

MIDLANDS STATE UNIVERSITY



FACULTY OF COMMERCE

DEPARTMENT OF BANKING AND FINANCE

**AN ASSESSMENT OF THE FEASIBILITY TO EXTEND CONTRIBUTORY
SOCIAL SECURITY SCHEME TO THE INFORMAL SECTOR BY NATIONAL
SOCIAL SECURITY AUTHORITY**

BY

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This dissertation is submitted in partial fulfillment of the requirements of the Bachelor of Commerce (Honours) in Banking and Finance Degree in the Department of Banking and Finance at Midlands State University.

MAY 2018

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TO EXTEND CONTRIBUTORY SOCIAL
SECURITY TO THE INFORMAL SECTOR
BY NATIONAL SOCIAL SECURITY
AUTHORITY

DEGREE TITLE: Bachelor of Commerce in Banking and
Honours Degree

YEAR THIS DEGREE GRANTED: 2018

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DEDICATIONS

This work is dedicated to my family, relatives and friends. I salute you all. May God bless you abundantly.

ACKNOWLEDGEMENTS

First and foremost, I would like to thank the Lord Almighty for the strength and knowledge throughout my study. I acknowledge the assistance of my supervisor Mr Chigamba. Through his commitment and patience, he contributed a lot to the success of this research. I extend my special thanks to Midlands State University and all Banking and Finance lectures for their assistance. I would like to thank NSSA staff and informal sector workers for their valuable corporation and assistance throughout the research period. My special gratitude goes to my father and mother for the financial support they have given me in my education career. To my relatives and friends your love and support is worth mentioning. May God enlarge your territories.

ABSTRACT

The research was primarily aimed at assessing if it is feasible for National Social Security Authority (NSSA) to extend contributory social security scheme to the informal sector. The research was motivated after realizing that the informal sector in Zimbabwe is increasing at the expense of formal sector which is leading to the contribution base of NSSA to decrease since only formally employed workers are the ones who are obliged to contribute. This leads to a funding gap where contributions are declining whilst claims are increasing hence the need to extend social security to the informal sector so as to maintain viability of the scheme. The study analyzed the willingness of informal sector to contribute to the scheme, the challenges that can be encountered by NSSA in extending the scheme as well as the strategies that were used by other countries in extending social security to the informal sector. A descriptive research design was used on this study. The sample size of sixty informal sector workers and five NSSA personnel was selected making it a total of sixty-five. Both primary and secondary data was used. The data was collected through questionnaires, interviews and published reports. The study established that there is a significant number of people who are willing to contribute to the scheme, there are challenges which can be encountered in extending contributory social security to the scheme which include lack of trust to the scheme by informal sector workers, lack of their capacity to contribute as well as administrative costs. Other countries also were successful in extending social security to the informal sector through use of different strategies. Considering the results found it can be feasible for NSSA to extend the scheme to informal sector. The study recommended the policy makers to put a policy that allow informal sector to contribute to the scheme, also it was recommended that NSSA should venture into awareness campaigns to increase knowledge on contributions and benefits. The study continued to recommend for implementation of flexible contributions

which can allow everyone to be able to pay as well as putting payment methods which are convenient to the informal sector workers.

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LIST OF ACRONYMS

NSSA - National Social Security Authority

NPS - National Pension Scheme

WCIF - Workers' Compensation Insurance Fund

ILO - International Labour Organization

UDHR - Universal Declaration of Human Rights

ZCTU - Zimbabwe Congress of Trade Unions

ICLS - International Conference of Labour Statisticians

WIEGO-Women in Informal Employment Globalizing and Organizing

CHAPTER 1: INTRODUCTION

1.1 Introduction

This research is all about assessing the feasibility of extending the contributory social protection to the informal sector by the National Social Security Authority (NSSA). It is the aim of the study to find out if it can be feasible for NSSA to take into account the informal sector of Zimbabwe since there is social exclusion where only the people in the formal sector are the only who contribute and benefit from the social security schemes leaving informal sector workers vulnerable to social insecurity. Also the NSSA contributions are decreasing since many workers are leaving the formal sector to the informal sector where they are not mandated to contribute to the scheme. The introductory chapter mainly focuses on highlighting the background of study, the problem statement, research questions, research objectives, significance of the study, delimitations of the study, limitations of the study, assumptions, definition of key terms and the organisation of study concludes the chapter.

1.2 Background of the study

Prior to independence, black Africans who had become destitute or had been laid off in the formal sector of the economy had to be send back to their rural homes where they were expected to have a piece of land or relatives who could meet their social security need (Dhemba 1999). The natives were regarded as rural based communities who reside in urban areas temporarily.

Since 1919 the International Labour Organisation (ILO) has been encouraging member states to formulate and implement social security policies that provide adequate care and protection to workers and their dependents. The Article 22 of the Universal Declaration of Human Rights (UDHR) states that everyone in a society has the right to social security. The state is therefore required to ensure a minimum standard of living to its citizens not considering contribution or employment (Mchomvu et al. 2002).

Due to this requirement, the government of Zimbabwe set up a compulsory national social security which is under National Social Security Authority which was constituted and established in terms of NSSA Act Chapter 17.04 of 1989. NSSA commenced its operations in

October 1994. Currently it is running two schemes namely; National Pensions and other Benefits Scheme (NPS) and Workers' Compensation Insurance Fund (WCIF).

The NPS scheme is a scheme which is funded by mandatory monthly contributions where both the employer and the employee make equal contributions of 3.5% of the employee's basic salary (NSSA Act Chapter 17:04). Under this scheme, a formula is used to determine the retirement income one would get at basing on number of years contributed and earnings. The employee's benefit is defined as a function of both years of service and wage history (www.sunlife.co.zw). The WCIF is funded by contributions from the employers only. Benefits being offered by the NPS include; Retirement pension, retirement grant, survivor's pension, survivor's grant, invalidity pension, invalidity grant as well as funeral grant.

Currently NSSA covers only workers in the formal sector and those in the informal sector are excluded. There is a challenge facing NSSA where its contributor's base is decreasing due to retrenchments taking place in Zimbabwe. Workers are leaving the formal sector joining the informal sector where they are not mandated to contribute to the scheme. The NSSA statistical report (2014), states that unemployment has an effect on contribution income, coverage and benefits level since the social security contributions are financed from labour income. This affects the viability of the schemes.

According to Farazi (2014), a major part of the overall economy in developing countries is covered by the informal sector and therefore there is need for attention. Harnessing resources (2014), states that during the past decade, the Zimbabwean economy underwent a significant transformation with the expanding informal sector substituting the formal sector. As per the 2014 Labour force survey, an estimation of 94.5% of the employed population aged 15 years and above were employed in the informal sector (labour force survey, 2015). This basically means that the majority of economically active population in Zimbabwe is employed in the informal sector.

Former Minister of Labour and Social Welfare, Prisca Mupfumira in her 2015 ministerial statement said that NSSA was negatively affected by the loss of contributors of about 14 000 due to economic problems. This was as a result of the harsh economic environment that is causing some companies downsizing and some even closing. The poor economic performance which is characterised by retrenchment of workers meant that there were fewer employees contributing to the scheme. Also statistics show that only five workers are

employed by 52% of registered companies thus showing a continued increase in unemployment levels. In addition to that, the Zimbabwe Congress of Trade Unions (ZCTU) indicated that more than 236 companies closed between January and August 2016 and this led to the decline of NSSA's contribution base.

NSSA regional contributions, collections and compliance manager Agnes Chikwavaire on her presentation to bankers at the Institute of Bankers of Zimbabwe summer school in October 2017, said that the increase in informal sector of the economy at the expense of formal is causing a drastic shrink on the social security contribution base. She emphasized a development of social security packages which suit the informal sector is needed so as to expand the social security contribution base.

The employees who are laid off from the formal sector join the informal sector. When they are in informal sector, they will not contribute to the social security scheme because they are not mandated to contribute but they have the right to claim their benefits from NSSA when events like death and invalidity occurs or when they reach retirement age. This lead to any increase in claims whilst contributions are decreasing.

