

“An assessment of the adequacy of the National Social Security scheme with particular reference to retirement and survivor’s benefits at University of Zimbabwe.”

by

Mrs R Mubanga

**Staff Development Fellow,
Human Resource Management Department**

A paper presented at the Faculty of Social Science Research Seminar Series

ABSTRACT

This study sought to assess the adequacy of the retirement and survivors benefits under National Social Security Scheme. The focus of the study was the retirement and survivors’ benefits.

Thirty five people were identified through the University of Zimbabwe pension’s office. Of these, 15 were getting retirement benefits and the rest i.e. were getting survivors’ benefits giving a response rate of 53% and 75% for retirement and survivors’ benefits respectively. In addition, ten employees were also interviewed, five female and five male. Furthermore, a representative from ZCTU responsible for pension issues and an official from NSAA were interviewed.

The research established that benefits that are being paid out by NSSA are not inadequate when compared with the monthly basket figures that are produced by the Consumer Council of Zimbabwe. Of late the monthly basket is pegged in hard currency and stands at US\$280 for a family of six and yet NSSA pays Z\$100 trillion (Z\$100 revalued) for retirement and Z\$44 trillion (Z\$44 revalued) for invalidity, survivors’ benefit and Z\$1 quadrillion (Z\$1 000.00) for funeral grant. The benefits that are being paid are nowhere near the monthly basket which is in hard currency. NSSA is there to provide minimum benefits and minimum benefits must that ensure that a pensioner or the survivors must be able to get basic commodities from the payment.

It is also important for NSSA to work closely with the workers and their representatives. Instead of relying on representative bodies they should also visit work places to educate workers and also get information on the expectations of the workers. For instance, this study established that workers expect NSSA to work with local authorities in building houses for them. When this is considered from the Human Resource Management point of view, it is a valid expectation. Employers are expected to look after their workforce during and after their

working lives and that can be achieved through pension schemes. In this instance government so it necessary to make provisions for workers when they lose income through injury, retirement and so on and came up with a national program N SSA and this noble move is commendable.

The study also established that workers expect N SSA to provide cheap accommodation so that they retire they are proud owners of hours. This issue of provision of accommodation was not part of the study but it was raised by most of the workers interviewed including the labour body representatives. Officials from N SSA then indicated that they are working on such a project in Marondera but the workers including the researcher are not aware of such programs. It is the view of the researcher that such programs should be spread all over the country and not benefit one or two provinces only. N SSA can work with local authorities who will identify pieces of land and N SSA can then service the land and build houses using personnel in the army, police, building brigades and prisoners.

Introduction and Background

The objective of a social security scheme is to provide protection to people from loss of income. The loss of income may come up as a result of a number of contingencies like old age, job loss, injury, death and so on. The affected person and his beneficiaries or survivors must be able to maintain a certain standard of living after encountering the above-mentioned eventualities. There must be a slight change in the standard of living after one's working life. (Kaseke: 1995)

The Researcher has observed that most pensioners are failing to make ends meet from the pension they get. It is the Researcher's belief that beneficiaries of people who die at work are also failing to make ends meet from the benefits they receive from the National Social Security Scheme.

This research meant to assess the adequacy of the benefits of this scheme. To be able to assess the adequacy of the benefits was important to have a clear understanding of what social security is all about.

The International Labour Organisation defines social security as:

“The protection which society provides for its members through a series of public resources against economic and social distress that otherwise would have been caused by the stoppage or substantial reduction of earnings resulting from sickness, maternity, employment, injury, invalidity and death; the provision of medical care and the provision of subsidies for families with children. “

It is important for organisations to cater for their employees during their time of employment and after their employment lives. The Queens Medical Centre Nottingham in the United Kingdom through the Health Department introduced an initiative entitled Improving Working Lives (IML). This initiative identified areas of “good people management” to enable the NHS to attract and retain staff. Some

of the areas covered included communication with staff, involving staff and benefits provided such as pensions, flexible working and support for childcare. It can be seen that pension is one of the important aspect of improving working lives for employees.

