

UNIVERSITY OF GHANA

**A STUDY TO ASSESS THE THREE-TIER PENSION SCHEME IN
GHANA**

BY

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**THIS THESIS IS SUBMITTED TO THE UNIVERSITY OF GHANA,
LEGON IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR
THE AWARD OF THE DEGREE OF MASTER OF BUSINESS
ADMINISTRATION (FINANCE)**

JULY 2019

DECLARATION

I hereby declare that this thesis is the result of my own research and that no part of it has been presented for another Degree in any other Institution. I further declare that all sources of borrowed materials have been duly acknowledged.

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CERTIFICATION

I certify that the preparation and the presentation of this thesis was in accordance with the guidelines on supervision at the University of Ghana Business School, Legon.

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DEDICATION

I wish to dedicate this research work to my husband, Rev. Joshua Sackey, Esq., my children Kayla and David, my parents-in-law, the Rev. & Mrs. Augustina Sackey, my mother, Mrs. Victoria Amarku and my siblings, Alberta Amarku and Emmanuel Amarku for their love, care, support and concern for me. May the Lord bless them for everything.

ACKNOWLEDGEMENTS

I thank the Lord Almighty for His grace and mercies during my course of study. I also wish to acknowledge the immense support of my lecturers at the University of Ghana Business School for their dedication to duty during the two years period of study. In addition, I wish to thank my supervisor, Gyeke-Dako Agyapomaa (PhD) for her guidance which has made the completion of this research work a reality.

ABSTRACT

The aim of the study was to assess the three-tier pension schemes in Ghana. Specifically, the study examined the standards of the mandatory tier one and tier two pension schemes in Ghana; evaluated the current voluntary tier-three pension scheme in Ghana, and examined the relationship between the benefits of pensions schemes, and an assessment of the three-tier pension scheme to the Ghanaian worker. A cross-sectional survey research strategy, coupled with a quantitative methodological approach was used in the study in order to achieve the objectives of the study. A structured questionnaire was used to conveniently gather data from the respondents, and the items on the questionnaire were measured on a five-point ranking scale. Overall, 71 respondents sampled from three (3) organizations in Ghana, participated in the study. The findings from the study revealed that, there was quite a strong positive relationship between the benefits to be derived from pension schemes in Ghana, and an assessment of the three-tier pension scheme in Ghana. The study further revealed that the benefits to be derived from an awareness of pension schemes in Ghana, significantly affected the assessment of the three-tier pension schemes in Ghana. The study recommends that the government of Ghana must come out with policies to make education of employees on pension schemes in Ghana mandatory for all employers in Ghana. Since the informal sector makes up the majority of the Ghanaian working force, future researchers should investigate their awareness and knowledge on the three-tier pension scheme in Ghana, so that efficient policies can be made by the government of Ghana, for their benefit.

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LIST OF ACRONYMS

SSNIT	-	SOCIAL SECURITY AND NATIONAL INSURANCE TRUST
NPRA	-	NATIONAL PENSIONS REGULATORY AUTHORITY
TTPS	-	THREE -TIER PENSION SCHEME
DB	-	DEFINED BENEFIT
DC	-	DEFINED CONTRIBUTION
RTC	-	RATIONAL CHOICE THEORY
SPSS	-	STATISTICAL PACKAGE FOR SOCIAL SCIENCES

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In most parts of the world, employees are always frightened by the very thoughts of the life they would live after the pension age. Within the African continent, it has been established by a study by Ikeji, Agb & Ogaboh (2011) that this emotion of fear associated with life after pension exists among a lot of people within the working class. On account of this, various governments within the world lay down structures, including legislations which seeks to promote the creation of various retirement related packages especially for those serving in public offices so as to guarantee a better future for them (Anku, Amertowo & Amankwah, 2014).

Coverage for access to pension packages in the developing economies is however low with only between 10 to 25 % of people being covered (Barr, 2012). This is an indication that the management of pension packages is of great concern to the governments, institutions and employees. (Anku-Tsede, Amertowo, & Amankwah, 2014).

Predicate on this, most governments, including that of Ghana's has sought to reform their pension schemes and systems. The current study assesses the three-tier pension scheme in Ghana, using three formal organizations in Ghana.

Generally, these pension schemes are planned to function either as defined benefit (DB) or defined contribution (DC) or in some instances, both which is the situation in Ghana's pension trustee industry (Ayi-Bonte, 2013).

Pension schemes since their advent in the 19th century with the aim of creating a sustainable future and livelihood for retirees by averting the possibility poverty for pensioners has undergone a series of structural changes. Both developed and developing countries have made significant changes to their pension schemes. Mention can be made of Italy, India, Uruguay, Argentina, Brazil among others (Kpessa, 2011).

Reforms in the pension industry within the African continent has been attributed to the unsustainable nature of several pension schemes, a situation which has been created by a lack of employment opportunities for the countless youth who could have made significant contributions to these schemes (Agyei, 2012). This situation creates a gap where the contributions of the masses (mostly the youth) for the purposes of sustaining the scheme to the benefits of the aged are non-existent. This in no doubt has created situations in which a lot of the people who will be retiring soon will lack the needed financial resources to sustain them in their pension times (Barr, 2012). This escalating situation has attracted a lot of attention from industry players, politicians, health care professionals and the general public as a whole according to Barr, 2012.

The aim of pension reforms are to improve the nature of pension schemes by making them more sustainable thereby making them reliable to meet the needs of the aged in the near future. Various calls by employees and retirees alike have necessitated a series of pension scheme reforms in Ghana (Bremang, 2012). Reforms in the pension industry in Ghana were intensified by the various discrepancies that existed between retirees under the SSNIT and their counterparts under the umbrella of the Chapter 30 which was the British Colonial Ordinances (CAP 30) of 1950.

According to Agyei (2012), these calls have led to the creation and implementation of a three tier pension scheme (TTPS) which was implemented under the National Pension Act 766 of Ghana in the year 2010. Under the TTP, there are two schemes which employees are mandated to contribute towards while contributions to the last scheme is not mandatory. This means that personnel in both the government and private sectors ought to make compulsory contributions to the first two tiers. The first scheme is a basic country wide social security scheme for all employees while the second tier is a pension system for professionals (Agbobli, 2010). Usually the second tier schemes are managed by trustees with the aim of making future provisions for an employee's lump sum. It is important to mention that the workforce in the informal sector have the opportunity to join a specially designed voluntary provident fund, which is buoyed by tax incentives available and this is the third tier scheme, however, workers in the formal sector can also make contributions to this (Agyei2012).

In the Ghanaian pension industry, the nature of the second and third tiers are contributory, which implies that employees have that flexibility in making decisions regarding their own financial security in the near future (Barr, 2012).

The disparity between the defined and defined contribution schemes is that unlike defined contribution schemes, the contribution scheme places the onus on the individual employee to make decisions about his pension contributions (Bremang, 2012). This suggests that the employee is at liberty to choose the trustee and make certain decisions with regards to his pension, this may be risky (Kpessah, 2011).

As a result, to achieve financial security during retirement, it is an indispensable fact to consider retirement preparations while also considering what he or she can expect from the pension scheme.

1.2 Statement of the Problem-

There has been the introduction of two new pension Tiers under the Pensions Act of 2008. These newly instituted schemes operated together with the already existing SSNIT pension scheme (NPA, 2008). The Ghanaian worker has gotten the opportunity now to pay 5% of his gross salary contribution to the Tier 2 scheme. Unlike the Tier 2, the Tier 3 which is a defined contribution scheme is a voluntary one and the contributions made to it is determined by the employer and the employee (Agbobli, 2010). The operations of the Tier 2 and 3 pension scheme trustees are regulated and overseen by the NPRA independent of interferences from SSNIT (Bremang, 2012).

Pension schemes are established as a form of government effort to provide workers with some kind of incomes during retirement. This alone, however, has not been able to cater for the growing needs of Ghanaian retirees (Ayi-Bonte, 2013). Reasons such as the increasing levels in the cost of living, the cost of health care and the lack of other benefits they would have enjoyed during their working life, such as free medical care, subsidized lunch, petrol coupons, and other such similar benefits has been cited (Larbi, 2013). Moreover, people cannot enjoy the benefits created in the system when they do not have a full comprehension concerning the benefits and otherwise of the three-tier pension scheme. In the same vein, if the scheme is not beneficial, workers will not know (Barr, 2012). Furthermore, there is a growing conviction that proceeding on retirement implies sentencing oneself to penury. If workers therefore have a thorough knowledge on the features of the above three-tier pension schemes, this conviction may have been influenced to change it for the better (Ayi-Bonte, 2013). It is therefore incumbent on researchers to evaluate and assess the three-tier pension scheme in Ghana, and its overall benefit to Ghanaian workers.

However, the extant empirical literatures on the evaluation of the three-tier pension scheme, and how it can also impact on the retirement of the Ghanaian workers is very few (Agbobli, 2010, Kpessah, 2011, & Agyei, 2012). Workers seem not to have much idea about the three-tier pension scheme, as well as its constituents. Knowledge about the relevance of the three-tier pension schemes is seriously lacking among Ghanaian workers (Ayi-Bonte, 2013). An exposure to the constituents of the three-tier pension scheme will inform contributors of the scheme of the percentage of their current income and what they are likely to receive as pensions during retirement. Workers who find inefficiencies in the scheme will then be informed to make decisions on whether to look for alternative ways of maintaining themselves during retirement or not. However, an assessment on the knowledge of the three-tier pension scheme and its benefits to the Ghanaian has barely been looked at, hence, the need for this particular study.

The question to ask is whether knowledge on the three-tier pension scheme in has any significant benefit to the Ghanaian worker. Unfortunately, despite the significance and complexity of this all-important subject the extant literature has been inadequate. Little attention has been given to the evaluation of the three-tier pension structure and its advantages the Ghanaian workforce. It is for this reason that the researcher seeks to bridge the knowledge-gap in the extant literature by carefully evaluating and assessing all the levels of the three-tier pension scheme in Ghana, and its benefit to the Ghanaian worker.

1.3 Main Objective of the Study

The foremost objective of this paper is to assess the three-tier pension scheme in Ghana, and its overall benefit to the Ghanaian worker.