Since there is an increase in the workers in the informal sector than those in the formal sector, it means that the majority of the people in Zimbabwe are not covered under the social security scheme. This leaves the gap that needs to be addressed by NSSA. The International Labour Organisation tend to encourage governments to design policies that cater for majority of people hence NSSA is proposing to introduce a voluntary contributory scheme to the informal sector to cover the informally employed workers.

It is the current issue on the on-going debate on the social security reform in Zimbabwe. It is also one of the priorities in the ILO's Decent Work agenda to extend social security to the excluded population.

It is the focus of the research therefore to find out if it is feasible for NSSA to extend its social security to the informal sector, by focusing on the informal sector workers where social exclusion is highly concentrated since it is the targeted population.

1.3 Problem Statement

Social security contributions are from labour income and therefore unemployment affects contribution income, coverage and benefit level. Currently formally employed workers only are covered under the NSSA NPS and as the workers are retrenched the level of contributions are reduced as well as the social security coverage. Those workers end up in the informal sector where they are not mandated to contribute to the scheme. If events like death occur or workers reaching the retirement age, they go to NSSA to claim their benefits leading to an increase in the pension claims against a decrease in the contributor's base hence the scheme is facing a funding gap. It seems like the level of unemployment rate in Zimbabwe can continue to increase, the informal sector has been growing rapidly and this trend is likely to continue in the future. The issue of extending the social security to the informal sector has been raised by the government of Zimbabwe for the viability of the NSSA and to increase the social security coverage to many people in the country hence there is an opportunity which needs attention. It is the aim of this study to assess if it is feasible for NSSA to extend its social security scheme to the informal sector of Zimbabwe.

1.4 Objectives of the Study

The primary objective of the study is to assess the feasibility to extend the contributory social security to informal sector by NSSA.

In achieving the primary objective, the secondary objectives to be pursued are as follows;

- To identify if the informal sector workers are willing to be included in the contributory social security scheme.
- To highlight the challenges that can be encountered by NSSA on extending contributory social security to the informal sector.
- To identify the strategies used by other countries to extend contributory social security scheme to the informal sector.

1.5 Research Questions

The study aims to answer the following questions;

- Are the informally employed workers willing to be covered under the contributory social security scheme?

- What are the challenges that can be encountered by NSSA on extending contributory social security to the informal sector?
- What are the strategies used to extend social security coverage in some countries?

1.6 Significance of the Study

Every study is exceptional but purposeful in nature. The research findings of this study can help the NSSA policy makers to find the information important for them to be able to formulate and implement policies that will yield successful results. This study aims to come up with the suggestion on whether it feasible for NSSA to extend the social security to the informal sector. The study is relevant and timely due to the current economic environment where we see companies closing and some failing to comply with the social security's requirements leaving the workers and pensioners vulnerable to social insecurity. Also this study can help the potential clients of NSSA to have the knowledge on the operations of social security schemes and advantages of being a member. In addition to that this study can help other students who want to carry out their studies basing on the areas that need further studies.

1.7 Delimitations of the Study

The focus of the research is on the informal sector workers in Gweru urban only though extending the research to the whole economy would be of greater benefit. However for the purpose of resources, time and manageability it was found necessary to do the study limited to Gweru urban only.

1.8 Assumptions of the Study

The following assumptions were put in place for the purpose of the study;

- The researcher is going to collect bias free data
- Enough information for carrying out the study is going to be gathered.
- The respondents approached will be willing to participate in this study as interviewees and questionnaire respondents.
- The respondents will answer the questions truthfully and honestly and be available to share their views an experiences

1.9 Limitations of the Study

The general population is unwilling to give accurate and adequate information due to fear of the unknown as well as for confidentiality. However, the respondents were not required to fill in their names on questionnaires so as to avoid and making sure that the researcher does not get misleading information and for the NSSA personnel, the researcher promised that it was for academic purposes only. Also there was a challenge on accessing some of the respondents of the research but the researcher tried by all means to reach the respondents.

1.11 Organization of the Study

The introductory chapter aimed at introducing the study whereby background of the study, problem statement, research questions, research objectives, significance of the study, research delimitations, limitations as well assumptions are presented. The next chapter will be chapter two where there will be literature review in which what other authors have said and other studies relating to this will also be presented. The chapter three will focus on research methodology. Data presentation and analysis will be in chapter four. Lastly will be chapter five with the summary, conclusion and recommendations.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This chapter provides a discussion on the relevant literature that has been reviewed particularly on the extension of social security schemes to the informal sector. This chapter is looking on what other studies say on the issue of extending social security to the informal sector. It cites and offers on what other scholars have said and also establishing gap if any that may still exist. The areas discussed are; the definition of social security, pension scheme definition and how it operates, the definition of informal sector, the challenges in extending social security to the informal sector as well as the strategies used to extend social security schemes in some countries.

2.2 Social Security

According to Van Ginneken (2003), social security is defined as the benefits that are provided to individuals and households by the society through public and collective measures so as to ensure better living standard as well as providing them against low or diminishing standards of living which may arise due to a number of basic risks and needs. According to Cichon et.al (2004), social security is defined as all cash and in-kind social transfers that are organised by the country or parastatal institutions or are agreed upon through collective bargaining processes. The benefits that arise from this arrangement include pensions, work related injury benefits, sickness and maternity benefits, unemployment benefits as well as health services benefits.

Most governments world over introduced social security in their countries for example in Zimbabwe the National Social Security Scheme was introduced in 1989 and commenced its operations in October 1994 that cover various benefits which include pensions. The aim of NSSA pension scheme was to make sure that all workers are well covered or protected after retirement. The protection also extended to the beneficiaries of the members. Also Tanzanian government introduced social security under the National Social Security Fund.

2.2.1 Social Security Schemes

According to the International Labour Organisation (2010), social security schemes are implemented to provide and finance individuals through transfers if there is existence of needs like; old age, sickness, invalidity, maternity, survivorship, injury at work as well as

unemployment for family upkeep and health care provision. These schemes can be in form of contributory or non-contributory (ILO 2010).

Social security schemes should operate following the procedures and guidelines of the Social Security System Governance for Board Members in Africa ILO (2010) which says that the principles of social security is the base of social protection schemes to pool risks and resources across the population covered. Financing of these schemes is done through equal contributions from employers and employees. The basic benefits under the schemes are retirement pension or grant, invalidity pension or grant, survivor's pension or grant and the funeral grant.

2.2.1.1 Retirement pension

According to ILO (2010), a contributing member of the scheme qualifies for a full pension when he/she reaches sixty years or sixty-five years for normal or late retirement respectively. Contributors who work for arduous employment which include; heavy duty truck drivers and mining industry qualifies for pension when they reach fifty-five years in the condition that they have worked for not less than seven years of the last ten years when reaching fifty-five years. Calculation of a retirement pension is based on earnings of the last month before retirement and a total number of years contributed.

2.2.1.2 Retirement grant

A retirement grant is a lump sum payment which is made to contributing members after he/she reached retirement age. The retirement age can be fifty-five for arduous employment, normal retirement at sixty years and late retirement at sixty-five years. The retiring person should have contributed for a period of more than twelve months and less than ten years. The retiree should claim the benefit within five years after retirement date.

2.2.1.3 Invalidity pension

According to ILO (2010), a person is paid invalidity pension when he contributed to the scheme for six months and assessed by a medical doctor and declared to be permanently incapable of doing any productive job due to ill health affecting the person mentally or physically. The person should be below sixty years of age and it is encouraged that the person claims the benefit within five years of being invalid.

2.2.1.4 Invalidity grant

According to ILO (2010), the invalidity grant is paid to a person who has contributed to the scheme for not more than six months and assessed by a medical doctor and declared to be permanently incapable of doing any productive job due to ill health affecting the person's mental and physical fitness. Also the person should be below sixty years of age and it is encouraged that the person claims his/ her benefit within five years of invalidity.