The Government of Zimbabwe introduced National Social Security Scheme that covered a number of benefits including pensions. The aim of the pension scheme under NSSA was to make sure that employees were well covered or protected when they retired. The protection also extended to the beneficiaries of the members.

This study used mainly documentary review to provide information on the aims of the social security and benefits that were being paid out to pensioners and survivors. Interviews were carried out and research subjects were identified through the University of Zimbabwe Pensions Office. They consisted of individuals who had retired and those receiving survivors' benefits. In addition, ten employees at the University were also used as research subjects. Officials from the Zimbabwe Congress of Trade Unions were interviewed as well. Unstructured interviews were used and this benefited the researcher and the study, as subjects were not restricted to talk about particular areas pertaining to NSSA. As a result subjects came up with different views some of which the researcher had not really thought about.

Statement of the Problem

When the National Social Security Scheme was introduced it was hoped that workers would be catered for on retirement and injury and survivors would be taken care of when the breadwinner passed on. The dependents of the members would be assisted through the fund after the death of the breadwinner. The funeral assistance being given is insufficient, as it cannot be used to

purchase a coffin or food provisions for the mourners. It is also believed that survivors and pension benefits being paid out are an insult to the recipients.

National Social Security does not seem to be serving its purpose and is not helping workers get basic provisions after retirement. It seems workers are in a worse off situation after retirement, injury and so on.

Objectives of the Study

The objectives of study were:

- To explore the operations of NSSA.
- To establish whether NSSA was serving its purpose of protecting workers and their beneficiaries against loss of income through death, retirement or disability.
- To educate the researcher on the operations of NSSA.

Research Questions

1. What kind of benefits is NSSA providing that are not being offered by other Pension Schemes to provide security for workers on retirement?
2. Is NSSA serving its purpose or is just another form of tax to the workers?

Hypothesis

Benefits provided by NSSA are inadequate.

Justification of the Study

The reason for carrying out such a study is that the employers and the state benefit from the labour provided by workers. The state benefits in the form of taxes collected from labour and the growth of the economy, which comes as a

result of the well performing economy and that cannot be realised without labour. Without labour the country cannot go anywhere. It is thus important to take care of that labour during and after its working life. Some organisations overseas have come up with programmes whereby they look at improving working lives of their human resources. This involves looking at among other things communication, pensions and so on. By so doing they ensure that when their employees retire they could continue enjoying life until such a time that nature took its course and they eventually die. They must not die because of poverty that comes as a result of unemployment through retirement or death of the breadwinner.

Assumptions

It was assumed in this study that social security, NSSA is there to make sure that employees are well catered for after the working lives. Government realised that workers failed to provide for themselves and their dependents after retirement hence the establishment of NSSA. Its aim was to make sure that workers did not become destitute after retirement.

Conceptual Framework

Robins and Coulter (2003) discuss social responsibility and managerial ethics. They state that “Managers now regularly face decisions that have a dimension of social responsibility: employee relations, philanthropy...” Thus social responsibility is an issue that managers have to consider. In the researcher’s view this involves making sure that employees are well catered for during and after their working days. Life after working days can be catered for through pension schemes. Government saw the importance of catering for the country’s workforce after their working life hence the introduction of NSSA in 1994.

Robbins and Coulter (2003) also discuss two opposing views of social responsibility i.e. the classic view and the socio economic view. The classic view takes the position that management's only social responsibility is to maximize profits. Milton Friedman who is quoted by Robins and Coulter argues that the primary responsibility of managers is to operate the business in the best interest of stakeholders i.e. owners of a corporation. This is done through achieving the goal of financial return. It is further argued that when managers spend resources for the 'social good' they are adding to the cost of business and these costs should be passed on to consumers. The researcher disagrees with this view because corporations make more money through workers than they give. It is thus important for them to cater for the employees when they are unable to continue working. The reason is that they would have given a lot of commitment and effort to the organization and that effort and contributions should be recognized. Workers should not be valued only during their productive time but whatever contribution has been made should always be valued and plans made for them to live comfortably after retirement. The Government introduced NSSA because it believed that workers were not well provided for by their employers after their working lives.