1.4 Specific Objectives of the Study

The following specific objectives are outlined in order to achieve the main objective of this study:

- i. To examine the standards of the mandatory tier-one and tier-two pension schemes in Ghana
- ii. To evaluate the current voluntary tier-three pension scheme in Ghana
- iii. To examine the relationship between the benefits of pensions and an assessment of the three-tier pension schemes to the Ghanaian worker

1.5 Research Questions

The following research questions have been framed in order to achieve the specific objectives of this study:

- i. What are the standards of the mandatory tier-one and tier-two pension schemes in Ghana?
- ii. What is the current voluntary tier-three pension scheme in Ghana?
- iii. What is the relationship between the benefits of pensions and an assessment of the three-tier pension schemes to the Ghanaian worker?

1.6 Scope of the Study

The scope of the study is restricted to Ghanaian workers sampled mainly from the formal sectors. Ghanaian workers with a minimum working experience of five (5) years and above were considered in the study. This greatly enabled the researcher to achieve the objectives, due to the fact that, workers with a minimum working experience of 5 years and higher, have more knowledge on the three-tier pension

scheme and retirement planning. The scope of the study is therefore limited to Ghanaian workers from three formal organizations. The sampled employees answered questions on the relationship between the three-tier pension scheme and retirement planning in Ghana. Methodologically, a survey strategy, with a quantitative methodological approach was by this paper, which greatly helped the researcher in answering the research questions.

1.7 Significance of the Study

The study would make the following contributions to academia, practice, and policy. In the first place, the findings of this paper will add to the little literature on researches conducted on pension related issues in the country, thereby serving as a reference material for future researchers. This is critical since the study will be undertaken in a developing economy. The study would thus enlighten both academia and future researchers by providing an adequate store of knowledge about the three-tier pension scheme in Ghana. Other researchers, retirees, workers and students of risk management, finance, and insurance would be able to fully comprehend the usefulness of the three-tier pension structure on the retirement planning of Ghanaian workers, from the viewpoint of academic research. It is projected that this study will increase the information base of business students with specializations in finance, insurance, and risk management, both at the undergraduate and post-graduate levels. The study is therefore extremely significant in that, the findings will contribute to the general body of knowledge concerning the overall strength of the pension system in the country.

Secondly, the government of Ghana is mostly concerned with the unemployment of the youth and always finds ways to either reduce or curb the incidences of

unemployment in Ghana. On the other hand, the government pays less attention to those who are currently employed and who will also be unemployed in the near future through retirement. As a result, even as the problem of one group (that is, the unemployed) is trying to be solved, that of another group emerges (that is, the employed), because they may have many dependents to take care of (which includes the retired or the aged). The significance in this, lies in the fact that, government's attention will be drawn to the reality on the ground that, providing pension schemes for workers is not enough to make them enjoy sustained retirement but by ensuring that the trustees deliver tailor made needs to meet the future financial security of the working masses.

Thirdly, the findings of the study would open employers to the significance of educating their employees on the three-tier pension scheme as well as the population target for such programs. These measures if taken might influence employees to make informed decisions which are fundamental to allow for a sustained retirement. Suboptimal decisions taken by workers concerning their retirement will then be controlled. The study will therefore help employees to understand the significance of seeking information on their pension schemes so as to help them make informed choices about their future.

1.8 Summary of Methodology

1.8.1 Research Design

A combination of both the descriptive and correlational research designs was employed in this study. The study is descriptive on account that it is fixated on describing the various levels of the three-tier pension schemes. The correlational

aspect comes in because it is aimed at examining the relationship between the three-tier pension structure and the retirement needs of the Ghanaian worker.

1.8.2 Research Approach

The paper adopted the survey strategy with a focus on the quantitative research approach. According to Creswell (2013), the quantitative research method primarily deals with quantifying relationships that occur between a number of factors or variables under the study through the use of statistical measures such as correlations, descriptive statistics, and regression. The survey strategy allows a student to gather data from a large sample of people relatively quickly and inexpensively (Fisher, 2010). It is also economical as compared to the complete enumeration of the entire population (Babbie, 2015). With this study, a survey would be undertaken on some Ghanaian workers, selected from three formal organizations, to help achieve the research objectives .

1.8.3 Target Population

The Population targeted for this paper were one hundred (100) employees, of which forty (40) employees were drawn from Melcom Ghana Limited (Foreign Company), thirty employees from CAL Bank Limited (Ghanaian-owned company) and another set of thirty (30) employees were drawn from Controller and Accountant General's Department (Government Organization).The target population consisted of both management and non-management staffs.

1.8.4 Sample Size

The size of the sample is a part of the population parameters under the study and the approximation of the quality that is demanded by the researcher (Fisher, 2010). In the main, larger samples result in more precise statistical findings (Babbie, 2015). The target participants were one-hundred employees (100) withdrawn from three selected institutions in Accra.

To set the appropriate sample size from the target population, the researcher adopted the formula as proposed by Pallant (2013), and cited in Tabachnick and Fidell (2006), with the assumption that, the target population is unrestricted:

$$n = \frac{N}{1 + Ne^2}$$

In the convention above, “n” represents the sample size to be figured, while “N” is the target population. The worth of “e” (standard error) depends on the required confidence level set by the researcher. If the confidence level is 95 percent, then the “e” value would be 0.05. The study adopted a confidence level of 95%. With a one hundred (100) respondent target population. Adopting a target population of 100 participants, which translates N=100 and a margin of error of 5% (e=0.05), the sample size, n would be calculated as follows:

$$n = \frac{N}{1 + Ne^2} = 80$$

From the above formula, 80 respondents is the sample size.

1.8.5 Data Collection Instruments

In conducting the design of this study, data collection was attempted utilizing the basic data collection techniques. Precisely, the self-administered structured or the closed-ended questionnaire was applied as the key research tool. The questions were structured based on the research objectives. The first part of the questionnaire solicited information on the biographic statistics of participants, such as their sex, age, academic background and other socio-economic characteristics. The second and third sections of the questionnaire dealt with the specific research objectives.

Items (questions) pertaining to the three-tier pension structure was generally measured on a “Five-point Likert type of Scale (Likert, 1932) including, 1 (Strongly disagree), 2 (Disagree), 3 (Neutral), 4 (Agree), and 5 (Strongly agree)”. Those other questions pertaining to the retirement needs of Ghanaian workers on the other hand, were assessed utilizing the following Five-point Scale: 1=very low; 2=low, 3=average, 4=high, 5=very high;

1.8.6 Validity and Reliability

To assure robustness of the research instrument, a draft copy of the questionnaire was handed to the Supervisor of the study, who read through and made the necessary corrections in order to guarantee the content and construct validities.

1.8.7 Data Analysis

Statistical data gathered from the survey research was analyzed, using the Statistical Package for the Social Sciences (SPSS, Version 22) to equally assess the extent of the relationship between the various study constructs. The demographic characteristics of the respondents were also analyzed using tables and other descriptive statistics such as the frequency, mean, and standard deviations.

1.9 Organization of the Study

Per the standard requirements of the school, this paper is structured into five different chapters with the first chapter presenting an synopsis on the paper background, covering the problem statement, the primary aim of the paper, the specific aims of the survey, the research questions, the scope of the work, the significance of the subject area, a summary of the methodology and governance of the work. The examination of literature focal to the subject is contained in the second chapter. This comprises the theoretical literature, the conceptual framework, and empirical literature on the structure of the pension industry in Ghana. Chapter Three introduces the methodology of the survey, as comfortably as other methods of analysis, covering the research plan, the research approach, the target population, the sample size, sampling techniques, the information collection instruments, the statistical tools employed in the subject, and the analysis of information. Findings and results emanating from this study are discussed under the fourth chapter. The chapter shows the data gathered from the airfield, and summarizes them via tables and other descriptive statistics. The chapter also talks about the findings of the field relative to the present empirical literatures. The conclusions based on the findings from the study and the recommendations for future studies are all contained in the fifth chapter.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter provides an analysis of previous related studies. It does this by focusing on the theoretical reflections of the problem under investigation and reviews the extant empirical literatures with regards to an evaluation of the current pension structure in Ghana. The specific areas covered here under the theoretical literature review include: The Continuity theory, and the Rational Choice (RCT) theory. The chapter further gives an evaluation of the new three-tier pension structure in Ghana, and concludes with an overview of the extant empirical literatures on the three-tier pension scheme in Ghana.

2.1 Theoretical Literature

The related theoretical literatures to the study are anchored on two key theories: the theory of continuity and the rational choice theory (RCT). These theories explain the understanding of the three-tier pension schemes in Ghana, and how it can also involve the retirement provision of employees who are about to move back in Ghana.

2.1.1 The Continuity Theory

Continuity is seen as a flexible, strong and a probabilistic relationship between the past, present and likely examples of thoughts, behavior and social arrangement (Ryff & Marshall, 1999). The craving to get a better understanding of constancy and behavioral change throughout the cycle of aging is the driving force behind the continuity theory. The theory is a feedback systems theory that is the theory evolves continuously (Griffin & Hesketh, 2006).

The continuity theory states that the activities, personalities, relationships, and behaviors of older adults are maintained as it was earlier in life (Redhead, 2009). That is, even as people exit their primary jobs, they tend to maintain their earlier values, self-esteem, as well as other life patterns (Ricciardi, 2008). The continuity of lifestyle is maintained by older adults as they adapt to strategies connected to their past experience (Ryff & Marshall, 1999). And when these earlier lifestyles are maintained, post-retirement maladjustment are avoided (Griffin & Hesketh, 2006). For instance, when faced with an obstacle or a problem, the individual evaluates the nature of the obstacle or the problem to be able to make the best decision. After evaluating the pros and cons associated with the three-tier pension scheme, the individual may be more likely to make effective decisions that will help sustain him or her during retirement. This will prevent the person from getting confused when dealing with such situations (Redhead, 2009). And as pointed out by Mearns (2012), people try to use minimum effort in order to achieve maximum gain.