2.1.1.5 Survivor's pension

It is a pension that is paid monthly to the surviving dependents of the contributor to the scheme, who has died and that he contributed for more than ten years or has already receiving retirement pension or invalidity pension. Widow or widower is paid a pension on monthly basis which is forty percent of the deceased's retirement or invalidity pension. The other forty percent is paid to children who are below eighteen years or below twenty-five years but still being in full time education. If there are no deceased's children or spouse surviving, the parents are given twelve percent. In case of two or more entitled widows or widowers, the benefit is shared equally between them (ILO 2010).

2.2.1.6 Survivor's grant

According to ILO (2010), a survivor's grant is a lump sum payment which is granted to the deceased contributor's surviving dependents. The contributor would have been contributed to the scheme for not more than ten years and is entitled to invalidity or retirement grant at the time of his/her death. The deceased's retirement or invalidity grant's forty percent is paid to the widow or widower and the other forty percent is given to children who are below eighteen years or those in full time education whilst they are below twenty five years. Also if the are no deceased's children or spouse surviving, the parents are given twelve percent. In case of the existence of two or more widows or widowers being entitled to the benefit, it is shared equally between them (ILO 2010).

2.2.1.7 Funeral grant

A funeral grant is a lump sum payment paid when the contributor or pensioner has died. This is paid so as to help on funeral expenses of the scheme's member if the contributions have been made to the scheme for more than twelve months. The funeral grant is paid to any person who meets the funeral expenses. It is encouraged to claim funeral grant within five years after the death of contributor or pensioner (ILO 2010).

2.3 Pension Schemes

Pension schemes can be defined benefit or defined contribution. www.sunlife.ca, (2014)

2.3.1 Defined benefit pension scheme

The principle of defined benefit scheme is that the retirement pension of a period is financed by the resources collected for the same period meaning income of the scheme is instantly paid to the retirees. It is based on the formula which involves employee's number of years of service and his/ her earnings for the period. www.sunlife.ca (2014).

According to Bloom and McKinnon (2013), retirement payout of a defined benefit scheme is paid basing on a fixed formula. Also the benefit is paid basing on the insured's earnings and the length of contribution period.

A defined benefit plan can be funded or unfunded. Bloom and McKinnon, (2013).

2.3.1.1 Funded benefit plan

Under a defined benefit plan, contributions made by employers and members are invested in a scheme so as to meet the objectives. There is regular reviewing of the benefits to be paid through valuation of the Scheme's assets and liabilities which is done by the actuary so that the future payment obligations will be met.

2.3.1.2 Unfunded defined plan

Under an unfunded benefit plan, assets are not set aside and the benefits are paid for by the employer or other pension sponsor as and when payment is made to pensioners. The payment of benefits is done directly from the workers' contributions and taxes through a Pay-As-You-Go payment method.

2.3.2 Defined contribution scheme

Under a defined contribution scheme, retirement pension payment bases on the amount of contributions made and the investments returns. Individual monthly contributions are made to the scheme and the money is invested accumulating the returns in the individual fund. This is done up to the time when the member reaches his/her retirement age and he is paid the money in periodic payouts or as a lump sum or both. Bloom and McKinnon, (2013).

2.3 Informal sector definition

According to Hussmanns (2001), informal sector is not easy to define since it is heterogeneous in nature. Countries define informal sector in a different way depending on the goals and purpose. However Chen (2006), came up with a broad definition where informal sector is composed of owners of micro-enterprise and their workers, self employed workers (own-account), home paid workers, wage workers in micro enterprises and also seasonal workers.

The 15th International Conference of Labour Statisticians (ICLS) of 2000 has defined the informal sector enterprise basing on the criteria explained below; They are private unincorporated enterprises owned and operated by individual members of household or by numerous members of the same households, and unincorporated partnerships and co-operatives formed by affiliates of dissimilar households that are not constituted as independent separate legal entities of their owners and for which complete set of accounts is lacking.

Also, all or at least some of the produced goods and services are for sale or barter, including households producing personal or domestic services in employing paid domestic workers. More so, their employment size is recommended to be below 5 employed people and they are not registered under specific forms of national legislation such as commercial or factories' acts, social security or tax acts, regulatory acts of professional group as well as regulations or laws put in place by national legislative bodies.

Lastly they are enterprises which are engaged in non-agricultural activities that is those engaging in agricultural based activities were not regarded as informal sector enterprises.

2.3.1 Categories of informal sector

According to the International Labour Organisation (ILO) and Women in Informal Employment Globalizing and Organizing (WIEGO), (2013), informal sector is categorised as follows;

2.3.1.1 Employment in informal sector

This includes employers in informal sector, employees in informal sector enterprises, self-employed workers in their personal informal enterprises, family workers working in informal enterprises and members of informal producers' cooperatives.

2.3.1.2 Informal employment outside informal sector

Under this category, the workers in formal enterprises uncovered by social security through their work, paid domestic workers not covered by social protection through their work and family workers working in formal enterprises are included.

2.3 Challenges in extending social security to the informal sector

In trying to extend the social security to the informal sector, the social security institutions or the government faces many challenges which include some of the following;

2.3.1 Lack of contribution capacity by the informal workers

Lack of contribution capacity by the informal sector workers is one of the main challenges of extending social security to the informal sector as argued by Subrahmanya (2002). He said that workers in the informal sector are low and irregular income earners so they cannot afford to contribute to social security schemes. The author examined existing pension scheme in Asia and Pacific Region where the number of workers in informal sector ranges from 20 to 90 percent respectively of the total workforce. He continued maintaining that due to absence of employers to subsidize the contributions to the social pension scheme, the self employed workers could not afford to the required amount to make meaningful pension benefits.

2.3.2 High administrative costs

According to Sarkar, (2004), high administrative cost is one of the challenges of extending social security to the informal sector. This means that for the extension of social protection to the informal sector to be successful, there is need for many resources which can be costly to the institution. This was supported by Samson (2009), in an ISSA Working Paper on Extending Social Security Coverage in Africa where he indicated that the aim of government intervention at extending social security in the informal sector workers is restricted by fiscal resources. He observed that in African countries, there is scarce data which can make it difficult for the policy makers to monitor coverage rate as workforce surveys are not conducted on regular basis by many governments.

Kpessah (2011) also intimated that even if social security is extended to the workers in the informal sector, inadequate administrative capacity would challenge enforcement of regular contributions. He argued that administrative costs would be excessively high for social security administration. He further said that, prior to the reform in Ghana in 2001, administrative cost constituted to about 58 percent of total membership contributions. This

shows that larger amount of funds was channelled towards administrative costs than retirement benefits.

2.3.3 Distrust of Government Institutions

In many developing countries it is compulsory that all salaried workers should save for their retirement or work related hazards. For example, in Zimbabwe, all formally employed workers are required by the social security policy to be registered and save with the National Pension Scheme. The compulsory nature of the scheme coupled with limited awareness leads to distrust of government agencies running the social security schemes. According to Einer (2005), the informal sector regards government agencies as thieves who collect money against their will and use it for their selfish interests. In developing countries, this perception is common and it can be a challenge for social security institutions to extend its coverage to the informal sector.

Van Ginneken (2003) states the main cause of distrust of public organisations running the pensions and other social security schemes is the dissatisfaction of informal sector workers with regard on past bad practises. This can be referred to the corruption scandals of National Social Security Fund of Uganda which led to the hot debates among workers with the main issue relating to allowing members to withdraw their membership from the scheme without restrictions (Ministry of Labour and Gender Development, 2009). This lack of trust can lead to informal sector not to be willing to pay contributions to the social security schemes governed by the government.

2.3.4 Consumer ignorance

Johnson and Williamson (2008) argued that majority of employees in the informal sector are ignorant about their contributions and future benefits. This tends to be a challenge for social security institutions to extend its facilities to those people because of lack of knowledge on the advantages of the scheme. It is as a result of lack of awareness on the social security concept.

Also Kpessah, (2011), argued that consumer ignorance is one of the challenges which could limit the effectiveness of defined contributory schemes in less developed countries like Nigeria and Ghana where there is low financial literacy. The article is based on the comparative study pension reforms and challenges in Nigeria and Ghana.