The other view on social responsibility is the socioeconomic view. This view states that management's social responsibility goes beyond making profits to include protecting and improving society's welfare (Robins and Coulter: 2003). This position is based on the belief that society's expectations have changed. Corporations are not independent entities responsible only to stakeholders. They also have a responsibility to society that endorses their creation through various laws and regulations and supports them by purchasing their products and services.

The Researcher supports this view, as she believes that society supports corporations by allowing its members to work and aid their production. Thus without labour the corporations would be doomed. It is important therefore, for

corporations to make sure that when they return these people to society, e.g. on retirement, they return them in a better position than they were before they took them. This can be done through pensions/retirement schemes. However this must not be the responsibility of employers only because the contribution employees make aid the government as they translate to a growth of the economy, meaning that government would then get more money in the form of taxes. Thus, government must also take a leading role in making sure that the workforce is well provided for on retirement. Government thus adopted the socioeconomic view hence the introduction of NSSA. It was a way of catering for workers after their working lives hence both employers and employees contribute towards the fund.

Torrington and Hall (1998) wrote that companies take people from society to work for them. It is thus the duty of human resources managers to make sure that when they return those people to society they are in a better condition than they were in before they took them. Simply stated, this means that when employees retire they must be able to maintain the standard of living they had during their working life and must be better off than when they were not working. The role of NSSA thus is to make sure workers are able to maintain their pre-retirement standard of living even after they retire.

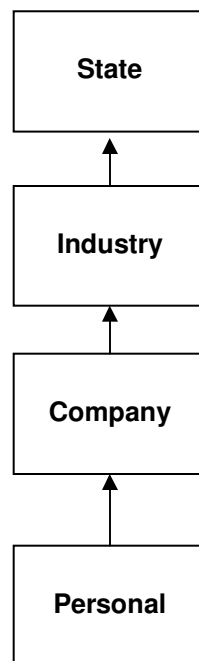
Provision of pension and sick pay has been viewed as a mark of a 'good' employer and yet employees have not until recently seen these as benefits which affected their interests. (Torrington and Hall: 1998. They further state that there is now an increasing public awareness of pension matters, stimulated by governmental actions and legislation, the media and the pensions industry. (Torrington and Hall: 1998:636). This study looked at the NSSA to establish whether it had improved the lives of UZ pensioners. It could also be seen that there was a lot of interest in the operations of pension schemes, hence this study.

Furthermore, Torrington (1998:636) states that there are four levels of pension schemes:

- State pensions
- Company Schemes
- Industry-wide schemes
- Personal Scheme

It can also be noted that the four levels are simply a hierarchy as illustrated below with lowest and highest levels being personal and State schemes respectively. This is illustrated in the following diagram:

Figure 1: Levels of Pension Schemes in Hierarchical Order



One can have a personal scheme and also be a member of the company scheme. If the company is too small to have its own scheme then it can join the industry-wide scheme. Above all there is the State scheme, which in most cases may be compulsory.

A State Schemes is run by the State and in Zimbabwe there is the National Social Security Scheme that is governed by an Act of Parliament. All employees and employers are expected to contribute towards this scheme, thus it is compulsory.

Companies use company schemes as mechanisms to recruit and retain good people, the generation of goodwill and loyalty; the improvement of industrial relations and mechanisms for managing early retirement and redundancy (Torrington: 1998) In most cases these are offered in addition to State Schemes. This is the case at the University of Zimbabwe. There is a University Pension scheme that is handled by Old Mutual and the National Social Security Scheme to which all university employees are members.