Furthermore, the theory of continuity suggests that an “individual’s course of development is affected by the diverse features of behaviors revealed in relation to their environment. The capacity to better manage and understand the changing conditions comes from what one learns through life experiences. When learning, the external stimuli are perceived, encoded, and stored in an individual’s mental niche. To enable decision making, the stimuli are encoded to suit the brain’s cognition and interpretation during the analysis of the stimuli (Mearns, 2012). Humans as a result do not merely respond to stimuli, but process the information they receive. The information people receive can be objective or perceived and because not all information can be absorbed, individuals are selective in what information they give attention to” (Redhead, 2009). The interpretation given to the same objective

information may, however differ from person to person based on the motives, experience, knowledge, and social influences (Ricciardi, 2008). It is therefore concluded by Redhead (2009) that perceived information forms the basis of decisions. Hence, employees who have an in-depth knowledge about the dictates of the pension scheme, may be more likely to inculcate this knowledge in all decisions regarding an evaluation of Ghana's three-tier pension scheme.

The financial situation of people changes during their retirement, thus rendering it extremely tough for them to maintain their past values without additional sources of income. Since the continuity theory pertains to the individual, it can be classified as a micro-level theory. The theory is useful for individuals who are petrified of going on retirement. Change during retirement is therefore linked to perceiving past, thus continuity in the inner psychological characteristics, social circumstances, and behaviour are produced. Expectations regarding satisfaction after retirement are connected to earlier retirement expectations (Kim & Moen, 2002). These expectations are normally based on some form of preparation the individual is undertaking and also the knowledge an individual has on the pension scheme. For that reason, pre-retirement lifestyles, better adjustment, and successful aging can be enhanced with a vivid understanding of the operations of the new pension structure in Ghana.

2.1.2 The Rational Choice (RCT) Theory

“The Rational Choice Theory (RCT), also referred to as the Rational Action Theory or the Choice Theory was popularized and applied widely by Scott (2000)”. The idea behind the Rational Choice Theory is the fact that people make choices in ways that are advantageous to them while at the same time reducing costs (Burtless, 1999).

Rationality as used in the theory simply means, acting to maximize personal advantage by balancing costs against the benefits (Abel, 2002). Scott (2000) argues that “individuals are motivated by the goals that work to their advantage, but because the individuals are not able to achieve their goals, they are usually faced with the problem of making choices. Ogu (2013), therefore, stated that people will choose the option that they think will yield the best outcome when faced with alternative courses of action.

“The theory assumes that the decision maker has accurate information and knowledge of the situation (Abel, 2002). Individuals will therefore act based on the information, given the constraints and the conditions under which they are acting (Ogu, 2013).

“The rational choice theory holds that the outcomes of alternative courses of action must be anticipated by individuals for them to be able to calculate and choose what will best suit them”. “The alternative that is likely to give the best satisfaction are then rational (Burtless, 1999)” Similarly, Abel (2002) stated that individuals are likely to take optimal decisions given the constraints or opportunities considering their preferences.

“The main advantage of the theory is that, it helps in predicting the actions of individuals. It allows for informed decision-making, and reduces the chances of errors because the rational approach to decisions is on obtained data (Ricciardi, 2008)”. Thus the decision-making process is infused with discipline and consistency (Ogu, 2013). The decision maker, then arrives at an optimal decision. However, it is time-consuming because it requires careful considerations and deliberations of information. It encourages conservation and errs on the side of caution (Ogu, 2013). Decisions to analysis are limited to only information available which may impede creativity

because the result of rational decision is experienced in the long-term and regrets may set in if the targeted goal is not achieved. The rational choice theory is therefore applicable to the study of the structure of the three-tier pension system in Ghana.

2.2 The New Three-Tier Pension Scheme in Ghana

Two new pension tiers have been incorporated into the Ghanaian pension system to work alongside the tier one scheme which is managed by SSNIT courtesy the Pensions Act of 2008 (NPA, 2008). The tier 2 is an obligatory defined contribution structure which enjoins every employee to make a contribution of 5% of their gross salary to. The third tier is also a defined contribution scheme which is, however voluntary in nature, such that it is up to the worker and or the employer to fix how much of the employee's salary will be contributed to this tier. It must be noted that, the last two tier schemes are managed by private sector trustees under the regulation and license of the NPRA. Therefore, they are not under the supervision of SSNIT.

2.2.1 Nature of the New Tier 2 and Tier 3 Schemes

To fully enjoy the benefits, as well as to minimize the associated risks of the new pension scheme, it is expedient for every Ghanaian employee to know and understand the nature of the new Tier 2 and Tier 3 schemes (Bremen, 2012)". Predicate on this, the Ghanaian worker should comprehend these:

- The Tier 2 and 3 schemes, offer the opportunity for higher investment returns, because they represent investments in assets such as stocks, real estate and bonds.

- The payout under both tier 2 and tier 3 is the total of the worker's contribution plus the investment gains associated with the returns, minus any regulatory charges, service fee charges, and other related charges.
- Because the contributions to the tier 3 schemes are made before income tax is assessed, employees stand the advantage of gaining additional tax savings by increasing their contributions to the tier 3.
- The tier 2 and tier 3 benefits are available as a lump sum and can be used for any purpose when accessed. In general, the tier 2 benefits cannot be accessed before retirement. To keep the tax savings on tier 3 contributions, the funds need to remain in the scheme for at least 10 years for formal sector contributions, or 5 years for informal sector contributions. However, the tier 2 and tier 3 schemes may be utilized at any time as the down-payment for a mortgage on the primary home of the Ghanaian worker without the payment of any taxes, making them the best way to save for home ownership.
- Competition among the service providers in Ghana, in order to manage the tier 2 and tier 3 schemes of Ghanaian workers, will lead to better investment returns and service levels.
- The use of universal banks as custodians of the scheme assets provide additional safety for the scheme investments and cash.

2.2.2 Structure of the New Three-Tier Pension Scheme in Ghana

The alterations in the pension system came with alterations in the number of companies- handling pension schemes in Ghana. These include the presentation of the NPRA, which is charged with the regulation of all every activity of the tiers as well as the authority to license, determine and observe trustees, pension fund managers,

and stewards, who are all participants in the new three-tier pension scheme in Ghana (Agyei, 2012). These trustees are charged with appointing the licensed pension fund managers and custodians who have the responsibility of using various investment strategies for the purposes of managing the investments made by the retired employees (Kpessah, 2011).

2.2.3 Contributions under the New Three-Tier Pension Structure

The rates concerning the amount of money to be contributed to the newly introduced three tier pension scheme in Ghana have been revised under the National Pensions Act, 2008, Act, 766 (NPA, 2008). The employee and employers are given a guideline on the possible amounts to be contributed to each of the tiers.

2.3 Empirical Literature

A plethora of economic and finance literatures have tried to assess and evaluate the pension schemes and pension reforms in Ghana. As a result, it is of significant interest to many researchers and academicians. The extant empirical literatures on the inter-relationship between the new pension reforms and the retirement planning of Ghanaian workers have -yielded ambiguous results over the years.

Ayi-Bonte (2013), did a study on the three-tier pension structure and its influence on retirement planning among workers in selected organizations in Ghana. Using the cross-sectional survey method, 196 participants made up of 102 males and 94 females were sampled from six organizations. The participants were administered with the retirement planning scale, knowledge of the three-tier pension scheme questionnaire, and the financial literacy questionnaire. The results using the Pearson Product-Momentum Correlation Coefficient indicates that knowledge of the three-tier pension

structure has a significant positive correlation with retirement planning. Also, significant age difference was found among the respondents, however, gender did not yield any significant difference among the respondents in relation to their knowledge of pension structure and retirement planning using the Independent t-test. Further analysis using the hierarchical multiple regression showed that the variables such as age, educational level, income level and financial literacy had significant moderating effects on the relationship between information on the three-tier pension structure and retirement planning. These findings imply that employees can make informed choices about their retirements if they possess adequate knowledge of their pension structure. It is a must for them not to underplay the importance of the moderating variables (that is, financial literacy, educational level, income level and age) during the process of planning. It is therefore indispensable for employers to organize workshops and seminars to educate their employees on the new pension schemes, identify the prospects and challenges associated with the new pension system early enough in order to assist the workers to make informed decisions about their retirement.

Anku-Tsede, Amertowo, and Amankwa (2014) conducted a study on managing pension resources in Ghana. The authors sought to give an insight into what currently pertains to the handling of pension funds in Ghana. The purpose of the study is to provide an original overview of the pension structure in Ghana, so that a basis is made for future orientation and research guidelines. Though the pension schemes promise to deliver on the basis of selflessness and customer centeredness, instances of financial misappropriation, unfair returns with conflicts between workers and their employers have been reported. It is however sad that after workers spend all their working years making active contributions towards their pensions, they only retire to be served with pension packages which are far below their expectations.

Predicate on this, the attention of various governments, industry players and groups have been caught by the numerous organised unions who are not happy about pension fund management. The popular argument is that knowledge and understanding on the pension structure together with how funds are managed is rather low. This suggests that the contributors have no preview as to how their contributions are being invested. In the case of governments, most people hold the view that African countries have not yet obtained that pedigree of attracting big investors from other advanced parts of the world who are credited with the effective management of pension related funds. Limited researches on the overall pension industry in Ghana have been conducted despite these concerns raised.

A study conducted by Boamah (2015), with 50 respondents conveniently sampled on the efficiency of the new three-tier pension structure in Ghana revealed that majority of the respondents have the conviction that the new three tier pension structure is effective. These 50 respondents were already contributing to SSNIT before they joined tier two and three schemes. The reasons sighted were that, the new pension structure stands to meet the expectations of the people by delivering reasonable and substantial returns. Additionally, findings from the research established that the new scheme is more beneficial than the Cap 30, since it is transparent and accountable. The results also indicated that considering the cost and contribution of members, the new scheme was beneficial to the contributors. The results further indicated that the contributors were not pleased with the management of the second-tier by government. It however emerged from the research that most employees especially in the finance sector possess some knowledge on the new pension scheme but do not have a thorough understanding of the new system and the expectations of each individual player.

