days or on a daily basis (casual employees) must also be covered. Self-employees must also enrol themselves in a scheme within 60 days of becoming self-employed.

In order to encourage compliance by informal sector workers, more flexible arrangements have been introduced. For those employed in the informal sector, the contribution rate is 5% of earnings from both employers and employees, while for those self-employees the contribution is 5% of their earnings. For casual workers paid daily, the contribution rules are adjusted to be flexible in order to encourage participation. Meanwhile, two industry schemes exist for the catering and construction industries in Hong Kong China, which help workers in these sectors to maintain their pension contributions even if they change, job regularly (Hu and Stewart, 2009).

In addition, some other countries have also considered making pension participation mandatory. For example, the Kenyan government has proposed a mandatory element into the current voluntary occupational and individual schemes, along with proposals intended to increase the coverage rate, particularly among informal sector workers.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

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

3.2 Research Design

The study employed a mix method approach. This involved a survey of market women and an in-depth interview with officials of government machineries management pension scheme. The study used both quantitative and qualitative techniques. The survey component of the study constituted the quantitative technique and the in-depth interview component constituted the qualitative techniques

This design was chosen to utilize the competitive advantage of each technique to complement the weaknesses of each technique, bearing in mind the research worthiness each technique possesses inherently in making whole a research piece. The strength the quantitative technique complements the weakness of the qualitative technique and vice versa. Hence this reduced the limitations in one approach

3.3 Research Area

This study was conducted at the Madina Market. Madina is the biggest market town in the Ga East Municipal district. (http://en.wikipedia.org/wiki/Ga_East_Municipal_District). The Madina market functions daily with Wednesdays and Saturdays as major market days. Items

traded in these markets includes perishable and non-perishables like manufactured commodities, imported goods like cloth, utensils and a variety of spare parts. Other goods are cereals, livestock and second hand clothing.

The strategic location of the market coupled with good accessibility has facilitated their growth leading to congestion and spill-off onto the nearby roads. (http://gaeast.ghanadistricts.gov.gh/?arrow=atd&_2&sa=6340). The Market women were used to facilitate the easy accessibility to information. This also ensured a more detailed investigation which yielded more valid and reliable results.

3.4 Sources of Data

Data for the study was derived from both primary and secondary sources.

Primary Sources and Data Collection

There are several approaches available to gathering primary data. In order to collect reliable and valid information, the researcher contacted some departments within SSNIT Informal Sector Fund in Accra and the Market women in Madina. The main tool used in collecting primary data is a structured questionnaire and interview guide. With regard to the primary sources, it was facilitated through the administration of questionnaires designed purposely for this research and structured interviews. The questionnaires and the interviews were closed-ended and open-ended questions. The closed-ended questions facilitated easy processing of the answers and enhanced the comparability of the answers. Most importantly, closed-ended questions are easy for respondents to complete, precisely because respondents are not expected to write extensively and instead have to place ticks or circle answers, and also quicker to complete (Bryman, 2001). This is very appropriate because many respondents in Ghana do not seem to have time for researchers and thus not prepared to spend more time in

answering questions. Questionnaires are also an efficient instrument because they provided anonymity and makes it easier to collect large volumes of data from a target response group who are scattered geographically (Staples, 1991).

Secondary Sources and Data Collection

The sources of the secondary data include; periodicals, government publications, annual report of SSNIT, published articles and books, as well as online resources. These helped to identify how others have defined and measured key concepts, and the data sources that others used. This helped to discover how this research is related to the work of others in social insurance or pension schemes specifically.

3.5 Population and Sampling

The sampling procedure was the random sampling criterion which has the high tendency of ensuring an equal likelihood of selection of fifty (50) Madina market women as respondents and to also avoid any significant bias that may have the potential of affecting the final outcome of the study. The first point of contact was the Informal sector association leader in Madina. Having briefed them on my topic they went ahead to introduce me to some market women in a school nearby where snowballing was used to interview some of them. Subsequently I moved to other parts of the market using random sampling where all other market women had an equal chance to be interviewed. However to ensure a balance I spoke to women who were engaged in different trades and ere located at different parts of the market.

3.6 Data Collection Instrument

The researcher used questionnaires in collecting data. The researcher designed a questionnaire to capture the significant issues arising out of the research questions and pre-

test them to establish its validity and reliability. A 42 item questionnaire was developed to collect relevant information from respondents. The questionnaire had an introductory part which explained the purpose of the study to respondents and assured them of confidentiality. The questionnaire was then divided into three sections with questions comprising a series of open and close ended questions. The questionnaire covered the experiences of the market women in securing pension and how they save. This was done through individual interviews

3.7 Administration of Instruments

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

The first point of contact was the Informal sector association leader in Madina. Having briefed them on my topic they went ahead to introduce me to some market women in a school nearby where snowballing was used to interview some of them. Subsequently I moved to other parts of the market using random sampling where all other market women had an equal chance to be interviewed. However to ensure a balance I spoke to women who were engaged in different trades and had were located at different parts of the market.

3.8 Analysis of Data

The data was organized into charts, percentages and figures based on the questionnaires given to the respondents. The results were then analysed and converted into percentages and other charts. Quantitative and qualitative methods were employed in the analysis of the data. The results were subsequently computed into percentages. Diagrammatic representations of the statistical summaries of the result were done where necessary in the form of pie charts,

graphs and frequency tables. Computer data analysis such as Statistical Package for the Social Sciences (SPSS) was employed to analyse the data in order to help interpret results.

3.8.1 Objective Specific Analytical framework

i. Examine the current saving practices of market women in Madina

A section of the questionnaire administered was dedicated to help identify the current saving practices. This also sought their future assets and the form in which they are kept. Data was coded into SPSS and explanatory statistics were run. Proportional and descriptive association analyses were made. This helped in substantiating or making explicate the data collected. Findings were discussed, presented and backed with graphical presentations. Also descriptive and comparative analysis was made. Findings were discussed and backed with graphical presentations where required.

ii. Determine the knowledge and level of involvement of informal sector operatives on existing policies/schemes on social insurance for the informal sector operatives in Ghana.

Secondary data was employed for this objective. National policy documents on existing policies for social insurance for the informal sector operatives in Ghana were reviewed and analysed to provide a comparative basis. Data was coded into SPSS and explanatory statistics were run. Proportional and descriptive association analyses were made. This helped in substantiating or making explicate the data collected. Findings were discussed, presented and backed with graphical presentations.

iii. Examine the extent to which saving practices of market women adequately secure their social insurance.

Part of the questionnaire administered was dedicated to collecting information on the extent of security of saving practices. Data was coded into SPSS and descriptive statistics run. Proportional and descriptive association analyses were made. This helped in substantiating or making explicate the data collected. Findings were discussed, presented and backed with graphical presentations.

3.9 Quality Assurance

The data collected from the field were edited for errors and inconsistencies to ensure its quality. Since data was collected from two sources, efforts will be made to distinguish between the two data. Data that was gathered from the interviews, the researcher transcribed such data into a meaningful form before the necessary statistical tools applied. Also respondents were assisted to understand and appreciate the study so that they provided adequate and quality data to make the work more credible. The Statistical Package for Social Sciences was used to process the data. Through the use of this tool, frequency tables, pie charts and bar charts were generated. These were used to describe the data and discuss the findings. Moreover, contacts of the key informants were taken so that follow-up interviews will be conducted by phone when clarification for analysis becomes necessary. Finally, findings and conclusion were based on the responses of the right category of respondents to ensure credibility.

3.10 Ethical Considerations

Ethical issues were considered in the research methods employed. Confidentiality was highly and still protected with respect to how data is used and published. Also full informed consent was obtained from participants. To ensure quality of data and ethics, this study received acceptance of respondents to do formal data collection. This ensured that the study does not

violate research rules to attract punitive implications. The purpose for the study was clearly spelt out to the respondents to get their consent to participate in the research. Further to that, data to be collected and used in this proposed study was anonymously coded and cannot therefore be traced back to individual for purposes of victimization. These ethical issues were of utmost concern to the researcher.

3.11 Limitations of the Study

This study faced some limitations irrespective of its great prospects for academia. There was limitation of resource, both financial and non-financial. There were the limitations of time and funding. Another constraint was the confidentiality of information. Related to this was the unwillingness of some market women to participate in the research, especially when it involved revealing their saving practices which mostly are not easily shared within our cultural context and beliefs. Despite these research limitations and threats to the study, the researcher did her best to collect enough and accurate data for this study to ensure a credible work with high confidence level.

CHAPTER FOUR

PRESENTATION AND DISCUSSION OF FINDINGS

4.1 Introduction

This chapter presents findings of the study using a series of frequency tables and cross tabulations. The informal sector undeniably carries the largest part of the economic structure of the country, constituting over seventy percent (70%). It is at the same time true that majority of the Ghanaian informal economy is at the small and medium scale, implying a high tendency of low capital and income levels. This reality makes a firm argument for the need to secure the future of this large constituency of the Ghanaian population which formed part of the major grounds for the introduction of the Voluntary Pension contribution scheme.

This research was conducted purposely to find out saving practices of market women in Madina. Of particular interest were policy documents on social insurance for the informal sector, their knowledge of the policies, saving practices of market women and how it ensures them socially. All fifty questionnaires which were distributed in Madina were successfully recovered. This indicates a response rate of 100%. The raw data was coded with the help of the statistical software called SPSS (Statistical Package for Social Sciences) and analyzed. Descriptive and inferential statistics were used in making conclusions.