The third type of scheme is the Industry Wide Scheme to which employees may contribute as an alternative to a company scheme. These schemes are especially useful in industries where there is a large number of small companies, and employees tend to be mobile within the confines of the industry. These companies would not be large enough to run their own schemes, and the employees would not welcome being tied to a company scheme". (Income Data Services: 1982:13). Such a scheme is operated like a company scheme except that a number of companies contribute to the same scheme. For example there may be a Mining Industry Pension Fund.

Last but not least is the personal pension. Self-employed people who may be excluded from State Scheme may have their own personal schemes. Even those employed who contribute to state and company schemes may choose to supplement their schemes by having personal pension. These are arranged usually through insurance companies and employees pay regular amounts to their own "pension fund" in the same way they would with a company fund. This

study was more focused on state schemes, that is, the National Social Security Scheme.

Kaseke (1992) in his study looks at the two forms of social security namely social insurance and social assistance. His study looks towards security needs for people in rural areas that is mainly social assistance. This study is interested in social security for working people and that is social insurance.

Social security insurance according to Kaseke's study normally caters for people in urban formal employment since it provides income maintenance to a wage earner and his dependents when his earnings capacity is temporarily or permanently impaired. It is contributory as beneficiaries contribute part of their earnings towards their social protection. This study would like to consider social assistance in the form of National Social Security Scheme to see whether it is serving its purpose.

The International Labour Organization(ILO) in a journal entitled Pensions and Inflation states as follows:

.....contingencies covered by social security programmes are principally associated with involuntary loss of workers' earnings. The schemes vary in the range of benefits provided, but provision for pension in old age and to survivors is a standard feature...

This shows that different social security schemes offer different benefits. However in most cases they also provide for loss of employment, maternity leave and so on.

A symposium on pensions and inflation (1977) looked at the importance of safeguarding the purchasing power of pensions once they have been put into payment. It was pointed out that, pensioners, as a group can be especially vulnerable to price changes and expect not only to be protected against them but

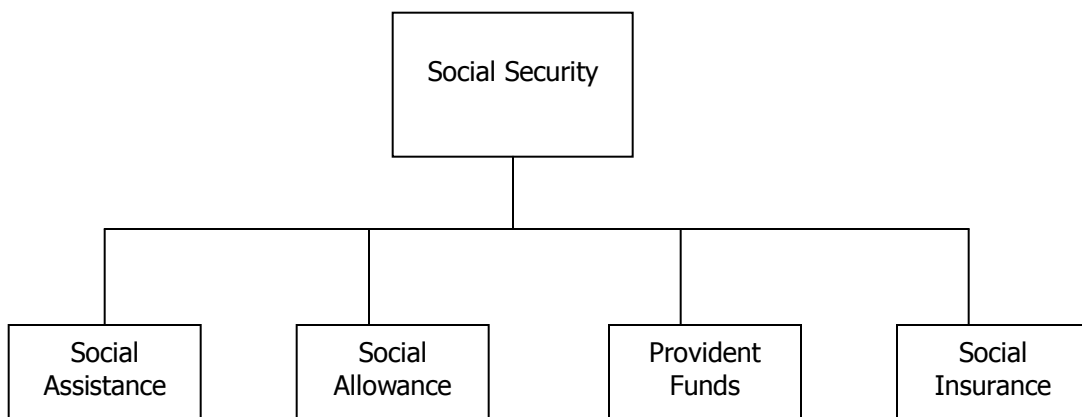
also to share in increasing national prosperity. The researcher believed that this could apply to the Zimbabwean situation. The study would thus ascertain whether pensioners in Zimbabwe were also vulnerable and whether they needed protection against price changes.