To consider the challenges to maintain an effective pension scheme in less developed countries with a main informal workforce, Sakthivel and Joddar (2006) looked at the coverage of social schemes, particularly the provident fund among informal sector workers or unorganized sector workforce in India. Residual and direct approaches were used by the authors to estimate the workforce proportion in the informal sector. Using the residual approach, the organized workforce estimates were deduced from figures of total employment from the employment-unemployment surveys. Household surveys were used as a means for data collection relating to the type of job and provident fund coverage. Also employment-unemployment surveys was a base for direct estimation and the survey variables were based on the workers' employment status, such as salaried labourers, self employed workers, types of enterprise, number of workers, job type and provident fund coverage. The study result proposes that workers in the unorganized sector were left out of social security arrangements. They concluded that the informal sector's poor affordability and lack of a mechanism to subsidize pension contributions for the poor leads to failing of any social security that heavily relies on contributory basis hence a challenge to extend contributory social security to the informal sector.

Asher (2009) did a study basing on the case studies conducted in countries such as Thailand, China, Iran, Vietnam, Republic of Korea and India regarding coverage of social security to the informal workers. The study found that the institutional and administrative constraints exist especially in extending social security to the workers of informal sector in rural areas. In his International Social Security Association (ISSA) Working Paper, he continued saying that as of 2008, the Indian Parliament passed a yet to be implemented Bill to provide pensions to the informal sector. The pension scheme was based on the co-contribution by the workers and the Government. However breakdown of co-contribution was not provided.

2.4 Strategies used by other countries in extending social security to the informal sector

Various strategies have been used by other countries world over and each strategy identified has a common element with others to be used to extend social security to the informal sector in related countries. These strategies were used not only to deal with the coverage problem but also to ensure sustainability of social security system, adequacy of the benefits and healthiness of the social security system through an increased contributor's base.

2.4.1 Allowing universal coverage

Ntibitura, (2013), observed that in order to provide social security to the whole population, some countries were encouraged to put in place laws to implement the policies of national social security which respect the principles of universality, solidarity, equity as well as sustainability. This legal framework added to the reforms of some countries' pension including Latin America, Africa and Asia to extend the pension coverage to informal sector and rural economies.

Salditt et al (2007), also observed that China had a very limited range of rural pension system and the coverage was very low of about 13.4% in 2005. This however led to China in 2010 to endorse a social insurance regulation to speed up the extension of coverage in social security with the aim to realize social security to all by 2020. With the law which was established in 2011, the government of China was expecting that by 2020, the old-age pension should be extended to all population. In other countries like Indonesia, Thailand and Jordan, the same developments are also observed. ISSA (2012).

2.4.2 Facilitating the payment of contributions for low paying capacity persons

According to ILO, (2004), it is necessary for social security institutions to facilitate the payment of contributions for persons with low paying capacity. It is the problem that have deterred most developing countries of covering a number of isolated people with low capacity of paying contributions such as domestic workers. Some countries took action so as to solve that problem and the countries include Brazil, Belize and Venezuela. Recently Fiji and Philippines devised methods facilitating the payment of contributions from the domestic workers through which there is direct debit arrangements for payment of contributions from the employers. ILO, (2004).

2.4.3 Flexible terms for workers in the informal sector to participate voluntarily

Hu and Stewart (2009), argued that putting terms for informal sector to participate voluntarily is another way which was used to by other countries to extend social security to the informal sector. An example of the country outlined is Chile which allows flexible contributions to the temporary and seasonal workers especially from the agricultural sector so as to encourage them to participate. Farmers can make larger pension contributions when there is a good harvest and they are allowed to make irregular contributions when there is a bad harvest which keeps up a correspondence with the income pattern of such seasonal workers. This has made the workers in informal sector to like contributing to the pension scheme.

Phe-Goursat, (2015) did a study concerning the strategies for extension of social security to the informal sector in Zambia. The study used a mix of analysis of secondary data and primary data collection. Primary data was collected using in-depth interviews and focus groups discussions. There was a random selection on focus groups participation following a pre-defined criterion and in purposively selected areas. He observed that coverage of social security was very low in Zambia and he argued that the challenges to extend social security to the informal sector include workers' affordability and employers' cost of compliance and financial constraints, low trust in government's institutions, poor knowledge on social security rights and requirements, weak enforcement mechanism as well as weak workers' representation due to absence of workers organisations. He said social security schemes mechanisms and features were therefore not adapted to extend social security coverage to the informal sector. He recommended for an increase in short-term attractiveness of informal sector social security and subsidizing contributions among others.

Another related study was done by Shumba, (2016) on financial inclusion on the informal sector. He used an exploratory research design, interviews and questionnaires to collect primary data. The results of his study showed that lack of trust on the banking sector led to low levels of financial inclusion in the informal sector.

2.5 Summary

This chapter has reviewed literature on social security, informal sector, challenges to extend social security to the informal sector as well as the strategies used by other countries to extend social security to the informal sector. The next chapter will highlight the research methodology used by the researcher on his study.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

The chapter describes the methodology that was used in carrying out this research. It analyses the research design, the population, sample size determination, research instruments, data collection procedures, reliability and validity of instruments, data processing and analysis as well as statistical analysis. This chapter captures how the relevant data was collected in order to meet the overall objective and research questions of the study.

3.2 Research Design

A descriptive research design was used by the researcher in this study. The researcher found that it is the most appropriate due to its ability to describe and establish the needs of the informal sector workers, the challenges that can be encountered in extending contributory social security scheme to the informal sector as well as the strategies used by other countries to extend social security coverage leading to effective data presentation and analysis. Both qualitative and quantitative techniques were fused so as to allow in depth analysis on extending social security to the informal sector. The qualitative technique was used to investigate the personal views and attitudes in detail; however it is time consuming due to its need of more emphasis on words than figures. The descriptive research design was successfully used by Ntubitura (2013) in his study on assessing the feasibility to extend pension scheme coverage to self employed and workers from the informal sector in Rwanda so the research decided to follow suit for the study to be a success.

3.3 Research Population

In order to meet the objectives of this study which include identifying if the informal sector workers are willing to be included in the contributory social security schemes and identifying the challenges to extend social security to the informal sector, the research target population of this study comprised of the NSSA staff and informal sector players of Zimbabwe who are based in Gweru urban.

3.4 Research Sample

In this study, a purposive sampling technique was used which is a non-random sampling technique. The researcher chose to use this method for the NSSA staff and informal sector workers. Five NSSA personnel were purposively chosen who are the Regional Manager, Regional Accountant, two Compliance Officers and a Senior Benefits Investigator. There are more than ten groups of informal sector players and researcher selected six groups in the informal sector which are; street vendors, hairdressers, carpenters, welders, kombi drivers and flea market owners to represent the sample. From each group ten people were selected. This study's sample size is made up of sixty-five (65) respondents. In coming up with the sample size, the researcher was guided by another research which was done by Afenydu (2014) on the barriers to participation in the Informal Sector Fund (ISF) in Ghana where he used a sample size of sixty hence for this study the researcher added five people to make it sixty-five. The purposive sampling technique enabled the researcher to choose participants who were able to respond on the research questions and therefore meet the objectives of the study since they are regarded as the best people to supply the information required. This is supported by Bless and Higson-Smith (1995) where they said that the researchers choose the sample basing on who they think would be appropriate for the study under purposive sampling.

3.5 Data Collection Methods and Instruments

Both primary and secondary sources of data were used by the researcher to carry out a study.

3.5.1 Secondary data

The researcher used secondary data which was collected from published materials on international experiences in extending social security to the informal sector. Both qualitative and quantitative is include in secondary data. The documents used were in form of journal articles, ILO reports, relevant books and online articles.

The researcher found it necessary to use readily available information since it does not waste time and there is clear indication that it is quick and fast to use secondary data when carrying out a research hence it is significant. Using information based on respondents only is not sufficient hence the secondary data was to avoid bias that is encountered in interviews. However, application of secondary data might be limited since the secondary data would have been collected for different purposes as of the current study.