4.2 Demographic description of respondents

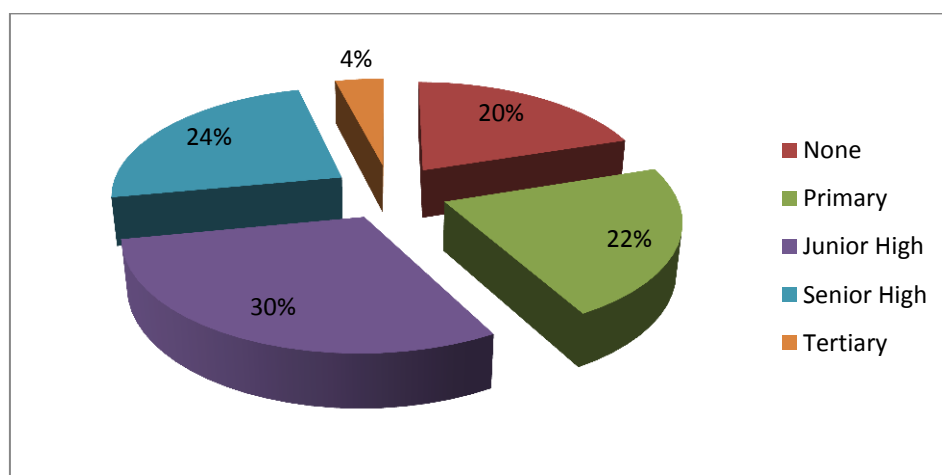
Majority of the respondents were between the ages of 31 and 40. This formed 20 out of fifty making 40%. The 2010 Population and Housing Census of Ghana indicate that there are 12,024,845 males and 12,633,978 females in Ghana, showing 48.8% and 51.2% respectively. The Ghana Statistical Service points out that majority of the older people in Ghana are

women. The 2012 population census results show that out of an estimated 1,643,381 older people 918, 378 (55.9%) of them are women.

Ethnicity of respondents was dominated by Akans who had twenty four (48%) people, and next came ten (20%) from the Ewes; then seven (14%) Gas, four (8%) Frafra's and three (6%) Dagaaba's. Together there were forty three migrants. This shows the dominance of other ethnicities in Accra. It also buttresses the notion that many people have migrated to Accra since it is the capital and metropolitan city. Thirty two (64%) of the respondents were married. Eleven (22%) of them were single and seven (14%) of them divorced.

In all, forty (80%) of the respondents were educated. Two (4%) of them had received tertiary education; a diploma and a degree, twelve (24%) completed Senior High School, fifteen (30%) were Junior high school leavers, eleven (22%) had primary school education and ten (20%) had never been to school. This is shown in Figure 4.0.

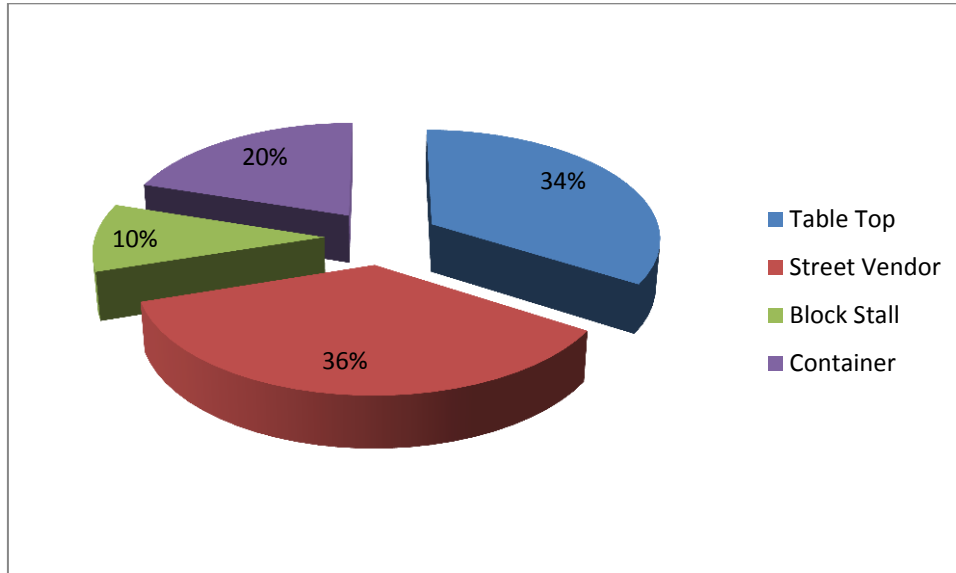
Figure 4.0: Education Background



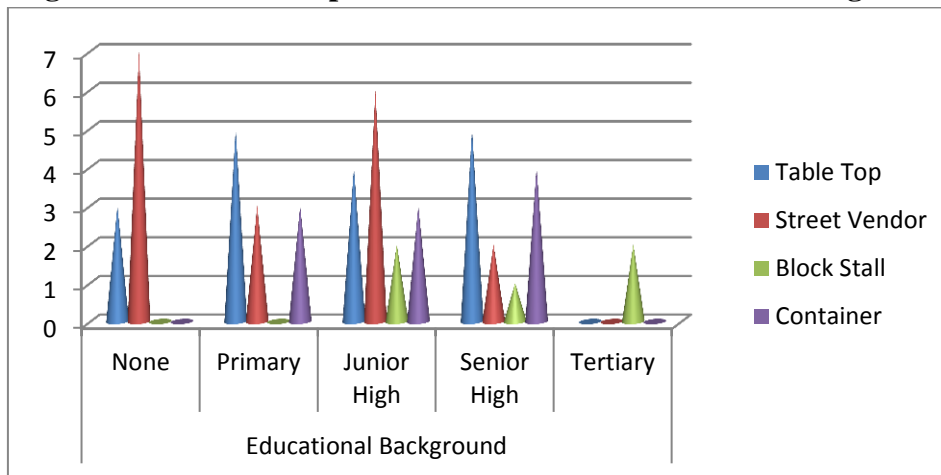
Majority of the respondents had been trading for about ten years. Twenty four (48%) of them had traded for between 1 and 5 years, twenty one (42%) between 6 and 10 years and five

(10%) of them above 11years with the highest being a 70 years old woman. The kinds of trade they were involved in are classified in

Figure 4.1: Type of Trade



Street vendors and table top sellers dominated in the study with eighteen (36%) and seventeen (34%) market women respectively. This was followed by ten (20%) selling in containers and five (10%) in block shops. Street vendors were stuffs like tomatoes, yam, pure water and bags just to mention a few. On table tops we had sellers of grilled plantain, groceries and phone credit. In containers were clothes, cooked meals and assorted food stuffs. In shops we had a pet stuff, electrical appliances and stationery. The study went further to find the relationship between the type of trade and educational background, which is shown in Figure 4.2

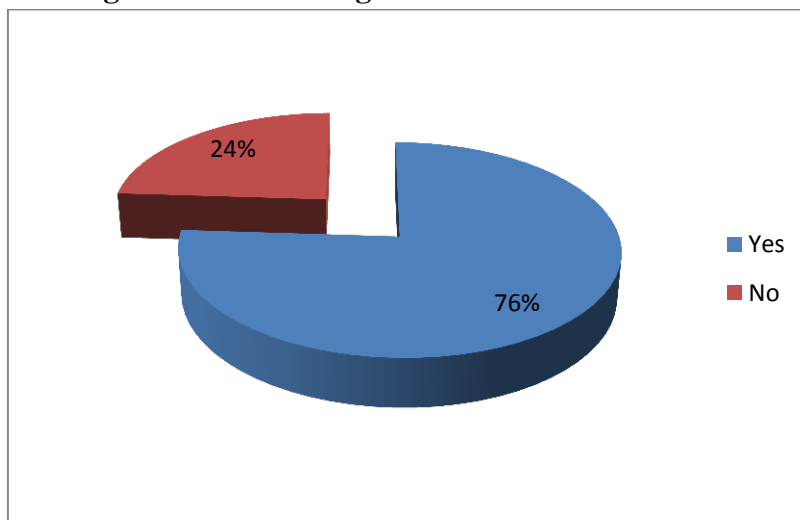
Figure 4.2: Relationship between trade and educational background

From the chart above all the illiterates in the study was either selling on table tops or on the street. Most of them are street vendors. All those with block stalls had at least Junior High education. Those selling in containers had at least primary education. This indicates that level of education has an influence on the kind of trade one is involved in.

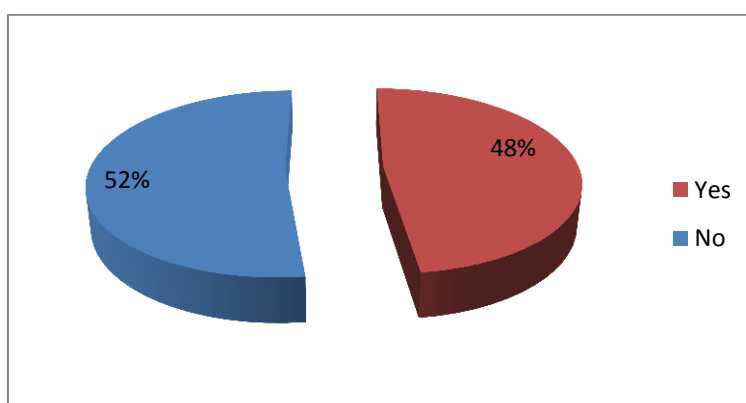
Further to that, 46% (23) of the market woman said they had changed their trade in the past five years. Eighteen out of the twenty three said they changed to make more profit whilst five gave competition as the reason. Interestingly one of them said she changed from selling pure water “*because I will fall sick*”.

4.3 Knowledge about existing insurance policies

To find out whether the market women have some knowledge about the existence of retirement policy frameworks to promote their interest, the study went ahead to ask respondents whether they were aware of the existence of the SSNIT pension scheme. Their responses are shown in Figure 4.3.