According to Kaseke (1995) the ILO has come up with a definition of Social Security that has been widely adopted by both developing and developed countries. It is defined as "... security that society furnishes through appropriate organisation against certain risks to which its members are exposed (Kaseke: 1995:107)

Human beings are exposed to risks or contingencies that interrupt earnings temporary or permanently. Old age, death, injury and so on are some of the contingencies that necessitate the protection of human beings against loss of income. When faced with old age one will be unable to sustain himself and his family. Social Security is solely for the purpose of protecting human beings against financial insecurity. (Kaseke: 1995)

Kaseke states that there are four forms of social security and the diagram below illustrates the forms:

Figure- 2: Forms of Social Security

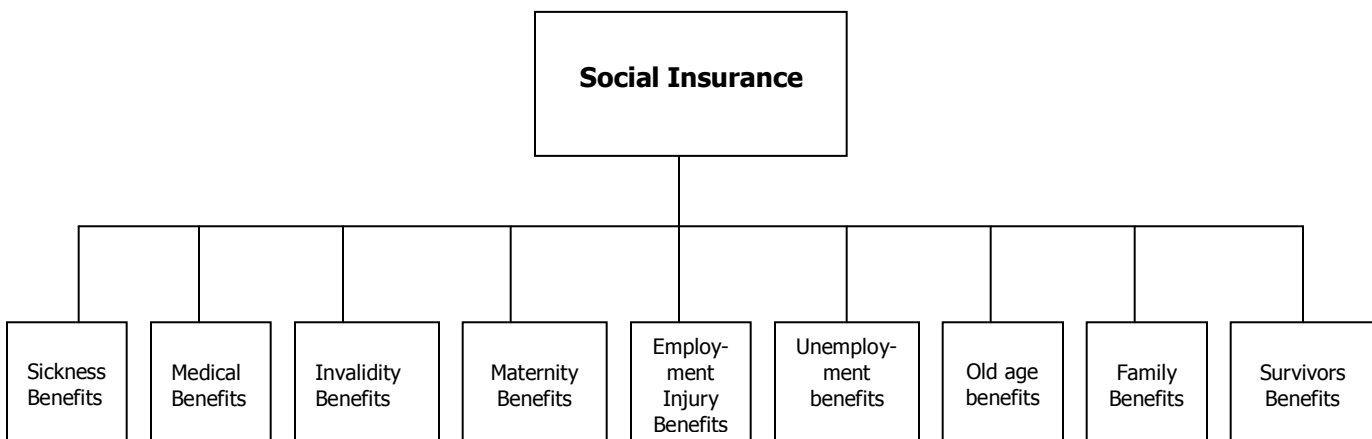


This study was interested in Social insurance which is the fourth form of social security. The National Social Security Authority of Zimbabwe provides social security in the form of a social insurance. Social insurance according to Friedlander and Apple, (1980) is a system of social protection for the worker and his/her dependents against the many contingencies of life in an industrial society.

Some of the contingencies against which the worker and his/her dependents are protected are old age, injury, death and so on. Social insurance is mainly concerned with the employee. It is designed to guarantee the wage earner and his dependents a minimum income during periods when his earnings are impaired or cut off. The big question that is kept asking by this project is whether NSSA guaranteed the wage earner and his dependents a minimum income after retirement. This question was the main focus of the study.

Social insurance has nine branches identified by ILO. The diagram below shows the nine branches:

Figure 3. Social Insurance Branches - ILO



The National Social Security of Zimbabwe does not offer all the benefits mentioned above. However it has amongst its branches old age and survivors' benefits, employment injury.

It can be seen that the main aim NSSA was to protect workers and survivors against loss of income. The question that arises is whether there is protection in real terms. It was the view of the writer that employees were not protected by social insurance. This belief prompted this study so as to establish the protection that employees got when faced by contingencies against which they were protected. Another problem was that the scheme left out some workers e.g. domestic workers, and those in the informal sector.

Social insurance is a contributory scheme and eligibility for benefits were determined by one's record of contributions to the scheme. Thus the social insurance scheme spelt out the minimum contributions individuals should made before they could draw from the schemes. Both the employer and employees contribute to NSSA.

Under social insurance beneficiaries pool their resources together as a strategy for indemnifying themselves against contingencies (Kaseke : 1995) Risks are thus shared as those exposed to contingencies draw from their contributions and from the contributions of those not yet exposed to contingencies.