3.5.2 Primary data

In this study primary data was gathered in the form of questionnaires and interviews. This was done so as to get original and specific data of the study since the data is collected from the source.

3.5.2.1 Questionnaire

The researcher used both open-ended and closed questions so as to gather rich data. The questionnaires were physically distributed to the respondents. The researcher used questionnaires so as to get the opinion of the respondents and to avoid assumptions. The questionnaires were administered personally by the researcher and confidentiality was promised to the respondents on the required information. The questionnaire enhanced uniformity since respondents were given the same set of questions.

However, the respondents took their time in answering questions hence the questionnaires were time consuming. The researcher encouraged the respondents to answer all questions.

3.5.2.2 Interviews

The researcher used semi-structured interview so as to collect in-depth data which can help to answer the research questions. The researcher considered the interviews so as to get information which can complement that from the questionnaires to produce good quality research. The interview questions were made as simple as possible for easy understanding by the NSSA staff and this process of gathering data is fast since there are immediate responses on asked questions.

However immediate responses may lead to respondents to give incorrect information since there is little time for them to think on a certain aspect.

3.6 Data Validity and Reliability

The researcher articulated questionnaire and interview questions that are in line with the research objectives so as to ensure validity and reliability of research instruments. Also the questions were rigorously fine-tuned by the researcher to make them clear and easy to understand. Before the questionnaires were administered to the respondents, they were pre-tested in order to reveal those not relevant to the study, uncertainties and conflicting questions.

The questions were asked to workers in the informal sector on which the researcher wanted to know if they are willing to be included in the social security schemes by NSSA and it was data that was collected from reliable sources. Also the questions asked were straight to the point, easy to understand by the respondents, structured in a coordinated manner and related to the research objectives thus enhancing validity and reliability of the research findings.

3.7 Data Presentation and Analysis Plan

In this study the researcher collected, analyzed data and presented it by means of bar graphs and tables. In order to represent and analyze collected data, descriptive statistics were used by the researcher because they can be understood easily, they are easy to interpret thus allowing easy data comparison. The collected data will be presented thematically basing on the results found.

3.8 Summary

This chapter has highlighted the research methodology used in the study. The research design and sampling techniques adopted in collecting data was outlined. Justification of research instruments like questionnaires and interviews was done. Both primary and secondary data was used. Data validity and reliability as well as data presentation and analysis plan was also outlined. The data collected is presented and analysed in the next chapter.

CHAPTER 4: DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter focuses on the presentation, analysis and interpretation of the collected data by use of both questionnaires and interviews in relation to the subject matter. The research findings are presented using tables, pie charts, graphs and descriptive summaries. The data presented allows the research to answer the research questions.

4.2 Response Rate Analysis

For the purpose of this study, a total of 60 questionnaires were administered to the informal sector players and five interviews being targeted with NSSA personnel. Responses which were found from the questionnaires and interviews are presented below.

4.2.1 Questionnaire response rate

The researcher got a 95% response rate since 57 questionnaires were returned. The researcher got 100% response rate from the carpenters, welders, hair dressers, flea market owners, 90% from street vendors and 80% kombi drivers.

Table 4.1 Response Rate Analysis

Informal sector group	Distributed questionnaires	Responses	Response Rate
Street vendors	10	9	90%
Carpenters	10	10	100%
Welders	10	10	100%
Kombi drivers	10	8	80%
Hair dressers	10	10	100%
Flea market owners	10	10	100%
Total	60	57	95%

Source: Raw data

As shown on figure 4.1 above, the questionnaires returned were 57 yielding a total of 95% response rate. This can be argued to be satisfactory as more than three quarters of the targeted population has responded. In support of this Richardson (2005) posits that a response rule of

thumb of 60% and above is well desirable. The 95% response rate was sufficient to justify the study and therefore, it gave credibility to the presented findings.

4.2.2 Interview response rate

The interviews were targeted on NSSA personnel and the researcher intended to interview five NSSA personnel but four people were managed to be interviewed giving an 80% response rate. One of the targeted personnel was not available when the researcher conducted the interviews. The researcher interviewed Regional Accountant, two Compliance Officers and one Senior Benefits Investigator (SBI). The 80% interview response rate was sufficient to justify the study as it gives credibility to the findings that were presented.

4.3 Demographic Analysis

4.3.1 Gender of informal sector questionnaire respondents

The figure below shows that of the total respondents, 42.11% were females and 57.89% were males. Out of 57 respondents females were 24 and males were 33. The researcher gathered data from a sample represented by both males and females though the balance between genders seems to be bias towards males due to the type informal sector categories chosen. More males were found in carpentry, welding and as kombi drivers whereas females dominated on in hair dressing and street vending. With the sample used, both genders were represented so the interests of both males and females were gathered.

Table 4.2 Gender of questionnaire respondents

Gender	Frequency	Percentage
Males	33	57.89
Females	24	42.11
Total	57	100.00

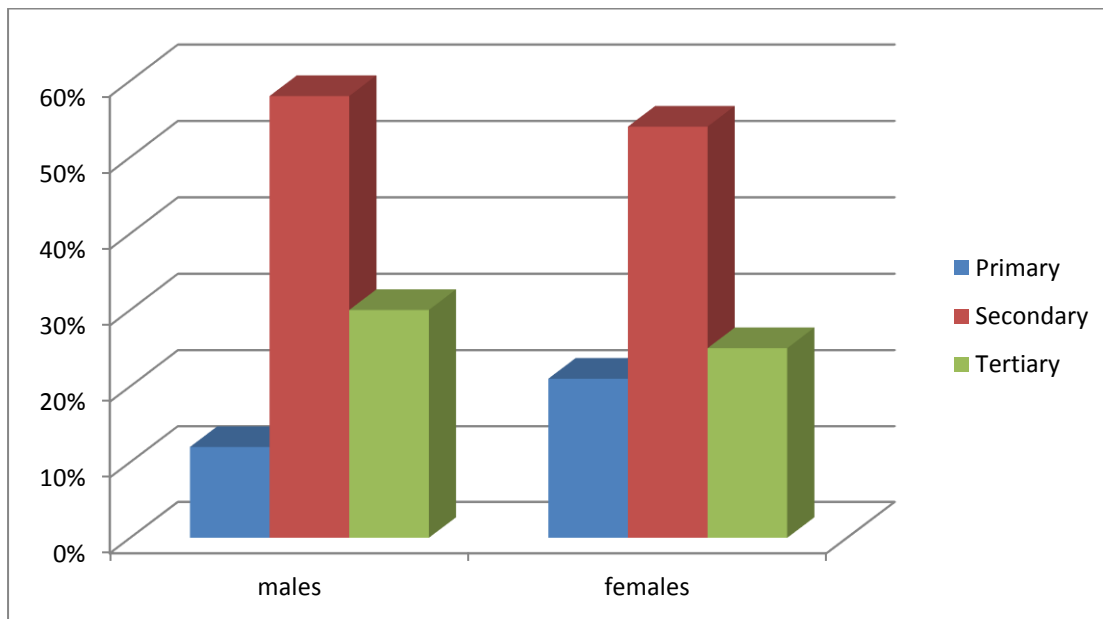
Source: Raw data

4.3.2 Educational Level of questionnaire respondents

On the figure below, it is shown that of the total population of male respondents, 12% have primary education, 58% have secondary education and 30% have tertiary education. Of the total population of female respondents, 21% have primary education, 54% have secondary education and 25% have tertiary education. This has shown that more people in informal sector have attained secondary education and some with tertiary education showing that the formal sector of Zimbabwe is not absorbing the workers rather workers are leaving the formal

sector going into the informal sector. Also a certain percentage has primary education showing that there are some people who have low literacy rate in the informal sector. It is important to know the educational level of your respondents so that you talk to them accordingly.