Figure 4.3: Knowledge of SSNIT Pension Scheme

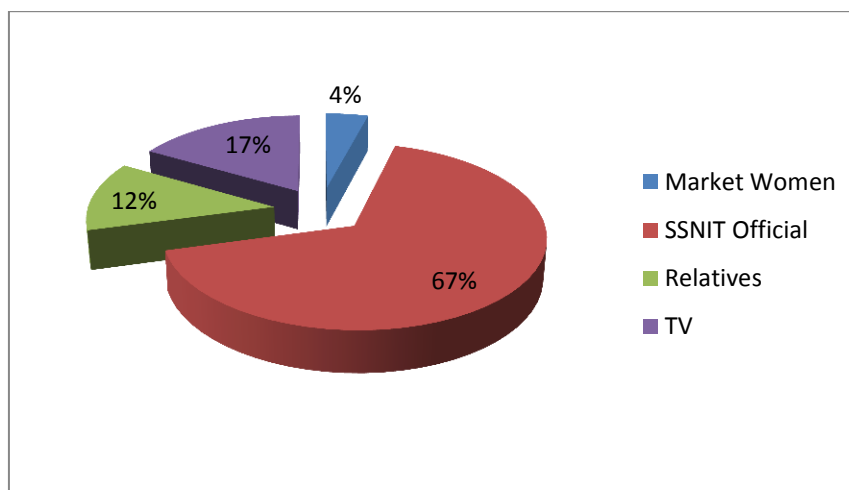
From the diagram above, 76%(38)of the respondents said they had heard about SSNIT (Social Security) and 60% of that actually noted that “*they deduct money from the salary of workers and give it back during retirement*”. This is attributable to the period of its existence and its mandatory nature for workers in the formal sector which makes it self-educative since failure to comply would attract a punitive measure as stated in the Legislative Act (PNDC Law 247). Respondents’ level of awareness of the existence of SSNIT informal sector scheme is shown in Figure 4.4.

Figure 4.4: Knowledge of SSNIT informal sector

From the Figure 4.4 above, 52% (26) of the interviewees said they had heard about the informal sector of SSNIT. The other 48% (24) did not know about the SSNIT informal sector

scheme. This implies the low rate of circulation of relevant information about scheme and perhaps overshadowed by the well-grounded SSNIT Formal Sector scheme. For those who know about the informal sector scheme, the study sought to find out how they got to know about it. A graphic representation of how they got to know about it is shown in Figure 4.5.

Figure 4.5: How respondents got to know about SSNIT informal sector



As depicted above, majority (67%) of the market women got to know about the scheme through SSNIT officials, then comes TV with 17%, 12% heard from their relatives particularly their children and 4% from other market women. This implies that the SSNIT officials are really working in terms of education. The scheme, which was introduced by SSNIT in May 2005 on a pilot basis, currently operates in five regional capitals with 11 contact offices.

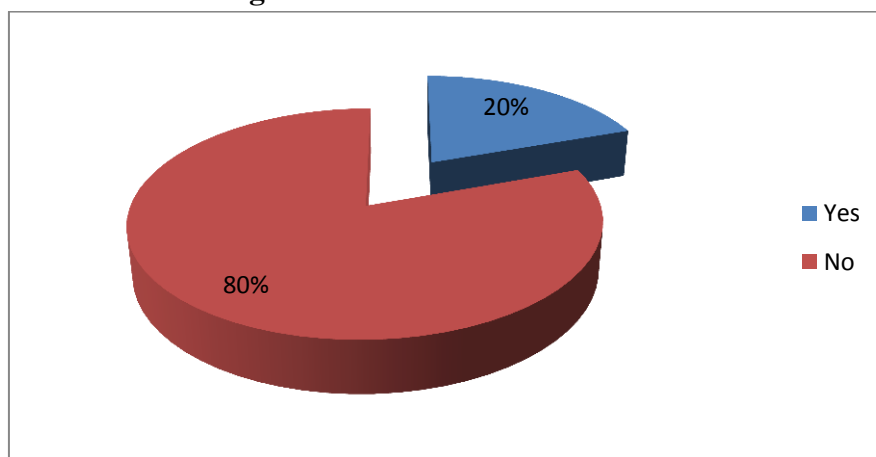
According to the Business and Financial Times report (2010), in Accra alone, the Scheme registered 17,446; Kumasi also registered 13,541 with Takoradi registering 9,538 and Koforidua registered 7,200 members. Hohoe, which was opened only in the last week of August 2009, registered 2,042 members. The report further noted that plans were underway to open a branch in Tamale by the end of November 2009. In Ashanti Region alone, the

SSNIT Informal Scheme was able to register 7,374 clients when the Scheme was in its pilot stage with only the Adum office.

The Scheme currently operates in Ashanti Region with two additional offices. These include the Asafo and Suame offices. The region has been able to register 6,167 clients from January 2009 to date, with 7,374 clients during the pilot period making up the 13,541 clients in the Ashanti Region. Categories of membership include individuals 7,228; hairdressers 1,779; tailors 1,652; artisans 1,841; and formal sector workers 1,042. (Business and Financial Times report (2010))

Another question was asked to find the level of enrolment on the SSNIT Pension Scheme and the result is as depicted in Figure 4.6

Figure 4.6: Enrollment on SSNIT

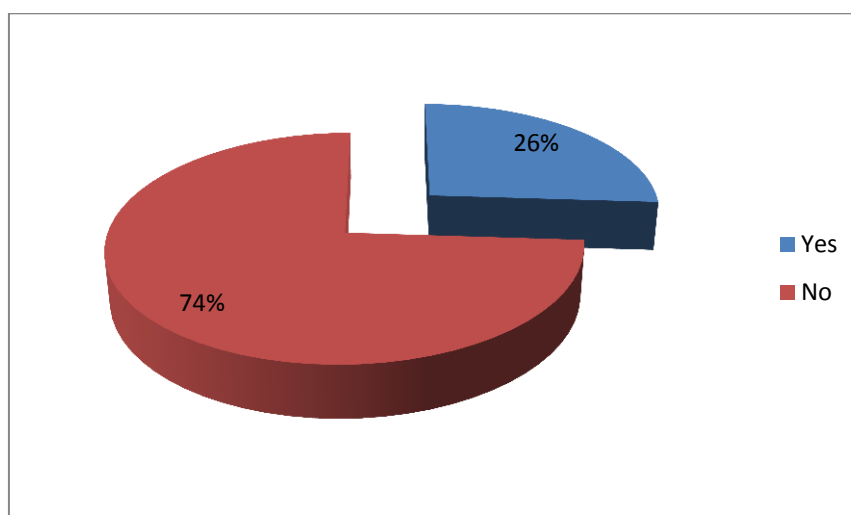


Only ten (20%) out of the twenty four respondents who had heard about SSNIT were enrolled on it. Meaning the informal sector SSNIT is not being patronized as much as expected. Contrary to reports of increasing patronage in the informal sector, this study reveals a rather low patronage of the scheme. It should also be noted that despite the reports of increasing members on the voluntary scheme, the population of the informal sector workers still makes

the current level of patronage quite insignificant because according to the Ghana Business News of May 2, 2013, every nine (9) out of ten (10) rural and urban workers have informal jobs, most of whom are women and youth. With reference to the 2010 population census, the working class formed the largest part of the population, constituting 14 million people within the range of fifteen (15) and sixty four (64) years. It was therefore of little wonder when the above finding shows low enrollment on the pension scheme.

This led to another question on the desire of the market women to enroll on SSNIT. Their responses are shown in Figure 4.7.

Figure 4.7: Willingness to enroll on SSNIT



The above pie chart shows that just a minority (26%) of the market women said they wanted to be on SSNIT. Reasons for not wanting to be on it were Lack of funds (20%), I do not know much about it (14%), Officials are fraudsters (10%), Lack of Loans (4%) and Difficulty in retrieving contributions (2%). Five (10%) of the women said they wanted to be on the scheme but they could not afford it. The rest 7 (14%) wanted to be on it because the scheme would be helpful. Of particular interest to many of the market women were their ability to access loans from the scheme. Many of them were not comfortable with their money being stack with the

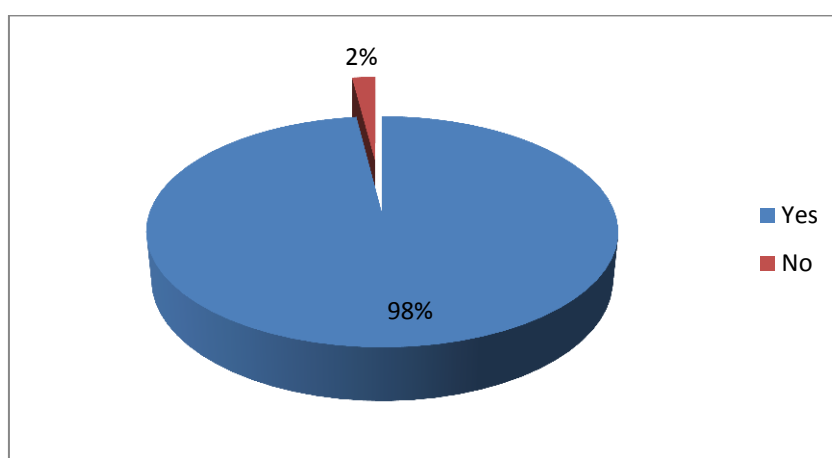
scheme when they needed to pay fees. A few said the scheme was not as good as it was being portrayed.

Received notion has it that many market women save daily “Susu” mainly with individuals.

The study went on to find out other insurance schemes which market women are involved in.

The responses are shown in Figure 4.8.