Since the current pension scheme is quite new in the country, there is no doubt that literature regarding its effective management and efficiency is limited.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter provides a description of the research methodology employed in the study, and discusses how the study would be conducted in order to achieve the objectives of the study as stipulated in the introductory chapter. The methodology comprises of the theoretical and ideological basics as well as the fundamental principles that guides a researcher in the selection of a particular research method over the other. The chapter discusses the research design and provides justification for the choice of the survey research strategy. It describes the design of the research, the research approach, target population, sampling, and determination of the sample size, the sampling frame and the sampling techniques. The chapter ends with a discussion on the description of the mode of data collection adopted in the study, as well as the analysis of data.

3.2 Research Design

The plan or roadmap indicating how a study is to be conducted by the researcher is the research or study design (Babbie, 2015). It considers the constraints such as access to data, time, location and money that would be inevitably encountered, together with issues of ethical nature in conducting a research (Creswell, 2013). This comprises the research strategies, choices, and the time horizons. It presents the plan of inquiry, which travels from the underlying philosophical assumption to the research design and data collection (Ary, Jacobs, & Razavieh, 2012).

The cross-sectional study design was taken on in the study, to accomplish the aim of valuing the three-tier pension scheme, and its overall benefit to the Ghanaian worker. In this regard, workers within the formal sector in the Accra Metropolis made up the population of the study. The respondents were chosen from several governing bodies within the Greater Accra Region of Ghana due to the diverse nature of the work force, some of which might have migrated from the other regions of Ghana. The formal sector was also the area of focus because workers within the informal sector mostly tend not to retire from their business. They are mostly the owners of the business or may be running a family business. The sample for this particular study was therefore drawn from the Melcom Ghana Limited, CAL Bank Limited and Controller and Accountant General's Department. The respondents were drawn from various departments and units within the respective organizations. In all, one hundred (100) respondents constituted the target population of the study. The systems were also selected based on easy access, making the study much convenient, as an outcome of the limited time period.

Looking at the nature of this study, it can be said to a greater extent that the study is both descriptive and explanatory. The descriptive nature stems from the fact that the study is purposely concerned with evaluating the current pension scheme's benefits and goes further to examine the relationship that exists between the design of the current pension structure and the expected retirement package of the employees. The explanatory nature of the study stems from the fact that the impact of the current pension package in the country on the management of the funds for the future benefit of the employee is investigated.

3.3 Research Approach

In order to achieve the stated objectives of this study, a cross-sectional survey strategy together with a quantitative methodology was the methodological approach adopted.

This was tackled by the utilization of primary data collection techniques, specifically, the role of a well-structured self-administered questionnaires to the answerers. By making use of the structured questionnaire as the main source of data collection instrument, responses were elicited from the target respondents, who are all employees of three (3) organizations in Accra. These organizations are: Melcom Ghana Limited, Cal Bank Limited, and the Controller and Accountant General's Department. For the purposes of this study, the researcher targeted one hundred (100) respondents, who are all employees working in the formal sector within the aforementioned organizations in Ghana.

According to Creswell (2013), the quantitative research approach primarily deals with quantifying relationships that exist between the various factors considered for the study through the use of statistical measures such as the correlation coefficient, mean difference, or the relative frequency. The cross-sectional survey research strategy was adopted because it allowed for the collection of data from a larger sample which in relativity is quick and inexpensive. Importantly, Fisher (2010) advanced that with the use of surveys, quite a greater number of data can be gathered under very inexpensive circumstances from one's population.

3.4 Target Population

A group of persons or items that possess one or many common characteristics from which statistical information can be gathered for analysis is simply a study

population. The sampled elements can be taken from this, meaning that findings emanating from the study can be generalised. It contains every element which forms part of the unit of analysis (Hair, Money, Samuel, & Page, 2012). The target population for this study consisted of one hundred (100) respondents, who are all employees drawn from three (3) organizations in the formal sector. They include the Melcom Ghana Limited, Cal Bank Limited, and the Controller and Accountant General's Department.

For the purposes of this study, the researcher targeted one hundred (100) respondents drawn from the three organizations in the formal sector. Forty (30) employees were drawn from the Cal Bank Limited, thirty (30) employees were drawn from Controller and Accountant General's Department and the final forty(40) employees Melcom Ghana Limited, all in Accra, within the Greater Accra Region of Ghana.

3.5 Sampling

A better understanding and appreciation of the theoretical framework of a paper is closely linked to data collection (Ary, Jacobs, & Razavieh, 2012). This demands that the procedure used in gathering data and how these elements are recruited to participate in the study ought to be based on a very fair judgement (Babbie, 2015). It is impractically not feasible for a study like this to cover the entire population of all the organizations chosen, and therefore, choosing a representative sample becomes a crucial task (Wahyuni, 2012). This explains why in a qualitative research, quite a significant sample ought to be obtained from the target population as this significant representation of the whole, can lead to a feasible generalisation of the findings (Ary,

Jacobs, & Razavieh, 2012; Babbie, 2015; Creswell, 2013; Young, 2009; Wahyuni, 2012).

It is important to note that the accuracy and quality relating to a qualitative paper is somehow dependent on a lower level of error associated with data which is achieved by using a larger sample size (Schutt, 2011). Predicate on this the study relied on soliciting responses from some 80 respondents under a confidence level of 95% and a margin of error of 5%. Babbie (2015) affirmed that this is quite conducive for a social science related paper of which this study falls under.

Moreover the statistical accuracy of results emerging from a study largely devolves on the size of the sample (Schutt, 2011). The size of the sample is a function of the population parameters of the study and the estimation of the quality that is needed by the researcher (Fisher, 2010). In the main, larger samples will result in more precise statistical findings (Babbie, 2015). The study included target participants from sampled organizations in the Greater Accra Region of Ghana. In order to avoid wasting resources while making sure the study produces meaningful results, researchers must avoid undersized studies (Fisher, 2010). The call for a study to produce both internal and external validity in relation to findings demands the use of an optimal size taken from the larger sample (Creswell, 2013).

Table 3.1 shows the sampling distribution of respondents from the three organizations, here in Accra.

Table 3.1: Sampled Distribution of Respondents

Name of Organization	Target Respondents	Expected Sample Size	Response Rate (%)
Melcom Ghana Limited	40	35	87.7
Controller and Accountant General's Department	30	20	66.7
CAL Bank Limited	30	25	83.3
Total	100	80	80.0

Source: Field Survey, 2019

3.5.1 Sampling Size/ Sample Frame

In order to define the appropriate sample size from the target population, the researcher adopted the formula as proposed by Tabachnick and Fidell (2006) with the assumption that the target population is unrestricted. According to Tabachnick and Fidell (2006),

$$n = \frac{N}{1 + Ne^2}$$

In the formula above, “*n*” characterises the sample size to be considered, while “*N*” is the target population. The value of “*e*” (standard error) depends on the required confidence level set by the researcher. If the confidence level is 95 percent, then the “*e*” value would be 0.05. In this study a 95% confidence level was adopted. One hundred (100) employees from three (3) selected organizations in Accra were

considered for the study. Using the target population of 100 employees, that is, $N=100$ and a 5% margin of error ($e=0.05$), the sample size, n was calculated as follows:

$$n = \frac{N}{1 + Ne^2} = \frac{100}{1 + 100(0.05)^2} = \frac{100}{1.25} = 80$$

From the formula above, the calculated sample size is 80. Therefore, the sample of eighty (80) respondents, as illustrated on table 3.1 were deemed sufficient to answer all the questions on the research instrument. The sample size of 80 was therefore adopted and used by the researcher to make the findings more generalized. The sample size of 80 employees, representing a response rate of 80% from the target population of 100 employees as demonstrated in table 3.1 was therefore deemed most appropriate for the current study.

3.5.2 Sampling Techniques

Two main non-probability sampling techniques were used for the research. They are the Purposive Sampling and Convenient Sampling.

Purposive sampling technique: A purposive sampling procedure was deployed to specifically select the sampled organizations in Accra within the Greater Accra Region of Ghana. This was supposed to aid the researcher achieve her objectives as stated in the introductory chapter.

Convenient sampling technique: The convenient sampling procedure was used to select the workforce and employees from the sampled establishments used in the study. The respondents were sampled from various branches, departments and units within the afore-mentioned organizations in Accra. In practice, employees who happened to be available at the time of data collection were recruited to participate in this study until the numbers required were achieved (Fisher, 2010).

3.6 Questionnaire Design

Data was gathered through the design and use of a questionnaire which was divided into four main sections based on the objectives of the paper. The questionnaire begins with the first section that seeks to solicit information on the biographic data of participants including gender, age, educational qualifications and other socio-economic characteristics. This first section was meant not only to collect data on the respondents, but also to keep the respondents at ease.

The second section of the questionnaire dealt an evaluation of the three-tier pension structures in Ghana. The responses to the questions were measured using the five-point Likert Scale. The questionnaire was therefore structured on the five-point Likert Scale, where the respondents were either to tick or mark if they strongly disagree, they disagree, they were neutral, they agree or they strongly agree.

The third section of the questionnaire evaluated the benefits associated with the new three-tier pension structure in Ghana. Solicited responses to such questions were also measured on a five-point scale where respondents were either to tick or mark the various categories of benefits as follows:

Very High: 5, High: 4, Moderate: 3, Low: 2, and Very Low: 1.

The questionnaire which was designed in a close ended manner provided the ease for the researcher to input and analyse responses while collecting quite a sizeable amount of responses within a short period (Creswell, 2013). Respondents just selected answers that applied to them by way of ticking their answers, since the questions were quite easy to comprehend, there was no need for the researcher to explain questions to the respondents.

However, questionnaires can be limiting by suggesting ideas to the respondents to which he or she will not otherwise have thought about. Again, respondents can answer questions any how or even misinterpret some questions. All in all, comparing both the merits and the demerits of using questionnaires, the merits far out-weighted the demerits in a study like this, and thus it was expected that the use of the structured questionnaires would have a good impact on the study (Fisher, 2010).