Figure 4.1 Educational level of questionnaire respondents

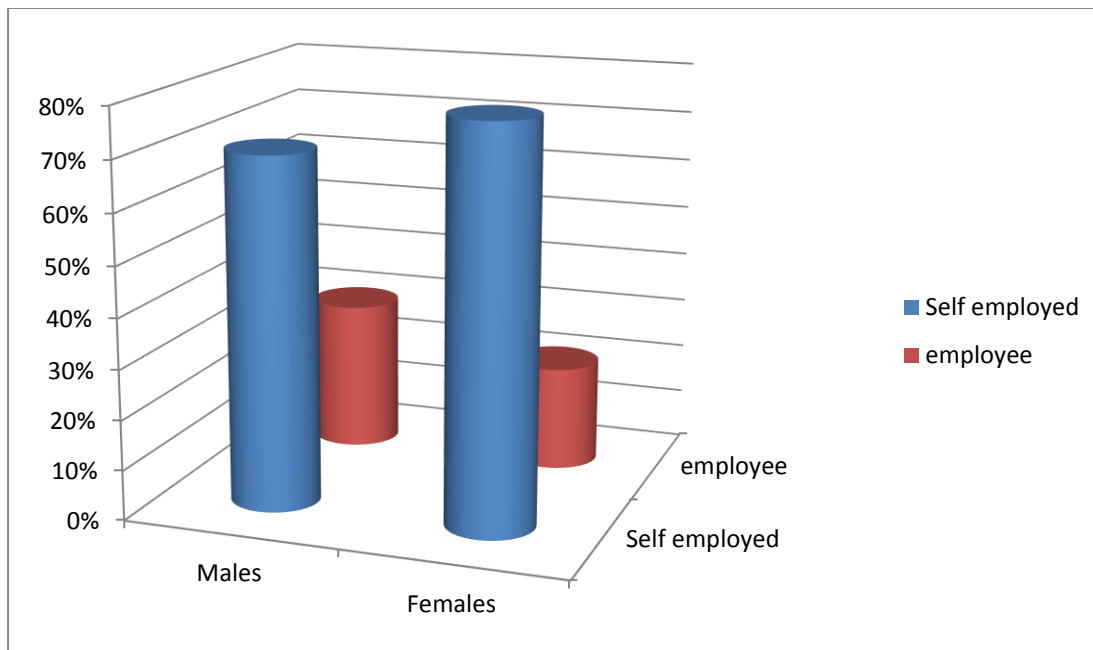


Source: Raw data

4.3.3 Employment Status of questionnaire respondents

On the employment status, the findings show that of the male respondents, 70% are self-employed whereas 30% are employees and of the female respondents, 79% are self-employed whereas 21% are employees. This shows that most the respondents were self-employed. The employment status of informal sector workers can be illustrated as below;

Figure 4.2 Employment status of questionnaire respondents



Source: Raw data

4.4 Data Validity and Reliability

Before using the data generated through the questionnaire as a representative of what the research intended to bring about, the researcher checked the reliability and validity of the data. The researcher checked the responses to notice if they were bringing the information related to the research objectives. The researcher managed to get responses which are in line with intended objectives through the use of his tools. Validating results was helped due to absence of spoiled answers and no responses that were out of context.

If the data has proved to be valid, reliability of the data is also critical. The researcher conducted interviews with the NSSA personnel whom he purposively selected taking into consideration the knowledge that the personnel have. The interviewed personnel were having knowledge on extending contributory social security since it is a burning issue at NSSA. Also the use of questionnaires to the informal sector made it clear to the researcher to see those willing and not willing to contribute to the scheme. With the information from interviews and questionnaires the research findings were authenticated as reliable.

4.5 Data Presentation and Analysis

4.5.1 Willingness of informal sector players to contribute to the contributory Social Security Scheme

For the total people who were given questionnaires, the responses on whether they are willing to contribute were 27 people on those willing to contribute and 30 people on those not willing to contribute to the contributory Social Security Scheme. This gave a 47% on those willing to contribute and a 53% on those not willing to contribute. With the 47% of those willing to contribute to a social security scheme, some promise of a future contributory social security scheme is offered.

Table 4.3 Willingness to contribute to social security scheme

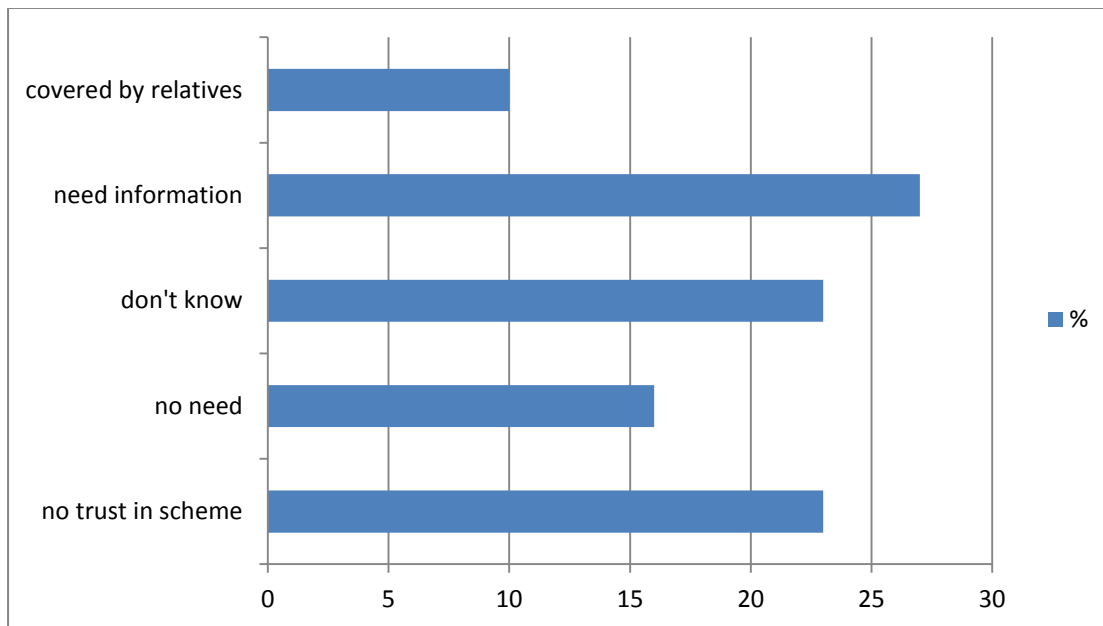
	Frequency	Percentage
Willing to contribute	27	47
Not willing to contribute	30	53
Total	57	100

Source: Raw data

4.5.2 Reasons for not willing to contribute to a Social Security Scheme

Those who said are not willing to contribute to the Social Security scheme gave different reasons on why they are not willing and the reasons include that; they do not trust the Scheme constituting a 23% of the ones who are not willing to contribute, no need with 17%, don't know 23%, need information with 27% as well as covered by relatives with 10%.

Figure 4.3 Reasons for not willing to contribute to the Social Security Scheme



Source: Raw data

The above results can be said to be supported by Van Ginneken, (2003) who stated that the distrust of public organisations running pensions and other social security schemes is the dissatisfaction of informal sector workers. He continued saying that the lack of trust can lead to informal sector not willing to pay contributions to the social security schemes governed by the government.

In addition to that Johnson and Williamson, (2008) argued that most of the workers in the informal sector lacks knowledge on the social security contributions and benefits and also Suwanrada, (2009) noted that in Thailand saving for old age is not a priority since the elderly depend on financial support from children and family hence they are not willing to contribute to the schemes. However this reason of relying on family support was criticized by Schwarz (2003) who indicated that family support is not reliable when children are poor. Also Kato (1998) observed that it is risky to rely on family support.

4.5.3 Amount that could be paid for social security per month

For those who said they are willing to contribute, when asked the amount that they could pay for social security per month, 48% was for those that afford less than \$5 with a number of 13 workers, 9 workers affording \$5-\$10 with a 33%, 4 workers affording \$10-\$15 with 15%, 1 worker affording \$15-\$20 with 4%.