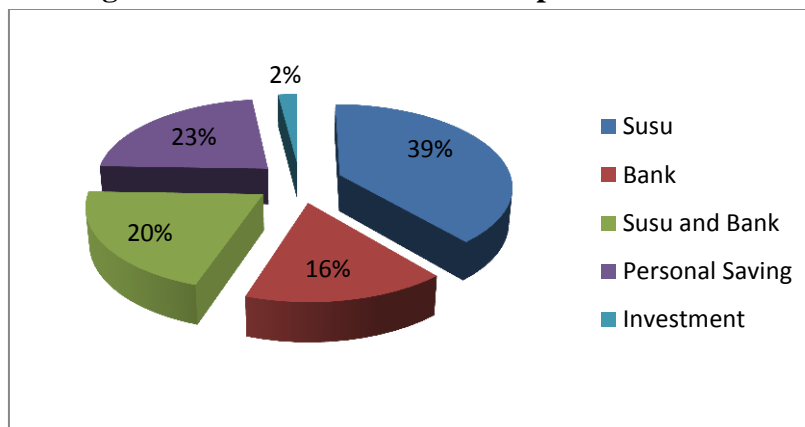
Figure 4.8: Enrollment on other insurance schemes



The data shows that almost all the market women (98%) were enrolled on other schemes.

Further enquiries show the range of other schemes the respondents were enrolled on. These are presented in Figure 4.9.

Figure 4.9: Insurance schemes respondents are on



‘Susu’ seems to dominate the saving practices of market women forming 39%, here they save with financial institutions like Opportunity International, DwadifoAdanfo, UniCredit. Next came personal savings (23%) in money boxes, then we had Susu and Bank (20%), Bank (16%) and finally Investment (2%). The combination of bank and Susu is mainly those who are involved in Susu for a while and take that same money to the bank for its safety and interest.

A lot of the women had been enrolled on such schemes as long as they had been trading. What they contribute varies based on sales for the day. Respondents said they were comfortable with the mode of payment which is door to door 30 (60%) or through the bank 11 (22%). Payment schedule ranged from daily (72%), monthly (14%), weekly (8%) and quarterly (2%) to yearly (2%). Daily payments dominates showing the interest of market women in the Susu which is done daily and at their convenience with varied amount as opposed to long term investments which maybe specific and involve lots of money. Looking at this finding it is clear that the distant future security of the market women was not of immediate priority to them. They only wanted to secure their pressing needs as paying school fees and daily survival needs.

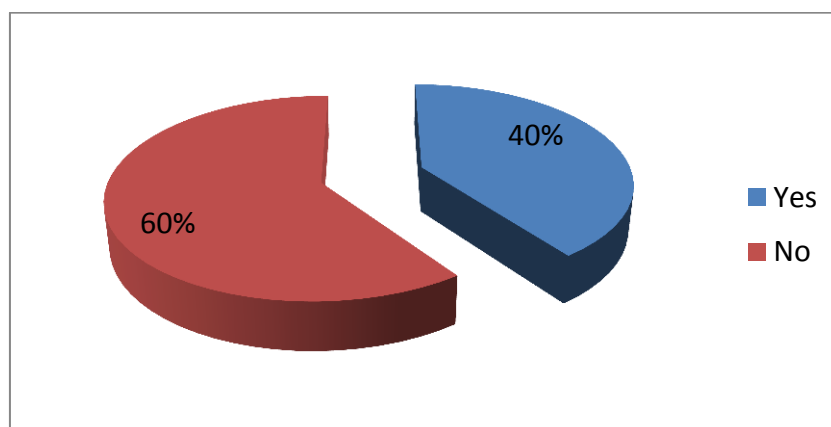
In 2010, Government introduced the new three-tier pension scheme, to enhance pension benefits and increase the retirement income security of workers both in the formal and informal sectors.

The new scheme was also to make available much needed long-term funds for the development of the economy. The SSNIT Informal Sector Pension Scheme is a voluntary contributory pension scheme designed principally for workers in the informal sector, which

provides members with benefits that are based exclusively on their contributions. Members employed in the formal sector as well as Ghanaians living abroad can also join the Scheme.

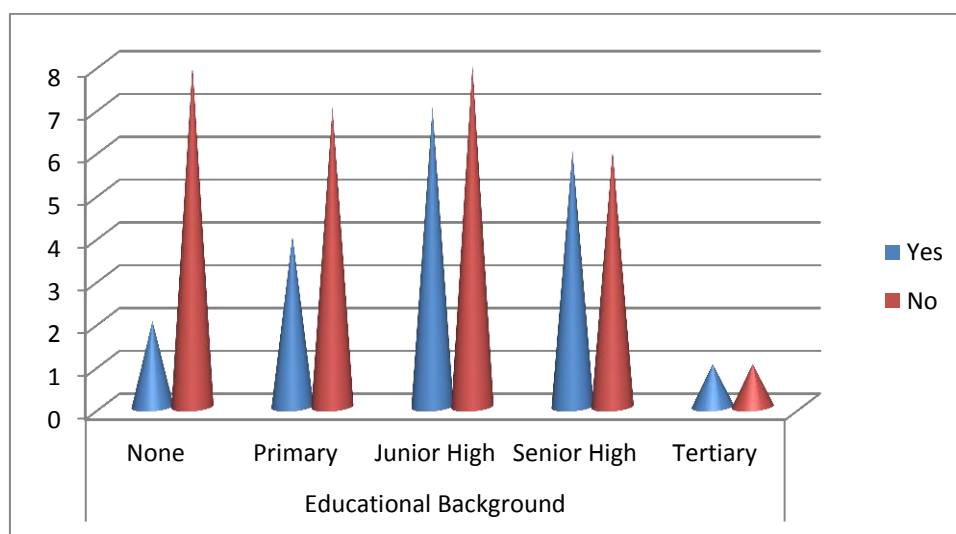
The vision of SSNIT Informal Sector Fund is to become the Market Leader in the provision of social protection schemes for workers in the informal sector through innovative product designs and excellent customer service. The objectives of the Scheme are to operate a social protection scheme appropriate for the working population. The Informal Sector of the Ghanaian economy as part of the Trust's mandate under the Social Security Law of Ghana (PNDC Law 247 of 1991) and to design, operate and manage appropriate contingencies and pay benefits in accordance with the rules and regulations formulated and approved by the Trust. The Scheme is eligible to any self-employed Ghanaian who is aged between 15 and 59 years. Additionally, workers in formally established institutions as well as Ghanaian workers living abroad are permitted to join the Scheme. The 3 tier policy scheme is the most recent national pension scheme. It takes into consideration the informal sector and makes provision for it. Forty percent (40%) of the respondents had heard about the scheme as shown in Figure 4.10.

Figure 4.10: How respondents heard about the 3-tier policy

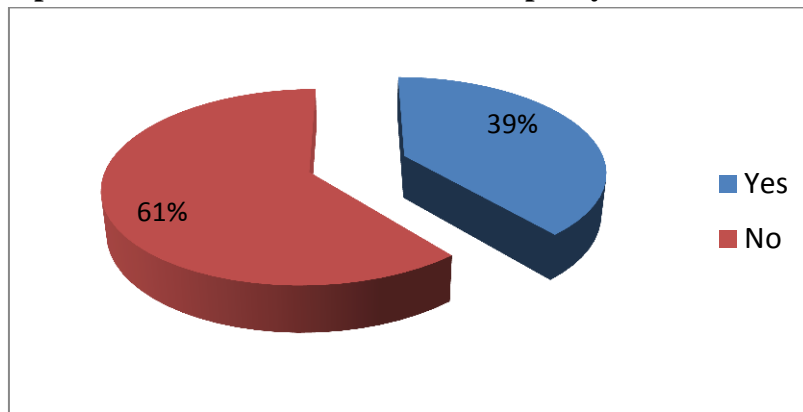


Sixteen out of the twenty (40%) who responded positively said it was a good idea because it is an improvement on the first one.. The means by which the market women heard about the scheme varied. Fourteen (28%) of them heard from SSNIT officials, two (4%) from relatives and four (8%) on television. An analysis of the relationship between respondents' level of education and their knowledge of the 3-tier scheme is shown in Figure 4.11.

Figure 4.11: Level of education and knowledge of 3-tier policy



The diagram above indicates that knowledge in 3 –tier policy cut across all educational levels. This affirms the work of the SSNIT officials since they normally will not target market women with any particular level of education. The study went further to find out whether the policy addresses the informal sector. Sixty-one percent (61%) of the women who responded negatively said it does not address the informal sector. Their reasons ranged from difficulty in recovering benefits, they do not giving loans and lack of funds. On the other hand the 39% who responded positively said it helps them to save. A graphical representation of it is shown in Figure 4.12.

Figure 4.12: Respondents view of whether the 3-tier policy addresses the informal sector

In the foregoing, the objective of determining the knowledge and level of involvement of the informal sector is generally low, as the finding in graphical presentations depict. This is consistent with Stewart and Hu's (2009) assertion that one reason why people may not join a pension scheme (even where available and advantageous for them to do so) is because of a lack of knowledge on pensions in general and the scheme in particular. This situation of unawareness is a threat to the viability as well as suitability of the scheme. The significant few who receive some education about it is either distorted or very little to carry the actual import of the scheme.

It is also notable that, much as most of the respondents were not on the scheme in particular, they had signed unto others like, investments, Susu, personal savings and banking. Some trade unions organizing informal sector groups have established welfare and microfinance schemes to assist their members in the informal sector. The Ghana Private Road Transport Union (GPRTU) operates a welfare fund for members accessed upon bereavement of members. Others such as the General Agricultural Workers Union (GAWU) and the Food and Allied Workers Unions (FAWU) instituted revolving microfinance funds for self-employed farmers affiliated to them. These microfinance schemes however encountered challenges relating to recovery of loans and closed.

There is also evidence of traditional practices of social assistance among people in the informal sector. Traditional microfinance mechanisms such as 'susu' and rotating savings schemes are common among operators. These savings schemes allow operators accumulate savings that can be used on occurrence of life contingencies such as maternity, death or unemployment.