All the items intended to measure the variables were adapted from previously validated instruments (Pallant, 2013). They were modified such that the focus was on the Ghanaian context. The model for the assessment of the three-tier pension scheme was rated on a five-point Likert-Scale, ranging from 1, which indicates strongly disagree to 5 indicating strongly agree. Again, the model for the measurement of the benefits inherent in the three-tier pension system was also rated on a five-point scale, ranging from 1, which indicates very low to 5 indicating very high. Each scale was made by combining the total loads for each question on a given measure and reporting the total score as the composite score for the standard.

3.7 Data Collection

According to Babbie (2015), “there are fundamentally two forms of data collection methods: primary data collection and secondary data collection”. Wahyuni (2012) posits that, “primary data are data gathered purposely for a particular research problem or study through the use of procedures that well fit the research problem”. Wahyuni (2012) further noted that “each time primary data is collected, fresh data set are subsequently added to the already existing store of social knowledge about the phenomenon under study”. This fund of knowledge engendered by other researchers is made available and may be employed by other researchers or the world-wide research community which then becomes secondary data” (Quinn, 2010).

Primary data was generated by the use of questionnaires and given to respondents to answer via a face-to-face and self-administered basis. The questionnaires were then handed over to the sampled employees of the selected organizations within the Greater Accra Region of Ghana. The questionnaires were administered between the 15th of May, 2019 and the 25th of May, 2019. The task of designing a questionnaire involves the development of a wording that is precise, concise and unambiguous, and which for that matter allows respondents to successfully answer the questions that it sought to ask (Ary, Jacobs, & Razavieh, 2012).

In view of this, Creswell (2013), suggests that the questionnaire for a study should be pre-tested for the purposes of re-wording, deleting, and or adding new items should it be necessary for better comprehension of the questionnaire by respondents. For these reasons, the questionnaires for the study were pre-tested at the CAL Bank Limited. The researcher personally distributed the questionnaire to a sample of ten (10) respondents at the bank. The sampled respondents -willingly participated in the pre-

test. The feedback was analyzed and the necessary changes were subsequently effected.

3.8 Validity of the Research Instrument

The validity of this paper was ensured as a draft copy was given to the Supervisor of this study to read through and effect the necessary corrections to ensure face, content and construct validities.

3.9 Analysis of Data

In examining the data, the study uses the descriptive statistics, correlation analysis, and regression analysis to analyse the accumulated information. Previous studies on pension systems also made use of the correlation and regression analysis. For the intents of this survey, the survey data collected were analyzed using the Statistical Package for the Social Sciences (SPSS, Version 22) to equally evaluate the extent of the kinship between the study constructs. The demographic characteristics of the respondents were analysed using descriptive statistics such as the frequency, percentages, mean, and standard deviations.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter presents the empirical findings of the study in the context of the objectives as stated in chapter one. The study focused on assessing the three-tier pension scheme in Ghana, made up of the mandatory pension schemes (tier one and tier two), and the voluntary pension scheme (tier three). The chapter deals with the bio-graphic data of respondents, sampled from Melcom Ghana Limited, Cal Bank Ghana Limited, and the Controller and Accountants' General Department, all in the Greater Accra Region of Ghana. The section further undertakes a descriptive analysis of the endogenous and exogenous variables, correlational analysis and regression analysis. The results of the study are eventually discussed relative to the research objectives, and the other extant empirical literatures. At each stage, the analyses were based on the objectives being addressed by the study which could be recalled as follows:

- i. To examine the standards of the mandatory tier-one and tier-two pension schemes in Ghana
- ii. To evaluate the current voluntary tier-three pension scheme in Ghana
- iii. To examine the relationship between the benefits of pensions and an assessment of the three-tier pension schemes to the Ghanaian worker

4.2 Demographic Profile of Respondents

The demographic characteristics of the participants who took part in this study were sampled from the three (3) organizations in Ghana, namely; Melcom Ghana Limited,

Cal Bank Ghana Limited, and the Controller and Accountants’ General Department. The profile of the respondents included; gender, age, educational background, name of organization, tenure of work, and position held in the organization. Overall, seventy-one (71) respondents constituted the sample size for the study.

4.2.1 “Gender Distribution of Respondents”

From the sex distribution of the 71 respondents, 50.7% were males and the remaining 49.3% represented females. This means that the information regarding an assessment of the three-tier pension scheme in Ghana, was obtained from both male and female employees of the three (3) sampled organizations, and therefore the findings are not gender biased. The above narrative can be inferred from Table 4.1.

Table 4.1: “Gender Distribution of Respondents”

“Category”	“Number”	“Percent (%)”
Male	36	50.7
Female	35	49.3
Sum	71	“100.0”

Source: “Field Survey Data, 2019”

4.2.2 Age Distribution of Respondents

As demonstrated by Table 4.2, 46.5% of respondent were between the ages of 20-29 years and 40.8% were within the age group of 30-39 years. 7.0% of the participants were 40-49 years of age, while the remaining 5.6% were 50 years and over. Overall, all 71 respondents who participated in the study, were above 20 years of age. An indication that, they were experienced enough to determine their enrolment in the study.

Table 4.2: “Age Distribution of Respondents”

Category	Number	Percent (%)
20-29 years	33	46.5
30-39 years	29	40.8
40-49 years	5	7.0
50 years and above	4	5.6
Total	71	100.0

Source: “Field Survey Data, 2019”

4.2.3 Educational Qualification

The educational qualification of respondents, is of prime significance in every research. The educational qualification of the respondents has significance on the ability of the respondents to read, critically analyse, understand, and interpret all the issues being raised on the research instrument, most especially regarding the topic under discussion. The educational qualification of the respondents is therefore illustrated on table 4.3.

Table 4.3: Educational Qualification

Category	Number	Percent (%)
SHS/O-/A-Level	3	4.2
Diploma	13	18.3
Degree	41	57.7
Masters/PHD	14	19.7
Total	71	100.0

Source: “Field Survey Data, 2019”

As demonstrated on table 4.3, out of the total number of 71 respondents, more than half, that is 57.7%, equivalent to 41 respondents had a minimum qualification of a bachelor's degree. The next on the scale of higher frequencies, are those with a Master's degree representing 19.7%, equivalent to 14 respondents. The next on the scale are those with a qualification in Diploma, representing 18.3%, and equivalent to 13 respondents. The respondents with the least frequency are those with an SHS/O/A-level qualification. From the findings, 95.8% of the respondents had at least a minimum tertiary qualification of a diploma and higher. The implication is that, majority of the respondents (95.8%) can be said to have the ability to read, analyse, evaluate, and fully comprehend all the issues raised on the research instrument, regarding the assessment of the three-tier pension scheme in Ghana.

4.2.4 Name of Organization

The researcher planned to solicit for information on the above topic from both the public and private sectors of Ghana. Initially, two private organizations (Melcom Ghana and Cal Bank) and two public organizations (Information Services Department, and the Controller and Accountant General's Department) agreed to partake in the study. The Information Services Department eventually withdrew from the research leaving only three organizations: Melcom Ghana Limited, Cal Bank Ghana Limited, and the Controller and Accountants' General Department, to partake in the study. The responses of the participants is illustrated on tables 4.3 below.

Table 4.4: Name of Organization

Organization	Number	Percent (%)
Melcom Ghana Limited	29	40.8
Controller & Accountant General	12	16.9
Cal Bank Ghana Limited	30	42.3
Information Services Department	0	0.0
Total	71	100.0

Source: "Field Survey Data, 2019"

As demonstrated on table 4.4, out of the total number of 71 respondents, 40.8%, equivalent to 29 respondents are working with Melcom Ghana Limited, 16.9% equivalent to 12 respondents are working with the Controller and Accountant General's Department, and 42.3%, equivalent to 30 respondents are working with Cal Bank Ghana Limited. The respondents recruited from both the private and public sectors of Ghana, and who regularly pay the SSNIT contributions of their workers is a fair representation on their assessment of the three-tier pension structure in Ghana.

4.2.5 Position held in the Organization

Purposed to achieve the main objective of the study, the respondents sampled were made up of both management and non-management staff. They were sampled from a broad spectrum of positions, including supervisors, branch managers, sales managers, marketing officers, banking operation staffs, tellers, customer service officers, accountants, auditors, human resource officers, and account officers. Regarding their position at their various places of work, the respondents were classified as either

management or non-management staff. Table 4.5 is an illustration of the position held by the respondents.

Table 4.5: Position Held in the Organization

Category	Number	Percent (%)
Management staff	17	23.9
Non-management staff	54	76.1
Total	71	100.0

Source: "Field Survey Data, 2019"

From table 4.5, out of the total number of 71 respondents, far more than half, that is 76.1%, equivalent to 54 respondents were non-management staff, and 23.9%, equivalent to 17 respondents, were management staff. The inference is that data regarding the assessment of the three-tier pension scheme in Ghana, was obtained from both management and non-management staffs of the sampled organizations.

4.2.6 Job Tenure

The number of years' working experience regarding the topic under study is of extreme significance in achieving the main objective of the study. The result on the job tenure of respondents is indicated on table 4.5.

Table 4.6: Job Tenure of Respondents

	Number	Percent (%)
1-2 years	17	23.9
3 years and up to 5 years	30	42.3
6 -9 years	16	22.5

10 years and above	8	11.3
Total	71	100.0

Source: "Field Survey Data, 2019"

From table 4.6, 17 respondents representing 23.9% have been working with their respective organizations between 1 and 2 years. 30 respondents representing 42.3%, have between 3 years up to 5 years of working experience. 16 respondents representing 22.5% have from 6 to 9 years of pragmatic experience, and finally, 8 respondents, representing 11.3% had over 10 years professional experience with their respective organizations. Generally, 76.1% of the respondents have been working for 3 years and more with their respective organizations. And since more than half of the respondents have over 3 years working experience with their respective organizations, they were poised to better understand all the issues pertaining to the research objectives. Table 4.6 is therefore an illustration of the pragmatic experience of the respondents, indicating the number of years that they have been working with their respective organizations.

4.3 An Examination of the Mandatory Pension Schemes (Tiers One and Tier Two) in Ghana

The first specific and foremost objective of the study is to examine the standards of the mandatory pension schemes (tier one and tier two) in Ghana. This objective was achieved by measuring the outcomes of the responses of the respondents on a Five-Point Likert Type of Scale. The mean and standard deviations were used to present the findings, and the results are shown on table 4.6.