Table 4.3 Amount that could be paid by informal sector workers

Amount to be paid	Frequency	Percent
< \$5	13	48
\$5-\$10	9	33
\$10-\$15	4	15
\$15-\$20	1	4
Total	27	100

Source: Raw data

A large number on those who could pay low amounts and a smaller number on those affording high amounts can be because of the low and irregularity of the informal sector workers' income which can correspond to what Subrahmanya, (2002) argued when he said that workers in the informal sector are low and irregular income earners and this can affect their affordability to contribute to the social security schemes.

4.5.4 Challenges on extending contributory social security to the informal sector

On the challenges that can be encountered by NSSA in extending Contributory social security scheme, the researcher conducted interviews to NSSA personnel to get their views. One of the challenges that was raised by all of the interviewed personnel is lack of capacity or structures in place to collect contributions from the informally employed workers. This is supported by Johnson and Williamson, (2008) who noted that many low income countries lack the administrative capacity and infrastructure to extend contributory social security to the informal sector workers. Also Kpessah, (2011) argued that inadequate administrative capacity is a challenge on enforcement of regular contributions.

Also two out of four of personnel interviewed said that the mobility and unstable nature of those in the informal sector poses a challenge in contributions collection and a high default rate is likely to be experienced. As a result this can be costly to enforce compliance hence a challenge. This challenge was also highlighted by Chikova, (2013) in his paper on Social Protection in Zimbabwe.

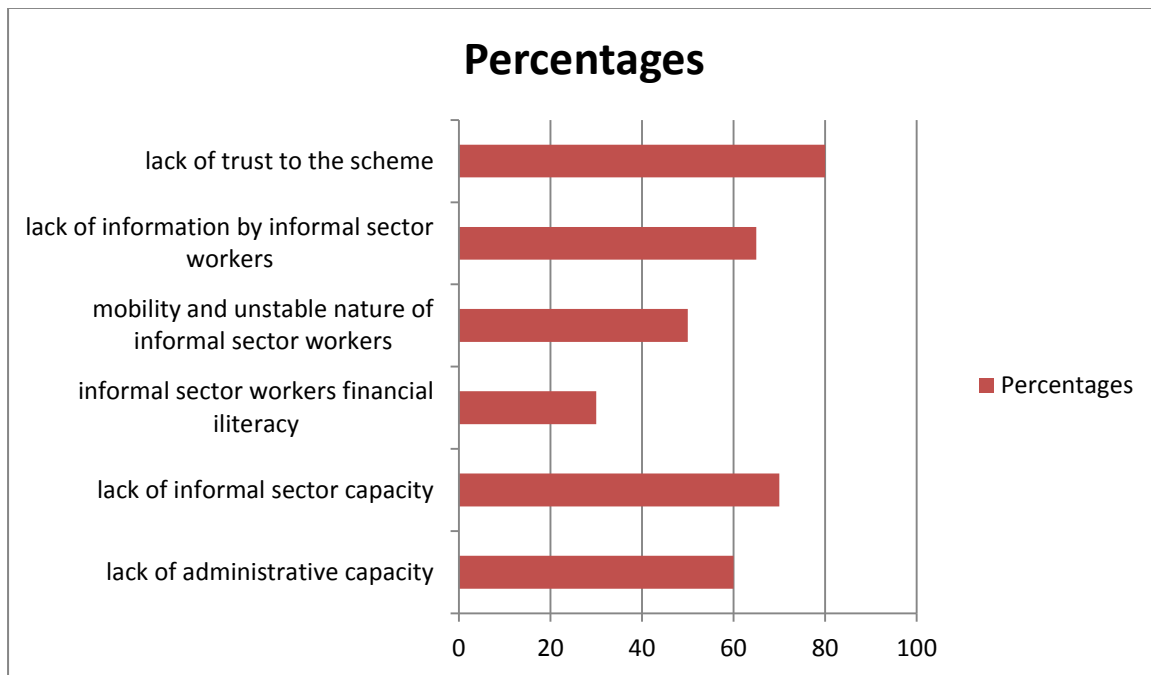
Moreover 100% of the interviewees pointed that lack of capacity to contribute to the social security by informal sector workers is another challenge to extend social security scheme to the informal sector. The informal sector workers in Zimbabwe are low income earners hence it can difficult for them to have extra income to contribute to the social security scheme. This

supported by Subrahmanya, (2002) who argued that lack of capacity to contribute is a major challenge of extending contributory social insurance schemes. Also Sakthivel & Joddar, (2006) argued that poor affordability by the informal sector is a big challenge to social security schemes which heavily relies on contributory base since some of the informal sector workers do not have disposable income to contribute to the social security schemes.. Due to this problem it can be a problem to NSSA on extending its contributory social security scheme to the informal sector.

More so, the interviewees highlighted another challenge as that of financial illiteracy by the informal sector workers since some of them did not go far with their education. They said that it can be a challenge to explain and convince someone who is financially illiterate on the contributions that he/she should make to get certain benefits in future. This point is supported by Sarkar, (2004) who argued that high rate of financial illiteracy among informal sector workers is a big challenge to extend social security to the informal sector and resistance is likely to be experienced.

Given the challenges the researcher managed to give weights on each challenge measured out of 100% per challenge on how they can affect the extension of contributory social security and the results are presented as below:

Figure 4.4 Challenges on extending contributory social security to the informal sector.



Source: Raw data

4.5.5 Strategies used by other countries to extend social security to the informal sector

The researcher used secondary data so as to come up with the strategies used by other countries to extend social security to the informal sector. The secondary data sources used included journals, textbooks and ILO reports. With the information from these sources, the researcher managed to come up with strategies implemented by other countries in extending their social security to the informal sector. Various reports have shown that the strategies used by other countries have a common element and the strategies were not meant only to deal with social security coverage problem but also to address the problem of sustainability of the system, adequacy of social security benefits and to ensure robustness of the social security system.

4.5.5.1 Gradual extension of social security schemes

Through the use of ILO reports one of the strategies used by other countries is to gradually extend coverage to the informal sector workers and develop appropriate special arrangements within the limits of the administrative capacity. However it is said that those informal sector workers have an opportunity to limit their level of participation in the scheme and they can under-declare levels of their earnings. As a result this can lead to a cross subsidy between employees and self employed and countries like Sri Lanka and South Korea encouraged self employed workers to participate in the social security scheme through subsidising their liability. Also Chaabane, (2002) argued that Tunisia is a good example of country which adopted gradual extension of coverage leading to the social security system providing wide range of benefits including pensions, health insurance, maternity and employment injury.

4.5.5.2 Universal coverage

Another strategy is providing universal coverage under the law on social security base. It has been observed that India and China have adopted policies which take into consideration the informal sector workers' specific circumstances and support schemes adapted to such workers' special needs. China endorsed the social insurance law to ensure that all people will be covered under social security schemes by 2020 with the statistics showing that the coverage was as low as 13.4% in 2005. (Salditt et al 2007). Reynaud, (2002) indicated that the coverage increased from 60% in 1989 to 84% of the total population in 1999.

4.5.5.3 Mandatory coverage to informal sector workers

Reports by ILO show that most countries transformed their pension system in 1990s after the provision that self employed workers should participate compulsorily. One of the countries stated was Republic of South Korea which reformed its pension system in 1998 by adopting compulsory participation of the self employed workers to defined contributory pension scheme. The coverage was firstly realised in rural areas and later on in urban areas.

4.5.5.4 Flexibility for voluntary participation by the informal sector workers

In contrast with compulsory participation Hu and Stewart (2009) noted that flexible terms for allowing voluntary participation by informal sector workers is another strategy of extending social security scheme to the informal sector which gave positive results in Chile. Flexible contributions are allowed in Chile thereby allowing irregular contributions which match income pattern of seasonal workers and those with low incomes.

4.5.6 NSSA personnel's view on extending social security to the informal sector

When asked on their opinions on extending contributory social security to the informal sector, all of the NSSA personnel said that they think it can be a good move not only for the purpose of increasing coverage but also for the viability of the scheme through increase in the contributions.