Traditional social networks have also been a source of social assistance to many operators in the informal sector. Extended family members provide for the aged and the disabled, the sick and the unemployed members of the family, the new born child and the mother, the orphaned and even the complete stranger (Kumado and Gockel, 2003). Mutual help associations based on either neighbourhood or trade are common among informal sector operators and provide avenue for sharing financial and social risks.

There are however widespread evidence of failures of informal social security arrangement. Growing economic constraint and urbanization have affected kinship ties and ability for family members to provide support. More often, members of the family are either too poor themselves or have other competing demands for their resources (Osei-Boateng, Unpublished). Traditional savings mechanisms are also often characterized by theft and misappropriation. The essence of social security is sometimes missing in informal social security arrangements. Mutual associations and schemes rely on the loyalty and effort of their members to contribute, hence excluding the poor from benefiting.

As the study rightly revealed, some of them distrust the system due to challenges that of the formal sector mandatory system may have faced. Received notion on the disappointments of some pensioners who had contributed over the period of their working years go a long way to

affect the public perception of the scheme's credibility. Furthermore, an issue of public concern is the alleged misuse of the pension fund by SSNIT and the government and this does not only make the benefits under the scheme inadequate but more importantly, puts the sustainability of the SSNIT scheme into question (Kumado & Gockel, 2003).

There seems to be fears within members of the scheme that given this alleged misuse of the pension fund, the state pension scheme could become insolvent at some point in time, resulting in some members' entitlements not being met. A statement in 2000 attributed to the then deputy Director-General of SSNIT indicated that if social security contributions to the scheme were to be stopped in that year, then the assets of the scheme could pay for benefits and expenses for a period of twenty five years. This was misunderstood as meaning that the pension scheme could not be sustained after twenty-five years and immediately sparked furious arguments in both the electronic and print media.

Stretching to many developing countries and Africa as a whole as noted by Oliver (2003), has also to do with the mismanagement of these schemes. Many social security institutions in Africa lack proper management of the operations of the schemes. This is largely attributable to a lack of adequate training and understanding of prudent social security principles.

Barbone and Sanchez (2000) and Oliver (2003) note that service delivery is another area which has generated substantial dissatisfaction among members of social security schemes. Most of the complaints revolve around the inadequacy of benefits, delays in payments, the lack of up to date information about the schemes and the amount of individual contributions made and estimated benefits (i.e. benefit statements). Members may also not be informed about the interest earned on their contributions. Furthermore, contribution records are often

incomplete. Schemes are often unable to give a reliable figure of contributing members, due to an incomplete registration process, double registrations, numerous cases of irregular contributions and terminated payments, and the inability to verify the exact number as a result of the fact that the system of member records and verification in many cases is essentially a manual system.

Low patronage could be attributed in part to the conditions of the informal sector workers in Ghana. Ghana has a National Daily Minimum Wage (NDMW) which applies to all forms of employment and is determined annually by the National Tripartite Committee (NTC). The 2011 National Daily Minimum Wage (NDMW) is GH ₵ 3.73 [USD\$ 2.66]. Although quite low, majority of informal sector operators earn below the NDMW. Indeed, more than half of workers in the informal economy earn below the legislated national minimum wage (Baah, 2007)

In 2006, The Ghana Living Standard Survey V (GLSSV, 2005/2006) data showed that 46 percent of food crop farmers and 17 percent of informal economy workers earn below the national daily minimum wage. Ironically, some public sector workers (8%) earn below the national minimum wage and 10 percent of private formal workers are earning below the national minimum wage.

Majority of informal sector workers are self-employed and are in control of their income. Incomes in the informal sector are irregular and can be subjected to environmental (weather) and market factors (demand and supply). The incomes of cocoa farmers for instance are seasonal while street vendors depend on profits made on goods sold or services rendered.

4.4 Current saving practices of market women in Madina

This objective was also designed to establish what market women do in attempts to secure their future when they shall not be very active as before in engaging in any business but shall then totally rely on the benefits from the kind of retirement security measure put in place while active in business. Figure 4.13 shows the findings relative to this objective.

Figure 4.13: Retirement planning among respondents

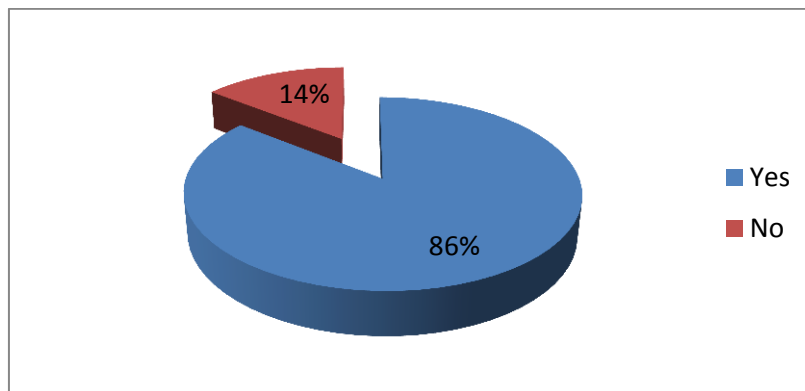
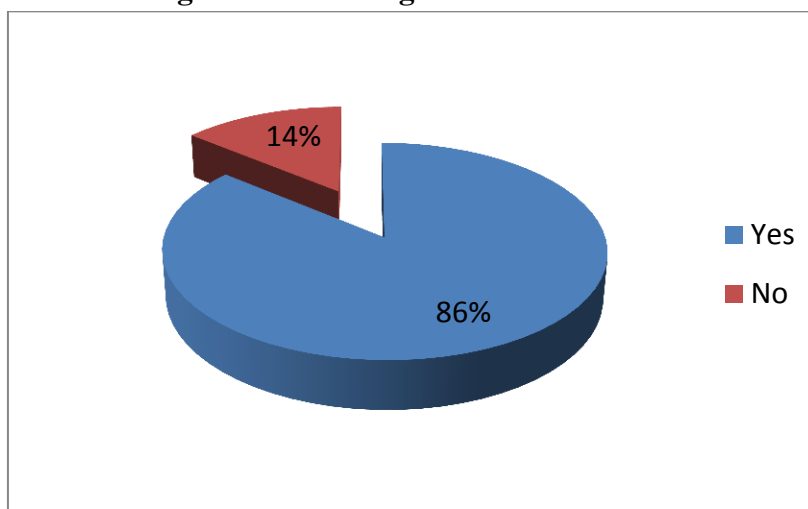


Figure 4.13 shows that 86% (43) of the market women said they had planned towards their retirement. The study went further into how they have planned for their retirement. Their responses are shown in Figure 4.14.

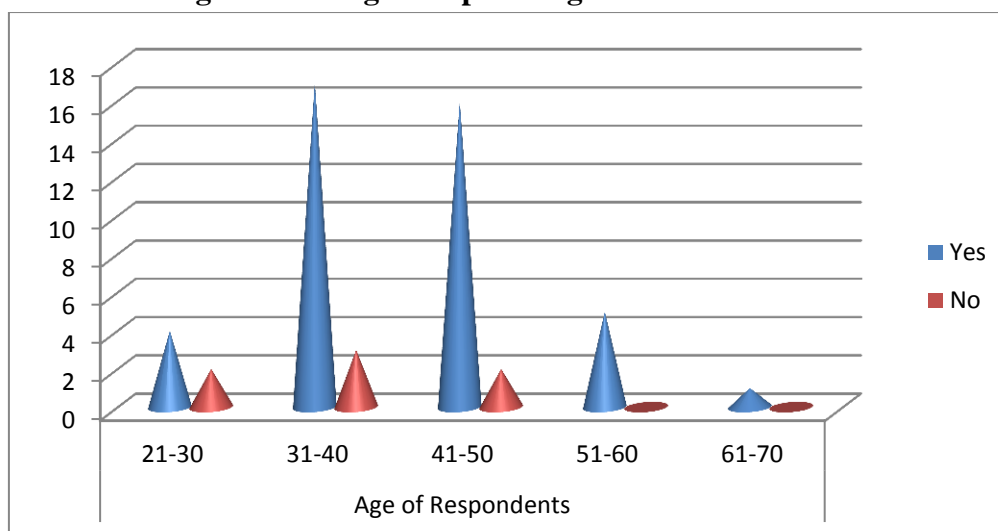
Figure 4.14: Saving towards retirement



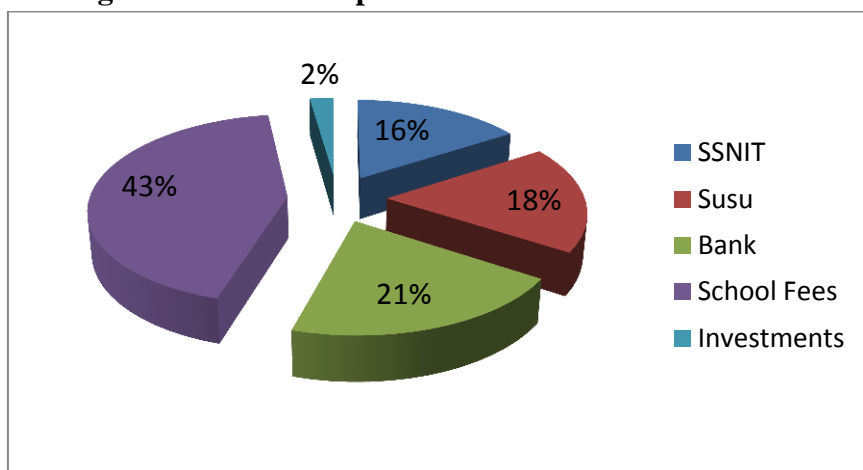
All respondents 86% (43) who had planned towards their retirement said they were saving towards it. This finding is very instructive to the extent that it suggests that innate inclination of these women towards the need to secure their future solidly in order to live a less stressful life. The form their preparation takes is very important, but the existence of that urge for the need is very important.