National Social Security Authority (Pension and Other Benefits Scheme) Notice (1993) makes membership to this scheme compulsory as stated below:

... any person who Is working in a profession, trade or occupation specified by the Minister in the notice, and-

- (a) is a citizen of or ordinarily resident in Zimbabwe; and
- (b) has attained the age of sixteen years;
- (c) has not attended the age of sixty years;

shall register and contribute as an employee in terms of this notice.

Part V S 21 states as follows:

The benefits payable under this scheme shall consist of the following-

- (a) invalidity pension;
- (b) invalidity grant;
- (c) retirement pension;
- (d) retirement grant;
- (e) survivor's pension;
- (f) survivor's grant; and
- (g) funeral grant

Invalidity pension is paid to employees to have not attained the age of fifty and for as long as the beneficiary is an invalid. Payments for all the benefits may be paid at rates set by the Minister and would be published in the Gazette

The Statutory instrument states how claims may be done and the period within which the claims should be submitted. It also states that both the employer and employee should make contributions. The study seeks to establish the situation on the ground and whether or not what is on paper is what is obtaining.

There have been a number of researches and evaluations on non-contributory social security schemes and their impact on society. However, very little has been done on contributory social security schemes in Zimbabwe especially NSSA hence this study. There have been complaints in general about NSSA with the populace claiming that it is just another form of tax and does not really benefit the intended beneficiaries. The researcher would like to look at the area in depth to see whether the claims made can be substantiated or dismissed as baseless.

In the following chapter the researcher will discuss the research methodology. The chapter will look at the research questions, sampling and sample size and methods of gathering data that were used in this research project.

RESEARCH METHODS

The research was more of an evaluative study. The aim was to assess the adequacy and effectiveness of the benefits being paid by NSSA. Thus it had to interview subjects who were receiving benefits. It also compared the payments by NSSA with the monthly baskets that published by the Consumer Council of Zimbabwe. It also looked at the inflation figures and look at how often NSSA reviewed its payouts.

The University of Zimbabwe (UZ) was used for the study. Subjects were identified through the UZ Pensions Office. The study concentrated on those who had retired in the last twelve months, as it would be a lot easier to locate them. It was believed that these would still be in Harare unlike in cases where one retired two or three years ago. Fifteen subjects who retired and twenty subjects receiving survivors' benefits were identified. Furthermore, ten subjects who are currently working. These were selected randomly. A ZCTU representative who deals with pension issues was also interviewed. In addition an official from NSSA was interviewed so that he could also shed light on issues raised by the workers and workers representatives.

Unstructured interviews were used because more information would be volunteered as they were given the opportunity to express their views freely. Furthermore, secondary data was used for this study. The data was mainly from newspaper articles, Parliament of Zimbabwe and Consumer Council of Zimbabwe.

The following were the research questions for this study:

1. Is the National Social Security scheme adequate in providing social security for workers and their beneficiaries on retirement or loss of income as a result of contingencies such old age, death and so on?