Table 4.7: Examination of the Mandatory Pension Scheme in Ghana

Mandatory Pension Schemes (Tier 1 and 2)	N	Mean	Std dev
The Tier 1 and 2 schemes are made up of the mandatory basic national scheme and mandatory occupational scheme	71	4.30	1.14
The tier 1 and 2 schemes are compulsory	71	3.82	1.37
The total monthly contribution of the employer and employee currently stands at 18.5%	71	3.70	1.20
In addition to the contributions made towards the tier 1, 5% is supposed to be remitted to an approved trustee	71	3.39	1.27
The basic social security is applicable to every employer and employee in Ghana	71	2.67	1.34
I have an extensive knowledge on the tier 1 and 2 mandatory schemes in Ghana	71	3.62	1.42
Out of the 18.5% monthly contributions, 13.5% is delivered to SSNIT, while 2.5% is transmitted to NHIL	71	2.75	1.52
Overall	71	3.19	1.17

“Source: Field Survey Data, 2019”

Grand Mean 3.41, Cronbach Alpha 0.83, Significance Level 0.002 Std Dev 1.30

An examination of the current standards of the mandatory pension schemes (tier one and tier two) in Ghana has been demonstrated on table 4.7. This objective was attained by measuring the outcomes of the respondents’ responses on a Five-Point

Likert Type of Scale, ranging from 1: “Strongly Disagree”; 2: “Disagree”; 3: “Neutral”; 4: “Agree”; and 5: “Strongly agree”.

Mean scores of 3.50-4.00 and higher suggests that, the participants agreed, they have knowledge of, and were aware of the existence of the mandatory tier one and tier two pension schemes in Ghana. However, the overall mean score of 3.41 implied that majority of the respondents were indifferent and were neutral to the questions posed to them on their knowledge of the mandatory pension schemes in Ghana. Their neutrality was evidenced in each of the following indicators; the tier one and tier two schemes are made up of the obligatory basic national scheme and a mandatory occupational scheme (M=3.48, SD=1.54), the tier one and tier two schemes are compulsory (M=3.01, SD=1.33), the total monthly contribution of the employer and employee currently stands at 18.5% (M=3.47, SD=1.32), out of the 18.5% monthly contributions, 13.5% is delivered to SSNIT, while 2.5% is transmitted to the NHIS Levy (M=3.38, SD=1.23), in addition to the contributions made towards the tier one, 1.5% is supposed to be remitted to an approved Trustee (M=3.39, SD=1.23), and finally, as a mandatory scheme, the basic social security is applicable to every employer and employee in Ghana (M=3.72, SD=1.14).

It can be envisaged that, an examination of the current standards of the mandatory tier one and tier two pension schemes in Ghana, yielded indifferent and neutral results on the part of the respondents. The respondents neither agreed to the fact that, they are aware of the existence of the mandatory pension scheme nor agreed to that fact. They were simply neutral and indifferent as illustrated on table 4.7

4.4 Evaluation of the Current Voluntary Tier Three Pension Scheme in Ghana

The second specific objective of the study was to evaluate the current voluntary tier three pension scheme in Ghana. This objective was achieved by measuring the outcomes of the responses of the respondents on the voluntary tier three pension scheme in Ghana, employing a Five-Point Likert Type of Scale. The mean and standard deviations were used to present the findings, and the results can be inferred from table 4.8.

Table 4.8: Evaluation of the Voluntary Tier Three Pension Scheme in Ghana

(Total Mean, M=26.78, Average Mean, M =3.35)

(Total Standard Deviation, SD=3.48, Average Standard Deviation, SD=1.10)

Voluntary Tier Three Pension Scheme	N	Mean	Std Dev
Unlike the tier 1 and 2 which is mandatory, the tier 3 provides contributions towards voluntary schemes	71	3.51	1.11
An employer is not obliged to contribute to the tier 3 voluntary scheme	71	3.40	1.11
Most employers contribute to the tier 3, to motivate employees to remain in the company	71	3.26	1.10
Employers who contribute to the tier 3 enjoy some tax benefits as those contributions are tax-exempt	71	3.23	0.99
The minimum contribution to the tier 3 is pegged at 16.5% for the formal sector and 35% for the informal sector	71	3.27	1.13
My employer gives the employees training on the voluntary tier three pension scheme	71	3.20	1.09

I am aware of the existence of the voluntary tier 3 pension scheme in Ghana	71	3.51	1.14
Overall evaluation of the tier three pension scheme in Ghana	71	3.40	1.15

Source: "Field Survey Data, 2019"

"Scale: 1= "Strongly disagree", 2= "Disagree", 3= "Neutral", 4= "Agree", 5= "Strongly agree"

Mean scores of 3.50-4.00 and higher suggests that, the respondents agreed, they have knowledge of, and were aware of the existence of the voluntary tier-three pension scheme in Ghana. However, the overall mean score of 3.35 implied that majority of the respondents were indifferent and were neutral to the questions posed to them on their knowledge on the awareness of the voluntary tier-three pension scheme in Ghana. Their neutrality was evidenced in each of the following indicators of the voluntary tier three pension scheme; unlike the tier one and tier two schemes which are compulsory, the tier three pension scheme provides contribution towards voluntary schemes (M=3.51, SD=1.11), An employer is not indebted to contribute to the tier three voluntary scheme (M=3.40, SD=1.11), most employers contribute to the tier three scheme, as a way of encouraging employees to remain in employment (M=3.25, SD=1.10), employers contributing to the tier three scheme enjoy benefits such as tax-exemptions on contributions (M=3.23, SD=0.99), (M=3.40, SD=1.11), my employer gives the employees training on the voluntary tier three pension scheme (M=3.20, SD=1.09), I am aware of the existence of the voluntary tier 3 pension scheme in Ghana (M=3.39, SD=1.23), and finally, the minimum contribution to the tier 3 is pegged at 16.5% for the formal sector and 35% for the informal sector (M=3.27, SD=1.13).

It can be envisaged that, an evaluation of the current voluntary tier three pension scheme in Ghana, yielded indifferent and neutral results on the part of the respondents. The respondents neither agreed to the fact that, they are conscious of the existence of the current voluntary tier three pension scheme nor agreed to that fact. They were simply neutral and indifferent as illustrated on table 4.8

4.4.1 Correlational Analysis of the Dependent and Independent Variables

In assessing the three-tier pension scheme in Ghana, the study undertook a correlational analysis of the dependent and independent variables. The correlational analysis reports the direction and degree of the relationship that exist between the benefits of pension scheme and an assessment of the three-tier pension scheme in Ghana. However, it does not show the effects that exist among the study variables. The sign shows the direction of the relationship between the study variables, while the degree of the relationship between the study variables, and is also determined by an absolute value. Table 4.9 is an illustration of the relationship between the endogenous and exogenous variables.

Table 4.9: Correlational Matrix of the Three-Tier Pension Scheme and Benefits of Pension Schemes in Ghana

	(1)	(2)	(3)	(4)	(5)
Three-Tier Pension Scheme	1				
Health Benefits					

	0.452	1			
Accommodation Benefits	-0.750	0.070	1		
Leisure Benefits	0.010*	0.279	0.083	1	
Other Benefits	0.094	0.355	0.803	0.120	1

Source: Field Survey Data, 2019

**Correlation is significant at the 0.05 level (2-tailed).*

Table 4.9 demonstrates the Pearson correlation coefficient, which also serves as a check for the correlation between the study variables employed in the study in order to achieve the research objectives.

The results from the correlation matrix as demonstrated in table 4.9, indicates that, with the exception of the benefits on accommodation, all the three benefits associated with pension schemes in Ghana had positive correlations with the dependent variable, which is the three-tier pension scheme. Again, out of all the four (4) categories on the benefits of pension schemes, only the benefit on leisure was the most significant, according to the respondents. Leisure benefits had a positive and a significant correlation with the three-tier scheme at a 95% confidence interval (5% level of significance). The aspect of leisure as a benefit on pension schemes in Ghana had a significant positive relationship with the three-tier scheme at a 5% level of significance ($p=0.010<0.05$).

4.4.2 Regression Analysis of the Dependent and Independent Variables

In further assessing the three-tier pension structure in Ghana, the paper undertook a regression analysis of the dependent and independent variables. The dependent variable in this case is an assessment of the three-tier pension scheme, and the independent variables are made up of all the benefits associated with being on pension schemes in Ghana, namely, health benefits, benefits associated with accommodation, benefits associated with leisure, and other benefits. The outcome of the regression results is demonstrated on table 4.10

Table 4.10: Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t-stat	Sig.
	B	Std. Error	Beta		
(Constant)	1.837	0.951		1.932	0.058
Health Benefits	0.055	0.132	0.050	0.413	0.681
Accommodation Benefits	-0.181	0.157	-0.140	-1.154	0.253
Leisure Benefits	0.612	0.188	0.396	3.259	0.002*
Other Benefits	-0.152	0.123	-0.145	-1.234	0.222

Dependent Variable: Assessment of the Three-Tier Pension Scheme

***Regression outputs are statistically significant at the 5% significance level".
Results, P=0.033, R=0.380, R-squared (R)²=0.145, Adjusted R-squared =0.093".*

"ANOVA

Source: Field Survey Data, 2019

Table 4.10 depicts the regression results between the dependent variable (assessment of the three-tier pension scheme) and the other explanatory variables (health benefits, accommodation benefits, leisure benefits, and other benefits). The R-squared value

measures how well the regression model explains the actual variations in the dependent variable. From table 4.9, the regression output is 0.145 (14.5%). The R-squared measures how many of the explanatory variables can really explain the dependent variable (assessment of the three-tier pension scheme). The results indicate that, all the benefits associated with pension schemes in Ghana, notably, health benefits, accommodation benefits, leisure benefits, and other benefits, can actually explain about 14.5% of the variability in the assessment of the three-tier pension scheme in Ghana. The adjusted R-squared value indicates that 0.093 (9.3%) of the total variability in the three-tier pension scheme can be explained by all the benefits emanating from the pension schemes in Ghana.