To ascertain whether age has an influence on planning for retirement the study did a cross tabulation which has been transformed into Figure 4.15.

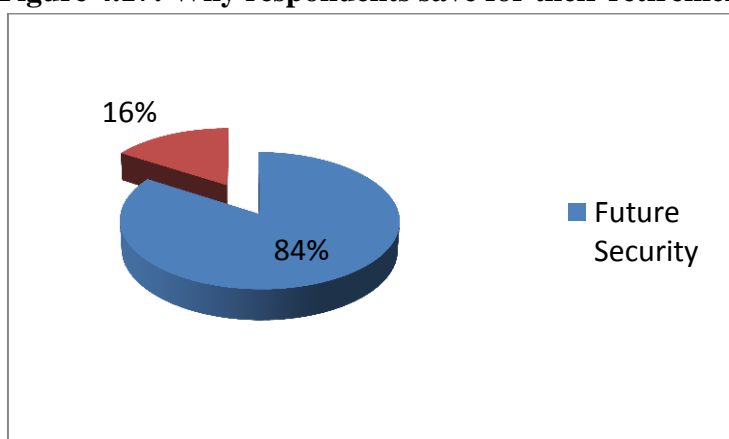
Figure 4.15: Age and planning towards retirement



Though majority of the respondents are between 31 and 50 years, only five out of the thirty eight of them had not planned for their retirement. Two out of the six women in the ages of 21 and 30, also all six respondents who were above 50years had planned for their retirement. Probing further, the study found that the market women had many ways of saving for their retirement. This is shown in Figure 4.16.

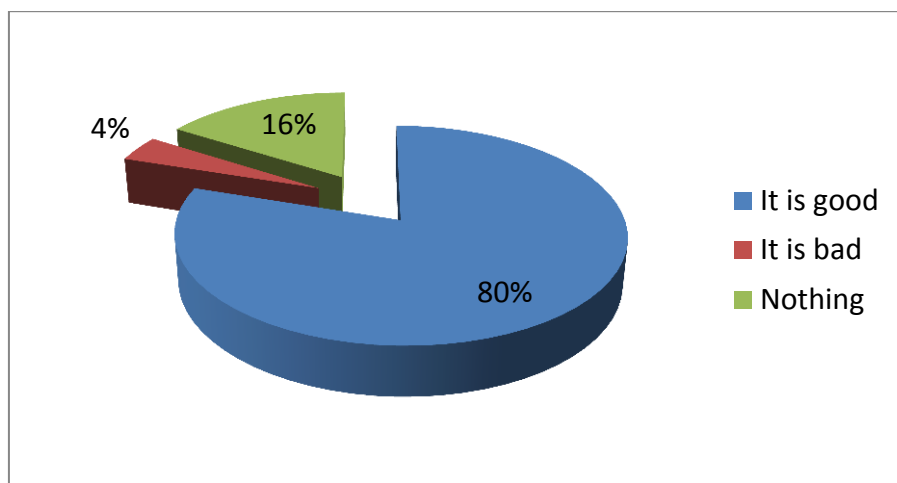
Figure 4.16: How respondents save towards retirement

The payments of school fees (43%) seem to dominate market women's saving practices towards their retirement. They believe their children will take care of them in future. This is followed by Bank (21%), Susu (18%), SSNIT (16%) and Investments (2%). They save with banks and financial services such as Unicredit, Dwadifo Adanfo, and Opportunity international. However one of them said she had invested in Tilapia. The market women gave two reasons for saving. Eighty four (84%) of them said they were saving for future security and the rest for emergency situations (16%).

Figure 4.17: Why respondents save for their retirement

They were all willing to save as long as they were working or until their children have completed school and had jobs. Additionally the study went on to find out how the market women felt about the formal sector of the SSNIT pension scheme. Their views are shown in Figure 4.18.

Figure 4.18: What respondents thought about the SSNIT formal scheme



This was answered by half of the entire population. Eighty percent (80%) of the respondents said the formal pension scheme was good because it secures the future of beneficiaries. Four percent (4%) of them said it was bad because it not as it is portrayed. SSNIT does not pay benefits that quickly.

This view is partly attributable to concerns that have been raised in previous years and agitations made over inadequacies in the existing pension schemes in the country. Mostly discussed concern to most workers' groups in the last couple of years has been the discrepancies in the benefits enjoyed by retirees under the two existing pension schemes, the Cap 30 and the Social Security and National Insurance Trust

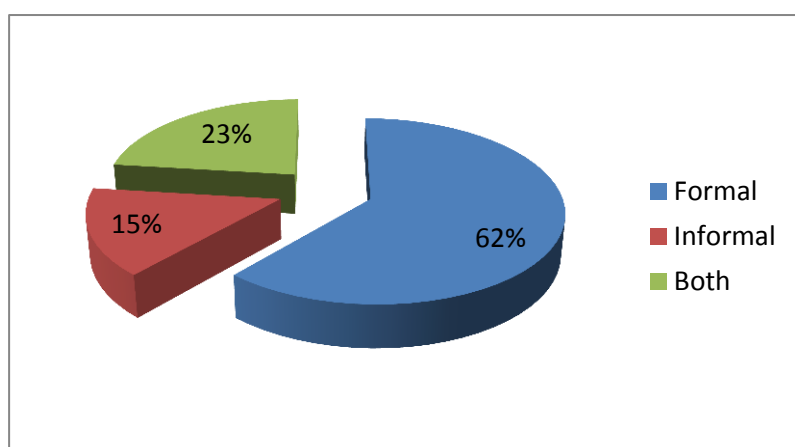
In acknowledgment of the need for reforms to ensure a universal pension scheme for all employees in the country, and to further address concerns of Ghanaian workers, His Excellency President J. A. Kufuor, set up the Presidential Commission on Pensions (PCP) in July 2004, chaired by Mr. T. A. Bediako. The Commission was tasked to examine current pension schemes and recommend sustainable Pension scheme(s) that will ensure retirement income security for Ghanaian workers.

The PCP submitted its recommendations to the Government in March 2006, and following Government's acceptance of the recommendations and issuance of a white paper to that effect, a Bill on a new pension scheme has been passed by Parliament and has received a Presidential assent.

http://npra.gov.gh/site/index.php?option=com_content&view=article&id=57:the-new-three-tier-pension-scheme-benefits-and-safeguards&catid=37:archives&Itemid=30

In relation to this, a question was posed to respondents on their preference between the informal and formal sector. Their responses are shown in Figure 4.19.

Figure 4.19: Respondents preference for formal or informal sectors



The formal sector dominated with sixteen (62%) out of the twenty six who responded to the question, then came both with six (23%) and the informal with four women (15%). The market women who preferred the formal sector said the beneficiaries did not feel it when their monies were deducted. For the informal sector those who preferred it said it took care of the masses and they choose how much to contribute.

The saving practices of these market women cuts across all members of the informal sector due to the nature of their work. Unlike the formal sector whose workers can boast of constant monthly remittances and for that reason maintain a steady compulsory contribution regime to the scheme which the study revealed as preferred, most workers in the informal sector do not have the kind of job securities to stabilize their contribution albeit voluntary.

It has been established that the people employed in the informal sector generally earn low salaries and wages due largely to the fact that there is excess competition in the sales of wares, labour supply and lack of skills that may attract higher wages. The entrepreneurs also get low return on their investment as a result of keen competition in that sector (Farrell et al, 2000; Ofori, 2009).

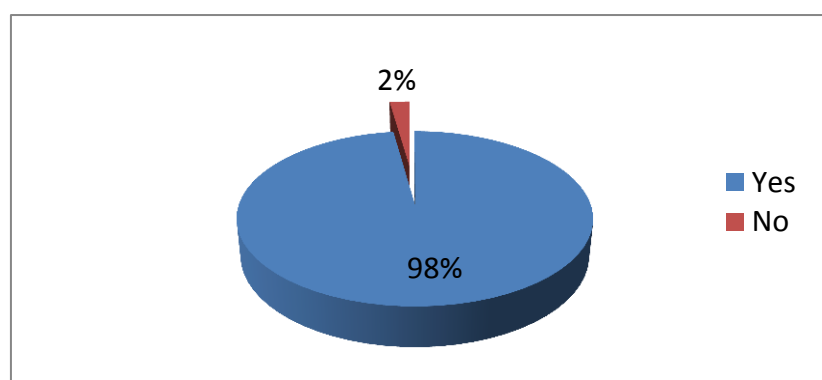
The employees in the informal sector could lose their jobs at any time due to capital flight, market unpredictability and for those employed they could be sacked at the whims and caprices of their employers without the ability of these employees to take any legal actions for any unfair dismissal as there is usually no binding contract of employment. No compensation is usually paid for such dismissal (Farrell et al, 2000; Ofori, 2009).

Another critical point is the reliability of their current saving practices in securing their future. Given the kind of principles governing the theory of social protection, i.e. Equality of treatment with particular attention to gender equality, Solidarity, which stems directly from the recognition of an individual right and extends to social protection for all human beings; Inclusiveness, which requires all members of society to participate in and benefit from social protection; General responsibility of the State, which is derived from the human rights character of social protection; and Transparent and democratic management, which have no likeness with the nature of their current saving practices with the view of securing their future, it then cannot be a reliable means of securing their post-retirement future.

4.5 Security of saving practice towards the future

Since the market women have saved in so many ways for quite a while I went on asked whether they think their saving would adequately secure their social insurance. To begin with the researcher asked whether they were happy with their investments. Figure 4.20 shows their response.