2. Are the grants and monthly payouts made to beneficiaries adequate?

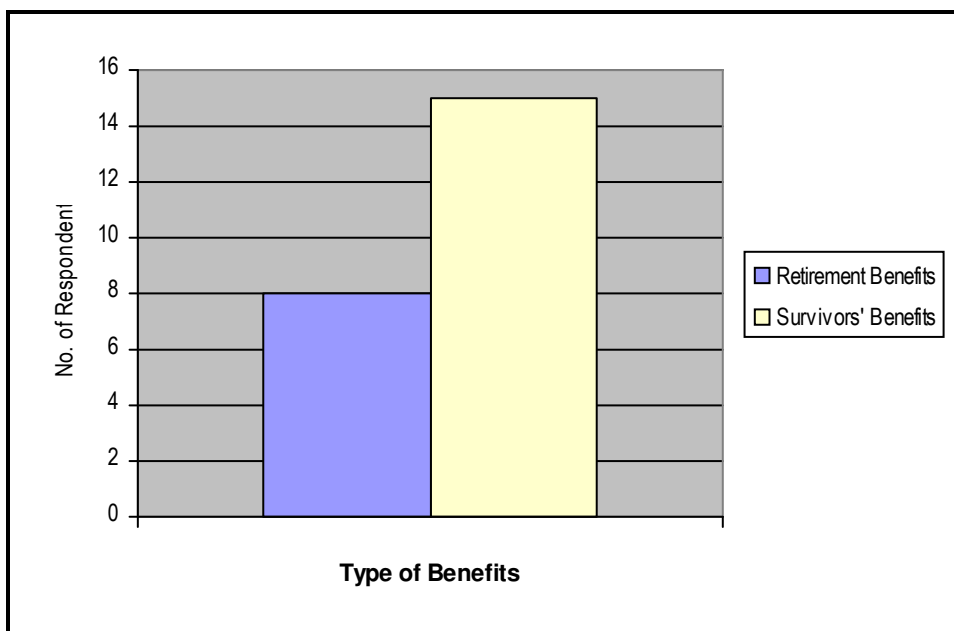
Discussion

Thirty-five people were identified through the University Pensions office and these consisted of those receiving survivors benefits (20) and those getting retirement benefits (15). Of the total figure only twenty-three were interviewed giving a response rate of 65%. It was difficult to identify the pensioners as most of them relocated to their rural homes after retirement. In addition ten employees were interviewed and of these five were men and the other five women.

Table 1: Presentation of Respondents by Type Benefits Received

No. of Respondents	Retirement		Survivors	
	No.	%	No.	%
35	8	35	15	75

Figure 4: Graph Showing Respondents By Benefit Type

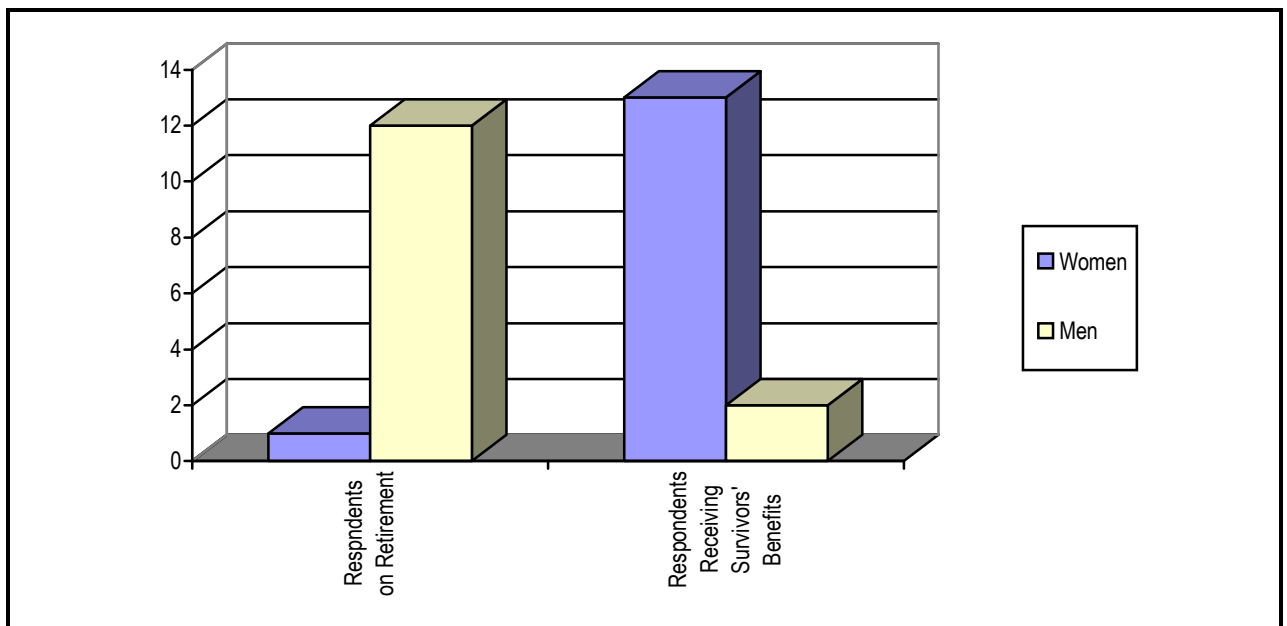


Respondents were also classified according to their gender. From the table below it can be seen that the majority of those receiving survivor's benefits were women whereas the bulk of pensioners were men. Only one woman who had retired was interviewed.