The analysis of variance (ANOVA), as indicated on table 4.10, portrays the results of the F-test for the significance level on an assessment of three-tier pension scheme in Ghana. At a 95% confidence interval level (that is, at a 5% level of significance), the regression model above can be said to be statistically significant ($p=0.033<0.05$). This therefore shows that we are more than 95% confident that the regression model, which explains the assessment of three-tier pension scheme in Ghana is statistically significant. It can therefore be inferred from the ANOVA findings that the benefits of pension schemes in Ghana (that is, the independent variables) in the model, were able to explain the variations in assessing the three-tier pension scheme.

4.4.3 Regression Variable Outputs and Coefficients

Table 4.10 further portrays the regression variable outputs and coefficients for the topic under investigation. From the table, and as illustrated, the benefit on leisure was found to be statistically significant in predicting the three-tier pension structure in Ghana. The benefits associated with leisure had a positive and statistically significant

effect on the three-tier pension scheme, at a 5% level of significance ($\beta=0.612$; $p=0.002<0.05$). However, the benefits associated with health, accommodation, and other benefits were all found to be largely and statistically insignificant, in predicting the three-tier pension scheme in Ghana.

4.5 Discussion of Results

Results from the study 0.145 (14.5%) of the variations in the assessment of the three-tier pension structure by the respondents, could be accounted for by variations in their health benefits, accommodation benefits, leisure benefits, as well as other benefits. From the correlation coefficient of 0.380 (38.0%), it emerged that there was quite a strong association between the benefits to be derived from pension schemes in Ghana, and an assessment of the three-tier pension scheme in Ghana. From the ANOVA findings, the study found out that the model had a significance level of 0.033 ($p=0.033<0.05$). This level of significance shows that the data is ideal for making conclusions on the population's parameter as the value of significance (p-value) is less than 5%. Furthermore the benefits to be derived from an awareness of pension schemes in Ghana, significantly affected the assessment of the three-tier pension schemes in Ghana.

In connection with the first objective of examining the current standards of the mandatory tier one and tier two pension structures in Ghana, the results of the study, yielded indifferent and neutral results on the part of the respondents. The respondents neither agreed to the fact that, they are aware of the existence of the mandatory pension scheme nor agreed to that fact. They were simply neutral and indifferent to the questions posed to them on their awareness of the mandatory tier one and tier two pension schemes in Ghana.

In connection with the second objective, the results of the study again, yielded indifferent and neutral results on the part of the respondents. The respondents neither agreed to the fact that, they are aware of the existence of the current tier-three voluntary pension scheme, nor agreed to that fact. They were simply neutral and indifferent to the questions posed to them on their awareness of the current tier-three pension scheme in Ghana.

In connection with the final objective of examining the relationship between the benefits of pensions and an assessment of the three-tier pension schemes to the Ghanaian worker, the results from the correlational analysis indicated that, with the exception of the benefits on accommodation, all the three benefits associated with pension schemes in Ghana had positive correlations with the dependent variable, which is the three-tier pension scheme. Out of the four (4) categories of benefits associated with pension schemes in Ghana, only the benefits on leisure was the most significant, according to the respondents. Leisure benefits had a positive and a significant correlation with an assessment of the three-tier pension scheme, at a 95% confidence interval (5% level of significance). The aspect of leisure as a benefit on pension schemes in Ghana, according to the respondents, had a significant positive relationship with the three-tier scheme at a 5% level of significance ($p=0.010<0.05$).

The regression results, according to table 4.10, further illustrated that, the benefits associated to leisure, was discovered to be statistically important in predicting the three-tier pension scheme in Ghana. The benefits associated with leisure had a positive and statistically significant effect on the three-tier pension scheme, at a 5% level of significance ($\beta=0.612$; $p=0.002<0.05$). However, the benefits associated with

health, accommodation, and other benefits were all found to be largely and statistically insignificant, in predicting the three-tier pension scheme in Ghana.

With regards to the extant empirical literatures, the outcomes of the study corroborate similar work undertaken by Ayi-Bonte (2013) and Boamah (2015). It however contradicts the works of Anku-Tsedo, Amertowo, and Amankwa (2014). Ayi-Bonte (2013), did a study on the three-tier pension scheme and its influence on retirement planning among workers in selected organizations in Ghana. Using the cross-sectional survey method, 196 participants made up of 102 males and 94 females were sampled from six organizations. The participants were administered with the retirement planning scale, knowledge of the three-tier pension scheme questionnaire, and the financial literacy questionnaire. The results using the Pearson Product-Moment Correlation Coefficient indicates that knowledge of the three-tier pension scheme has a significant positive correlation with retirement planning. Also, significant age difference was found among the respondents. However, gender did not yield any significant difference among the respondents in relation to their knowledge of pension scheme and retirement planning using the Independent t-test. Further analysis using the hierarchical multiple regression showed that the variables such as age, educational level, income level and financial literacy had significant moderation effects on the relationship between knowledge of the three-tier pension scheme and retirement planning. These findings imply that for workers to be able to better plan for their retirement, they must possess adequate knowledge of their pension scheme. They also need not to underplay the importance of the moderating variables (that is, financial literacy, educational level, income level and age) during the process of planning. It is therefore indispensable for employers to organize workshops and seminars to educate their employees on the new pension schemes, identify the prospects and challenges

associated with the new pension scheme early enough in order to assist the workers to make informed decisions about their retirement.

Boamah (2015), undertook a study on the efficiency of the new SSNIT three-tier pension scheme in Ghana. The purpose of the study was to investigate the efficiency of the new three-tier pension scheme in Ghana. The convenient sampling technique was used to select 50 respondents for the purpose of the study. All the respondents were contributors to the already existing SSNIT pension scheme that is the first-tier scheme. The results from the study indicated that the new three-tier pension scheme is an effective scheme. This is due to the fact that, the new scheme delivers on its promise of higher pension benefits for its current contributors. It was also proven that the scheme is more accountable and transparent than the cap 30. The results also indicated that considering the cost and contribution of members, the new scheme was beneficial to the contributors. The results further indicated that the contributors were not pleased with the management of the second-tier by government. Again, the findings of the study revealed that, although many Ghanaian workers, especially, those in the financial services sector are aware of the new scheme, they do not understand its current structure, the role of the new players, and exactly how high pension benefits under the new scheme can be obtained. The introduction of the recent three-tier scheme was quite new and as such there was limited literature with regard to its effective and efficient management.

Anku-Tsede, Amertowo, and Amankwa (2014) on their overview on managing pension funds in Ghana asserted that the purpose of the study was to provide an original overview of the pension scheme in Ghana, so that a foundation is built for future reference and research directions. According to the authors, in spite of the

indications of selfless support that the pension scheme presents to the Ghanaian employee, there have been issues of mismanagement, inequitable returns and employee-employer conflicts. Sometimes, employees pay for all their active years and only retire with packages far below their expectations. This has caught the attention of many unionized bodies into organizing various forms of industrial actions to attract the attention of the government and the state. Many argue that there is a lack of public knowledge on the composition of the pension scheme and the management of same, adding that there is limited information to employees on how their funds are managed. Others argue that, over the years, governments in Africa have not demonstrated the astuteness of a good business person, and therefore call on private investors to manage the funds with the view of generating higher returns. The authors concluded that despite these calls, there are limited studies on the Pensions in Ghana.

4.6 Chapter Conclusion

The findings which emerged from the conduct of this study have been presented, analysed and discussed in line with the objectives chosen for this study.

The chapter gave an overview of the biographic data of respondents, examined the standards of the mandatory tier one and tier two pension schemes in Ghana, evaluated the current tier three voluntary pension scheme in Ghana, and examined the relationship between the benefits of pension schemes, and then performed an assessment on the current scheme to the Ghanaian worker. The discussion of findings relative to the extant empirical literatures was finally examined.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This concluding chapter completes the study with a summary of the findings. In this final chapter, valid conclusions are drawn, limitations of the study are emphasized, appropriate recommendations are made, and directions for future and further studies are highlighted.

5.2 Summary

It can be inferred from the study that, an awareness of both the mandatory tier-one and tier-two, as well as the voluntary tier-three pension schemes in Ghana by the average Ghanaian worker is on the low side. The study assessed the three-tier pension schemes in Ghana, using sampled respondents from both private sector and public sector institutions in Ghana. Precisely, the study examined the standards of the mandatory tier one and tier two pension schemes in Ghana; evaluated the current voluntary tier-three pension scheme and assessed the relationship between the benefits of pension schemes, and an assessment of the three-tier pension scheme to the Ghanaian worker. The discussion of findings relative to the research objectives, and other extant empirical literatures were also examined.

The key instrument of research for this study was the questionnaire. A total of seventy- one (71) respondents sampled from two private organizations and one public organization participated in the study. The sampled organizations included: Melcom

Ghana Limited, the Controller and Accountant General's Department, and Cal Bank Ghana Limited. All the respondents had their SSNIT contributions regularly paid. The purposive and convenient sampling technique tools were deployed in the study, and the study made use of both the descriptive and inferential analytical tools to present the analysis of data.

In connection with the first objective of examining the current standards of the mandatory tier one and tier two pension schemes in Ghana, the results of the study, yielded indifferent and neutral results on the part of the respondents. The respondents neither agreed to the fact that, they were aware of the existence of the mandatory pension scheme nor agreed to that fact. They were simply neutral and indifferent to the questions posed to them on their awareness of the mandatory tier one and tier two pension schemes in Ghana.

With respect to the second objective of evaluating the current voluntary tier-three pension scheme in Ghana, the results of the study again, yielded indifferent and neutral results on the part of the respondents. The respondents neither agreed to the fact that, they were aware of the existence of the current tier-three voluntary pension scheme, nor agreed to that fact. They were simply neutral and indifferent to the questions posed to them on their awareness of the current tier-three pension scheme in Ghana.