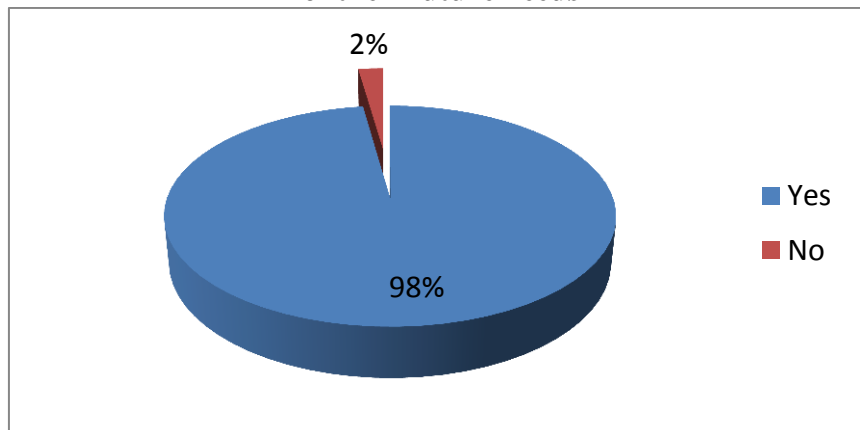
Figure 4.20: Happiness with investment s made towards retirement



In all 98% of the women who said they were saving towards their retirement said they were happy with their investments. This depicts the desire and excitement of these women in their

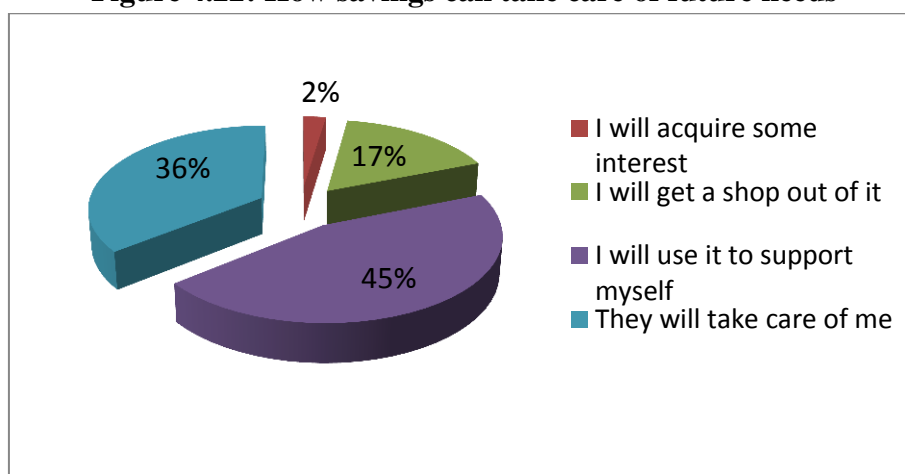
ability to save towards their future. The same number expressed their confidence that the savings will secure their future as shown in Figure 4.21.

Figure 4.21: Respondents views on whether their savings can take care of their future needs



Since the women are of the opinion that their future is secured with their savings, the study wanted to find out how they envisage this security. 45% of them said they will use their savings to support themselves. Also 36% of them said since they are investing in their children's education they will in turn take care of them. 17% of them said they will get a shop out of it so that they will man when old and 2% said they will acquire some interest. A graphical view of this is shown Figure 4.22.

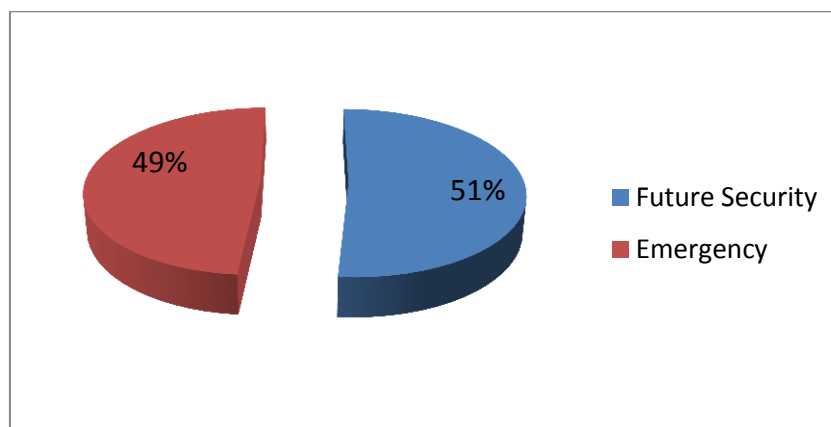
Figure 4.22: How savings can take care of future needs



Though the women who were investing in their children's fees said they hope to be taken care of. They also acknowledge that they could not depend solely on their children since they are capable of disappointing them.

In the course of this interview a question was posed to ascertain market women knowledge in other insurance scheme. Though majority of them said they knew of others they could hardly mention any names except National Health Insurance Scheme (NHIS). Further to this, I posed the question "What is Social Insurance" the answers came out "to help you during a fire outbreak or when you are sick". The answers were summarized in Figure 4.23.

Figure 4.23: Respondents understanding of social insurance



The market women understood Social Insurance to be a mechanism for Future security (51%) or Emergency (49%). None of them including those who had tertiary education could tell what Social Insurance is.

This objective of finding out the extent to which their future was secured by their kind of savings brought into light one major issue, which is their conception of Social Security or Insurance in relation to their retirement or after pension benefit. According to the Presidential Commission on Pensions (2006:19): "Pension is the generic name of long-term periodical

cash benefits that social security systems pay in case of invalidity, in old age and on the death of the bread winner. Whether the method of affording protection is social insurance, public service or social assistance, the three kinds of pension should be coordinated" (as cited in ILO Conventions, 1970).

A pension is a steady income given to a person (usually after retirement). Pensions are typically payments made in the form of a guaranteed annuity to a retired or disabled person. A pension created by an employer for the benefit of an employee is commonly referred to as an occupational or employer pension. Labour unions, the government, or other organizations may also fund pensions (www.en.wikipedia.org/wil.:/pensions).

The growth in the population of the urban jobless in a country like England, led to the enactment of the poor laws in the 16th Century. These laws which were prosecuted by Parish overseers, sought to provide relief for the aged, sick and the infant poor. The formation of workers' associations and trade guilds followed as a matter of course, providing protection and security through the principle of solidarity. The boost in the insurance industry also promised to provide protection through risk pooling. In all these, society made one fundamental error: there was the illusion that "rational man" could, of his own volition, save enough to take care of any contingencies that may befall him during or after his working life. This was a fallacy. To date, salaries/wages have never been enough to enable workers put aside something on their own for the purpose of paying hospital bills or taking care of contingencies which may lead to substantial loss in income (SSNIT, 2006).

The aim of social security is to provide assistance, financial or otherwise, in the event of loss or reduction of income. Originally, social insurance provided some measure of income

replacement when earnings were interrupted or had ceased completely (Whitaker, 1998). It is also hoped that social insurance provisions would be adequate to meet the continuing needs of a scheme's members or that it would at least greatly reduce the need for social assistance measures.

Under this objective, this comprehensive conception is greatly simplified. Respondents saw their immediate needs as stepping stones to securing their future. This level of understanding in itself clouds the right appreciation of the pension scheme and as such becomes a disincentive to the principles of social insurance.

CHAPTER FIVE

SUMMARY, RECOMMENDATIONS AND CONCLUSIONS

5.1 Introduction

This chapter discusses the summary of the major findings and makes conclusions. The findings from the analysis of the saving practices are summarized in this chapter, drawing on information from the data on the questionnaires administered and from literature to support the explanations. The implications of the findings are also outlined in the conclusions. The final section comprises recommendations for policymakers to combat the problems identified, including direction for future research.

5.2 Summary of Objectives and Major Findings

This study sought to find out the saving practices of market women. The general objective of the study was to examine the saving behaviour of market women in Madina, Accra towards social insurance and the factors that influence their behaviour. In achieving this general objective, the study sought to first, examine the current saving practices of market women in Madina. Secondly, determine the knowledge and level of involvement of informal sector operatives in existing policies/schemes on social insurance for the informal sector operatives in Ghana, and examine the extent to which saving practices of market women adequately secure their social insurance.

5.2.1 Current saving practices

On the first objective to examine the current saving practices of the market women, the study found that 86% (43) of the market women said they had planned towards their retirement. All respondents 86% (43%) who had planned towards their retirement said they were saving towards it.

The payments of school fees (43%) seem to dominate market women's saving practices towards their retirement. They believe their children will take care of them in future. This is followed by Bank (21%), Susu (18%), SSNIT (16%) and Investments (2%). They save with banks and financial services such as Unicredit, Dwadifo Adanfo, and Opportunity international. However one of them said she had invested in Tilapia.

The market women gave two reasons for saving: 84% of them said they were saving for future security and the rest for emergency situations (16%). They were all willing to save as long as they were working or until their children completed school and had jobs. Additionally the study went on to find out how the market women felt about the formal sector of the SSNIT pension scheme which was answered by half of the entire population. Eighty-four percent (20) of the respondents said the formal pension scheme was good because it secures the future of beneficiaries. Sixteen percent (4) of them said it was bad because it is not as portrayed. SSNIT does not pay benefits quickly. The formal sector dominated with 16 (62%) out of the 26 who responded to the question, then came both with 6 (23%) and the informal with 4 women (15%). The market women who preferred the formal sector said the beneficiaries did not feel it when their monies were deducted. For the informal sector those who preferred it said it took care of the masses and they choose how much to contribute.

5.2.2 Knowledge and Involvement in Social Insurance Schemes

This study has revealed in relation to the second objective an impressive level of knowledge but a rather low involvement in the informal sector social insurance scheme. 76% of the respondents said they had heard about SSNIT (Social Security). 60% of that said: *“They deduct money from the salary of workers and give it back during retirement”*.