4.6 Summary

The chapter focused on data presentation and analysis. The major issues on this chapter were responsive rate analysis, demographic analysis and checking the validity and reliability of the information was done before it is presented. The research findings were presented in the form of tables, bar charts and descriptive summaries. The next chapter will focus on summarising the research findings, making conclusions on the findings as well as giving recommendations.

CHAPTER5: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter summarises the highlights in previous chapters, giving conclusions as well as recommendations based on the area of study. The recommendations help National Social Security Authority with the information on extending contributory social security to the informal sector. Also the chapter finally focuses on highlighting the areas of further research.

5.2 Summary of the Study

The study was carried out to assess the feasibility to extend contributory social security scheme to the informal sector of Zimbabwe by NSSA. This study was motivated due to a decline in contributors' base of the NSSA and an increase in pension claims which has seen a funding gap existing. As such the issue of extending social security to the informal sector was raised so as to increase viability of the scheme at the same time increasing coverage hence the need to know if it is feasible for the institution to extend contributory social security to the informal sector. The objectives of the study include identifying the willingness of informal sector to be covered in the social security scheme, highlighting the challenges that can be encountered by NSSA in extending contributory social security as well as identifying strategies used by other countries in extending social security to the informal sector. The researcher used ideas from the authors that have studied in the same area so as to make a strong analysis.

A descriptive research design was used since it was found to be the best for facilitating data interpretation and analysis. A sample size of sixty informal sector workers was randomly selected which include vendors, hairdressers, flea market owners, carpenters, welders and kombi drivers, and five NSSA personnel were purposively selected in order to meet the research objectives. The instruments used in collecting data were questionnaires and interviews. Data presentation was done with the use of tables, pie charts and bar graphs so as to come up with the research findings and recommendations.

The researcher found out that, 47% of the questionnaire respondents representing the informal sector are willing to contribute to the contributory social security scheme whilst 53% is not willing. Those not willing to contribute gave the reasons for not willing which include lack of trust on NSSA, they need information on social security contributions and

information, some saying that they do not need social security and others relying on family support. The challenges that can be encountered by NSSA in extending social security to the informal sector also include Inadequate administrative and infrastructure capacity to collect contributions, lack of capacity to contribute due to low and irregular incomes by the informal sector workers, mobility and unstable nature of informal sector, lack of trust to the scheme by informal sector workers as well as financial illiteracy among informal sector workers. Moreover, other countries have successfully extended social security to informal sector through gradual extension, flexible terms for voluntary participation, universal coverage as well as compulsory participation by the informal sector workers.

5.3 Conclusions

- A significant portion of the informal sector workers is willing to contribute to the social security scheme offering some promise of a future voluntary contributory social security scheme hence extending contributory social security scheme to the informal sector can be feasible for NSSA.
- Extending contributory social security scheme to the informal sector is a long process and it is prone to so many challenges which need to be addressed for the move to be a success. Lack of trust to the scheme seems to be the major challenge as well as lack of information.
- Some of the countries implemented strategies which resulted in the extension of contributory social security schemes becoming a success leading to sustainability of the social security system as well as ensuring adequacy of social security benefits. This shows that a proper strategy in extending contributory social security to informal sector can lead to it being feasible.

5.4 Recommendations

In view of the above findings and conclusions, the researcher proposed the following recommendations that may help in policy formulation on extending contributory social security scheme to the informal sector so that the move can become feasible and yield positive results to the institution as well as to the beneficiaries.

Policy makers should make a policy that allow participation of informal sector workers in the contributory social security scheme since there is a significant percentage of those willing to contribute and it is likely that some will also like to join the scheme.

NSSA should venture into the awareness campaign and educating workers in the informal sector about the benefits of contributing to a social security scheme. This is required because some of the informal sector players revealed that they need information on the contributions and benefits of the scheme for them to commit part of their income on contributions.

It is required for NSSA to provide flexibility in contributions so that those with low incomes can be able to contribute thus addressing the needs of the informal sector workers. In the informal sector some workers have low and irregular incomes so flexibility will allow participation of all as one could pay what he/she affords.

For NSSA to be able to collect contributions from informal sector workers, it should make sure that the infrastructure it uses for collection is convenient to the informal sector workers for example allowing payment through mobile money transfer systems like eco-cash, one wallet and tele-cash so as to avoid long queues when making payments thus saving time for them thus removing bureaucracy on payments.

5.5 Suggestions for Future Research

There is need to take into consideration the rural informal sector workers so as to know their views on whether they want to contribute to the contributory social security scheme since their views might differ from those in urban areas in which the study has taken place.

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APPENDICES

APPENDIX A: COVER LETTER



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MEMBER OF CENTRAL AND EASTERN EUROPEAN
MANAGEMENT ASSOCIATION (CEEMAN)

DEPARTMENT OF BANKING AND FINANCE

03 April 2018

Dear Sir/Madam

RE: LETTER OF INTRODUCTION

This letter serves to introduce **Simukai Betserai Freedom Tererai**, a final year student at the above mentioned institution. He is studying towards a Bachelor of Commerce Honours Degree in Banking and Finance and is undertaking a research entitled: *“An assessment of the feasibility to extend contributory social security scheme to the informal sector by National Social Security Authority”* as a partial fulfilment of his degree program. The department, therefore, kindly asks for your assistance in this regard. Please note that the information you shall provide will be used for academic purposes only and will be treated with utmost confidentiality.

Your cooperation will be greatly appreciated.

For further inquiries, please contact the undersigned.

Yours faithfully

Dr N. Nkomazana

Chairperson – Department of Banking and Finance

nkomazanan@staff.msu.ac.zw

Cell: 0774 382517Ext: 2416

APPENDIX B: QUESTIONNAIRES FOR RESPONDENTS

Introductions

My name is Simukai Betseraï Freedom Tereraï, I am currently studying towards a bachelor of commerce in Banking and Finance Honours Degree with Midlands State University. As part of my fulfilling my dissertation requirements, I am carrying out a research on **assessing the feasibility to extend contributory social security scheme to the informal sector by NSSA**. May you kindly assist me by completing the following questionnaire? Please note that this questionnaire will be used for academic purposes only and your responses will not be published and shall be treated confidentially. Do not write your name on the questionnaire.

Thank you.

(WHERE RESPONSES ARE GIVEN PLEASE TICK THE APPROPRIATE BOX)

1.a) Gender:

Male []

Female []

b) Educational Level:

Primary [] Secondary [] Tertiary []

c) Employment Status:

Self Employed [] Employee [] Employer []

2.a) I have heard about National Social Security Schemes through

Television [] Radio [] Newspaper [] Not at all []

Other.....

b) Do you know the benefits of Social Security schemes?

Yes [] No []

c) Are you a member of any cooperative or other organization?

Yes [] No []

d) Do you receive regular income?

Yes [] No []

e) Are you willing to pay voluntary Social Security contributions under NSSA?

Yes [] No []

Reasons for not wishing to contribute

No trust to the scheme [] Don't know [] Covered by relatives []

Need information [] No need []

f) Who should contribute for your Social Security?

Individual [] Employer [] Shared by all []

Other.....

g) How much could you pay for Social Security per month?

Could not pay [] <\$5 [] \$5-\$10 [] \$10-\$15 [] \$15-\$20 [] <\$20 []

h) Without Social Security, who will look after you when you are sick, aged, injured etc?

Self [] Family [] Savings [] Government [] No one []

i) In your own opinion, can you recommend NSSA to extend contributory Social Security scheme to the informal sector? (give reasons)

.....
.....

Thank you for your participation!!!

APPENDIX C: INTERVIEW GUIDELINE FOR NSSA PERSONNEL

1. Is NSSA experiencing a decrease in its contributions?
2. Is NSSA prepared to extend contributory Social Security Scheme to the informal Sector?
3. What challenges do you think can be encountered by NSSA in extending the contributory social security scheme to the informal sector?
4. From your own opinion, do you think it is feasible for NSSA to extend social security to the informal sector?