In relation to the final objective of examining the relationship between the benefits of pensions and an assessment of the three-tier pension schemes to the Ghanaian worker, the results from the correlation analysis indicated that, with the exception of the benefits on accommodation, all the three benefits associated with pension schemes in Ghana had positive correlations with the dependent variable, which is the three-tier

pension scheme. Out of the four (4) categories of benefits associated with pension schemes in Ghana, only the benefits of leisure were the most significant, according to the respondents. Leisure benefits had a positive and a significant correlation with an assessment of the three-tier pension scheme. The aspect of leisure as a benefit on pension schemes in Ghana, according to the respondents, had a substantial positive association with the three-tier scheme.

Results from the regression analysis further illustrated that, the benefits associated with leisure, was found to be statistically significant in predicting the three-tier pension scheme in Ghana. The benefits associated with leisure had a positive and statistically significant effect on the three-tier pension scheme. However, the benefits associated with health, accommodation, and other benefits were all found to be largely and statistically insignificant, in predicting the three-tier pension scheme in Ghana.

5.3 Conclusions

It can be concluded, grounded on the results of the study, that the respondents were indifferent to the awareness and existence of both the mandatory and voluntary pension schemes in Ghana. Even though they pay their SSNIT contributions regularly, they were unaware of what goes into both the mandatory and voluntary pension schemes in Ghana. The results of the study have revealed that, for the Ghanaian workforce to make better provisions for their retirement benefits, they must have and possess adequate awareness of pension schemes in Ghana. In terms of the benefits emanating from pension schemes in Ghana, the sampled respondents preferred leisure as opposed to benefits such as accommodation, health, and others.

Overall, there was a significant positive relationship between the benefits associated with pension schemes, and an assessment of the three-tier pension schemes in Ghana.

5.4 Limitations of the Study

Some few challenges were encountered during the period of the study. The major setback was with data collection. Data collection was delayed by all the three organizations used in the study, even though a letter of intent was initially sent to the targeted organizations. Moreover, the respondents delayed in filling out the self-administered structured questionnaires. Another drawback is that, the study was limited to only the formal sector. Thus the views of workers in the informal sector were not accessed, although presently, a provision has been made for them to also make contributions into the pension scheme. As such, the generalization of the study outcomes is somehow limited. Furthermore, the cross-sectional research methodological design employed in the study, makes it difficult to draw a strong cause-effect analytical conclusion, since the data was collected at one point in time, and therefore gives no indication of the sequence of events (Hair, Money, Page, & Samuel, 2012).

In terms of the benefits associated with pension schemes in Ghana, the sampled respondents preferred leisure as opposed to benefits such as accommodation, health, and others. Overall, there was a significant positive relationship between the benefits associated with pension schemes, and an assessment of the three-tier pension schemes in Ghana.

5.5 Recommendations

Based on the findings of the study, it is recommended that, the government of Ghana must come out with policies to make education of employees on pension schemes in

Ghana mandatory for all employers in Ghana. This is due to the fact that, the current education being undertaken by the National Pension Regulatory Authority is insufficient to get to all employees of the country, particularly, those employees in the formal sector. With such a policy in place, employees will be well-motivated to consciously plan towards their retirement and other associated benefits.

Secondly, at the organizational level, it is strongly recommended that management must organize workshops and seminars to educate employees on pension schemes early enough. Accordingly, the prospects and challenges associated with the system with regards to the various pension schemes in Ghana, will be revealed to aid the employees make informed decisions. This can even serve as a form of motivation to the workers, much more realizing that the management of the organization has the well-being of the employees at heart. Management can even indicate the retirement date of their workers in their offer letter of appointments, so as to let them be aware of the need to plan for their retirement early enough.

Thirdly, employees of various organizations must make it a point to seek for information on their pension schemes in order to avert any future surprises when they finally retire. They should endeavor to increase their financial literacy with specific emphasis on both the mandatory and voluntary pension schemes in Ghana. This knowledge can be acquired if the employees make a conscious effort to read materials, attend seminars or even surf the internet for information on pension schemes in Ghana. With these resources, employees can take advantage of the provisions in the pension schemes, such as making additional contributions, using pension benefits for mortgaging, enjoying tax exemptions, and making sure their contributions (for example, the 5% lump sum of the three-tier pension scheme in Ghana), are invested in high yielding investment portfolios. Considering the effect of

age, as indicated from the socio-demographic characteristics of the respondents, employees are advised to start planning towards their retirement early enough, in order to increase their retirement savings and options. Consequently, employees should seek some form of financial education to enable them manage their income effectively.

5.6 Future Research

Finally, future studies should explore other equally essential variables that can have an effect on the relationship between the three-tier pension scheme and pension benefits in Ghana. This could be done by expanding the scope and using much larger samples in order to ascertain whether the variance that would be attributed would be large enough. As concluded by Creswell (2013), “unless researchers oversample, the detections of moderation effects would even be difficult”.

Since the informal sector makes up the majority of the Ghanaian working force, future researchers should investigate their awareness and knowledge of the three-tier pension scheme in Ghana, so that efficient policies can be made by the government of Ghana, for their benefit.

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APPENDIX

SECTION A

THE QUESTIONNAIRE



DEPARTMENT OF FINANCE

QUESTIONNAIRE FOR SAMPLED EMPLOYEES OF VARIOUS ORGANIZATIONS

TOPIC: A Study to Assess the Three-Tier Pension Scheme in Ghana

Introduction: The questionnaire below is aimed at achieving the aforementioned topic, and the successful completion of it will lead to the award of an MBA degree in finance at the University of Ghana Business School, Legon. The researcher pledge to conceal the anonymity and confidentiality of all persons who give out information as required by this study.

SECTION A: Demographic Profile of Respondents

1) Gender of respondent

A. Male []

B. Female []

2) Age of respondent

- A. Less than 20yrs [] B. 20-29yrs [] C. 30-39yrs [] D. 40-49yrs []
- E. 50yrs or more []

3) Educational level of Respondent

- A. SHS/ O/A-Level [] B. Diploma [] C. Degree [] D. Masters/PhD []

4) Name of Organization.....

- A. Melcom Ghana Limited []
- B. Cal Bank Ghana Limited []
- C. Controller and Accountant's General's Department []

5) How long have you been working with your organization? (Tenure of work)

- A. less than and up to 2 years []
- B. 3 to 5 years []
- C. 6 to 9 years []
- D. 10 years and above []

6) Position held in your organization

- A. Management staff [] B. Non-management staff []

SECTIONB: Benefits of the Three-Tier Pension Schemes- in Ghana

The following items seek to determine the benefits of the three-tier pension scheme in Ghana. Please, respond by choosing and using the following Five-Point scale:

1=Strongly disagree

2= Disagree

3=Neutral

4=Agree

5= strongly agree

No.		For each statement choose a number				
		Strongly disagree	Disagree	Neutral	Agree	Agree
Benefits of the Three-Tier Pension Scheme						
HEALTH						
1	Your employer pays all your hospital expenses	1	2	3	4	5
2	The health benefit covers my family as well	1	2	3	4	5
3	The health benefit will continue upon retiring from your organization	1	2	3	4	5
4	Your organization offers health insurance to all the workers	1	2	3	4	5
5	You are preparing for your health in retirement or you are prepared for your health in retirement	1	2	3	4	5
6	Employees in your organization are frequently reminded to invest towards their health care	1	2	3	4	5
7	Your pension is more than enough to take care of all your health expenses	1	2	3	4	5
ACCOMODATION						
8	Your pension is enough to take care of all your	1	2	3	4	5

	accommodation expenses					
9	You plan to have an accommodation of your own upon retirement	1	2	3	4	5
10	You will be able to buy an apartment or complete your own apartment upon retirement	1	2	3	4	5
11	You are prepared for your accommodation in retirement or preparing for your accommodation in retirement	1	2	3	4	5
LEISURE						
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
12	You have hobbies, pleasure, and other interests	1	2	3	4	5
13	You will have lots of leisure, happiness and enjoyment during retirement	1	2	3	4	5
14-	You are ready and prepared for your leisure in retirement	1	2	3	4	5
15	You have planned how to effectively use your free time during retirement	1	2	3	4	5
OTHER BENEFITS						
16	I will invest my lump sum in shares, stocks and other fixed incomes	1	2	3	4	5
17	I will enjoy all benefits associated with the three-tier pension scheme	1	2	3	4	5
18	A contributing member under the tier 3 qualifies to withdraw his accrued benefits without any penalties	1	2	3	4	5
19	I will enjoy tax benefits on my three-tier contributions	1	2	3	4	5

SECTION C: An Assessment of the Three-Tier Pension Scheme in Ghana-

The following items seeks to assess the three-tier pension scheme, and further evaluates the knowledge of the respondents on the three-tier pension scheme in Ghana. Please, respond by choosing each item by using the following Five-Point scale:

1= Strongly disagree

2= Disagree

3= Neutral

4= Agree

5= strongly agree

No	<u>Assessment of the Three-Tier Pension Scheme in Ghana</u>	For each statement choose a number				
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
	Mandatory Schemes (Tier 1 and 2)					
1	The tier 1 and 2 schemes are made up of the mandatory basic national scheme and a mandatory occupational scheme	1	2	3	4	5
2	The tier 2 and tier 3 schemes are	1	2	3	4	5

	compulsory					
3	The total monthly contribution of the employer and employee currently stands at 18.5%	1	2	3	4	5
4	Out of the 18.5% monthly contributions, 13.5% is delivered to SSNIT, while 2.5% is transmitted to the NHIL	1	2	3	4	5
5	In addition to the contributions made towards the tier 1, 5% is supposed to be remitted to an approved Trustee	1	2	3	4	5
6	As a mandatory scheme, the basic social security is applicable to every employer and employee in Ghana	1	2	3	4	5
	Voluntary Scheme (Tier 3)					
7	Unlike the tier 1 and 2 which is mandatory, tier 3 provides contributions towards voluntary schemes	1	2	3	4	5
8	An employer is not obliged to contribute to the tier 3 voluntary scheme	1	2	3	4	5
9	Most employers contribute to the tier 3, as a means of motivating	1	2	3	4	5

	employees to remain in employment					
10	Employers who contribute to the tier 3 enjoy some tax benefits as those contributions are tax-exempt	1	2	3	4	5
11	The minimum contribution for the tier 3 is pegged at 16.5% for the formal sector and 35% for the informal sector	1	2	3	4	-5

THANK YOU.