As depicted above, majority (67%) of the market women got to know about the scheme through SSNIT officials, then comes TV with 17%, 12% heard from their relatives particularly their children and 4% from other market women. Only 10 out of the 24 respondents who had heard about SSNIT were enrolled on it. This formed 20% of the entire population. Meaning the informal sector SSNIT is not being patronized as much as expected.

The study went further to find out whether the policy addresses the informal sector. 61% of the women who responded negatively said it does not address the informal sector. Their reasons ranged from difficulty in recovering benefits, they do not give loans and lack of funds. On the other hand the 39% who responded positively said it helps them to save.

It was also revealed that only (26%) of the market women said they wanted to be on SSNIT. Reasons for not wanting to be on it were Lack of funds (10), I do not know much about it (7), and Officials are fraudsters (5), Lack of Loans (2) and Difficulty in retrieving contributions (1). Five of the women said they wanted to be on the scheme but they could not afford it. The rest (7) wanted to be on it because the scheme would be helpful. Of particular interest to many of the market women were their ability to access loans from the scheme. Many of them were not comfortable with their money being stack with the scheme when they needed to pay fees. A few said the scheme was not as good as it was being portrayed.

The study indicated a striking 98% of the market women were on other schemes. Saving schemes such as Susu seem to dominate the saving practices of market women forming 39% here they save with financial institutions like Opportunity International, Dwiadifo Adanfo, and UniCredit. Next came personal savings (23%) in money boxes, then we had Susu and Bank (20%), Bank (16%) and finally Investment (2%). The combination of bank and Susu is

mainly those who are involved in Susu for a while and take that same money to the bank for its safety and interest.

A lot of the women had been enrolled on such schemes as long as they had been trading. What they contribute varies based on sales for the day. Respondents said they were comfortable with the mode of payment which is door to door (30 people) or through the bank (11 people). Payment schedule ranged from daily (72%), monthly (14%), weekly (8%) and quarterly (2%) to yearly (2%). Daily payments dominates showing the interest of market women in the susu which is done daily and at their convenience with varied amount as opposed long term investments which may be specific and involve lots of money.

Looking at this finding it is clear that the future security of the market women was not of immediate priority to them. They only wanted to secure their pressing needs as paying school fees and other daily survival needs. The data shows that although these policies exist, they are not being patronized as expected.

5.2.3 Reliability of current saving practices (towards securing their future)

Lastly, to examine the extent to which their saving practices adequately secure their future through social insurance. The study found that in all 98% of the women who said they were saving towards their retirement said they were happy with their investments. This depicts the desire and excitement of these women in their ability to save towards their future. The same number expressed their confidence that the savings

Since the women are of the opinion that their future is secured with their savings, the study wanted to find out how they envisage this security. 45% of them said they will use their

savings to support themselves. Also 36% of them said since they are investing in their children's education they will in turn take care of them. 17% of them said they will get a shop out of it so that they will man when old and 2% said they will acquire some interest.

The market women understood Social Insurance to be a mechanism for Future security (51%) or Emergency (49%). None of them including those who had tertiary education could tell what Social Insurance is.

5.3 Recommendations

Recommendations for the Populace:

The findings of the study produced several suggestions for Ghanaians which can lead to some reformations in our socio-economic welfare, in reference particularly to our retirement issues.

- Ghanaians should show much interest in policies and programmes of the government, seek thorough understanding to inform policy makers of its viability or otherwise. The laissez-faire attitude towards such policies and programmes should be stopped for an all hands on board approach to catering for our social needs.
- Closely related to the above is education for citizens on various policies and programmes. Citizens are found in one social group or the other. In our social clubs, religious groups, educational groups etc., there should be space for education of members on some of these policy initiatives and further to that give back feedback in the form of petitions and proposals to concerned authorities to factor in before implementation, especially also when Ghana is a democratic state.
- Ghanaians are to cultivate the habit of saving for a long term period. This boils down to having some form of insurance to secure their future. Our consciousness as a people over our immediate need should be extended to cover that of the seemingly

distant future, taking lessons from experiences of the aged who have suffered from the lack thereof.

Recommendations for Policy Makers:

- The findings from the survey conducted also provided some suggestions for policy makers in Ghana: a Universal Basic Social Insurance Scheme for every citizen through our taxing system. A considered percentage could be added to the Value Added Tax (VAT) as in the case of the National Health Insurance Scheme (NHIS) which is sure to get the contribution of every consumer in the country who after retirement can enjoy at least from this source of income. This system will be regardless of the ups and downs of the economic situation in the country to provide social welfare for the retired. This they could access using their National Identification cards which shall indicate the pension due contributor.
- Government should put in place the necessary instruments and resources for the implementation of the *3 Tier pension scheme* since it addresses the informal sector which forms the majority workforce in Ghana.
- Government has an important role to make official the voluntary nature of the informal pension scheme.
- Government must focus on creating awareness on retirement issues. This can be done through capacity building and education of the populace. The youth should be prepared for pension through their educational institutions and the mass media.
- The state should take a second look at the implementation systems and structures for pension in Ghana.

- Decentralized systems and structures should be set up across the length and breath of the country and citizens enlighten to use and imbibe the habit of saving towards the future (enroll on Pension schemes)

5.4 Conclusion

Throughout this study, the researcher has sought to examine the saving practices of Market women towards securing their post retirement life and existence. This is because of the seeming failure of the voluntary pension scheme meant mainly for the informal sector which forms about eighty percent (80%) of the working population (Osei-Boateng and Apratwum, 2011) The sector is characterized by underemployment, bad working conditions, uncertain work relationships and low wages. The majority of people are living with high income insecurity.

The trade unions are facing major challenges to organize workers in the informal sector to ensure that the employees are working in an environment which is not harmful to them and secures their basic human needs.

Analyzing the 3 broad objectives, one finds that there is the need for a very comprehensive and all inclusive policy to serve the social insurance needs of the citizens, especially post retirement era. The current state of the informal sector is characterized by numerous economic uncertainties which threaten the livelihood of majority of the Ghanaian working force thereby making a consistent voluntary contribution to the insurance scheme very unattractive.

It is for this main reason that the study seeks to further propose a Universal Basic Social Insurance Scheme for every citizen through our taxing system. A considered percentage could be added to the Value Added Tax (VAT) as in the case of the National Health Insurance Scheme (NHIS) which is sure to get the contribution of every consumer in the country who after retirement can enjoy at least from this source of income. This system will be regardless of the ups and downs of the economic situation in the country.

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APPENDIX
QUESTIONNAIRE
SAVING PRACTICES OF THE MARKET WOMEN IN MADINA

I am an MA student at the University of Ghana conducting a study into the saving practices of market women in Madina market. I would greatly appreciate a few minutes of your time to answer the following questions. Your answers will be treated in strictest confidence. Thank you for your time and answers.

SECTION A

BACKGROUND INFORMATION

1. Age:.....

2. Marital status: Please tick

Single

Married.....

Divorced.....

3. No of Children.....

4. Region of origin:.....

5. Ethnic background:.....

6. Educational background:

Primary.....

Secondary.....

7. Number of years in trade:.....

8. Type of trade:.....

9. Location of Market.....

10. What space do you trade in (Please tick appropriate options)

Table top.....

Street vendor.....

Block Stall.....

Container.....

11. Have you change what you trade in, in the last 5 years:

Yes/No

If yes what inform the change in trade.....

.....

SECTION B

Objective 1: To examine the existing policies for social insurance for the informal sector operatives in Ghana

1. What do you know about Ssnit Pension Scheme.....

.....

.....

2. Do you have any idea of the Ssnit informal sector of the Pension Scheme?

3. How did you get to know about it.....

.....
.....

4. What work do they do

.....
.....

5. Are you enrolled on Ssnit Yes/No

6. Do you wish to enrol on it,

- If yes, why.....
- If no why not.....

7. Are you enrolled on any other Insurance Scheme Yes/No

8. How many years have you enrolled on the Insurance Scheme

No. of Years:.....

9. How much do you contribute.....

10. How is the payment scheduled:

a. daily

b. Weekly

c. Monthly

d. Quarterly

e. Yearly

11. Mode of payment

a. Door to door

b. Through the bank

12. Why did you enrol on the insurance scheme?

.....
.....

13. Do you know about the 3-Tier Pension Scheme Policy? Yes/No

14. How did you get to know about it? (Please tick)

In the market

Through Ssnit Officials

Relative

TV

Others.....

15. What do you think of the Policy?

.....
.....

Does it address the structure of the informal sector?

Yes/No

Explain your answer

.....
.....

Do you know other market women who are enrolled in the schemes? Yes/ No

16. Do you know of the existence of any other insurance schemes?

.....
.....

SECTION C

Objective 2: To examine/access the current saving practices of market women in Madina

1. Have you planned for your retirement? Yes/No

2. Do you save towards your retirement? Yes/No

3. How do you save towards our retirement?

.....
.....

Who do you save with for the retirement

.....
.....

4. Why do you save for your retirement?

.....
.....

For how long do you wish to save with the person or institution?

.....
.....

5. Are you comfortable with the mode of payment

6. What do you think about the Ssnit Pension Scheme formal sector.....

.....
.....

7. Would you prefer the formal to the informal sector pension scheme

Formal [] Informal[]

Explain your answer

.....
.....

SECTION D:

Objective: To examine the extent to which saving practices of market women adequately secure their social insurance

1. Are you happy with the investment you have planned towards your retirement

Yes/No

2. Can the kind of savings you are doing now be able to take care of your future needs:
Health, Clothing, Food, Livelihood

Yes/No

Explain your answer

If yes.....
.....

If no
.....

3. What is your understanding of social insurance

.....
.....

INTERVIEWEES COMMENTS

.....

INTERVIEWERS COMMENTS

.....

.....