Table 2: Respondents by Gender

Gender	Respondents Receiving Retirement Benefits		Respondents Receiving Survivors Benefits	
	No.	%	No.	%
Women	1	12	13	87
Men	7	88	2	13
Total	80	100	15	100

Figure 5: Graph showing Respondents by Gender



Furthermore, a ZCTU representative and a NSSA official were interviewed. The reason for interviewing the official from ZCTU was that they were the body that represents the interests of the workers and their views were thus important in this study. The official was quite helpful and a lot of information concerning the topic was gathered from him. The official from NSSA interviewed was from the Benefits Office. It was not possible to interview an official from ZFTU because of limited time.

A pay slip from UZ was used of one of the employees to look at the contributions they made towards NSSA. The money contributed was very little. For example one person contributed \$22 500.00 towards NSSA and that was the maximum contribution, and \$304 000.00 towards the private pensions scheme. A mere glance at these two figures showed that, NSSA contributions were less than 10% of private pension schemes.

Judging by the contribution one say that the money contributed towards NSSA was very little. However, when one took the viewpoint that insurance is about pooling of resources together the amount could be sufficient. For instance with one million people contributing \$22 500.00 NSSA collected 22 billion monthly. This money could be used to provide meaningful benefits to contributors. Subjects believed that it was better for NSSA to build houses for workers, during their working lives so that by the time they retire they would proud owners of houses.

Information Gathered Interviews with Beneficiaries and Workers

All those interviewed were not happy with the benefits that NSSA provided. They were of the view that the benefits were meaningless and an insult to them. Those still working said they expected more from NSSA. They wanted NSSA to provide houses for workers. With the money that NSSA collected monthly they believed that is was feasible for NSSA to invest in building houses.

They also believed that NSSA was to be on the forefront in working on HIV/AIDS issues. With good management NSSA could work on HIV/AIDS programmes and there would be no need to have the National Aids Council as that could all be under NSSA. They cited organisations like Hwange Colliery that were now providing ARVs for their employees. This could be done countrywide by NSSA.

Of particular interest was an interview with Mr Ndlovu was of the opinion that the body had not lived up to the expectations of legislation and contributors. Principally, NSSA was a pension scheme supposed to benefit the contributors. Instead a lot of money was being used in activities that were of little benefit to the contributors for example fringe benefits for NSSA employees.

He was of the opinion that NSSA should work with local authorities to provide houses for them. The money collected monthly translated to billions a month and this would go a long way in building houses. He said, as workers needed assistance to secure houses during their working lives so that when they retired they would be having decent accommodation. According to him there would have been no need for the government to come up with operation Garikayi/Hlalani kuhle, as people would be having houses that had been built by NSSA. NSSA should work closely with local authorities by asking them authorities to identify land that would then be serviced using funds from NSSA and even go further to build houses. There was no need for NSSA to go commercial when building the houses. They could use government employees as the government had among its workforce architects, surveyors, plumbers, builders, electricians from the army and police. He also believed that prisoners could also be used in such projects. NSSA was a statutory body and thus did not have to contract contractors who charged exorbitant prices beyond the reach of many. Engaging in such a project would mean that contributors would be proud owners of houses on retirement. There was no sense, according to Mr Ndlovu in building shopping complexes to rent out to OK, TM so that one can have a

supermarket nearby when the person is homeless. Those organizations could buy land and build their stores.

Another interviewee, Prof. Patel, who retired in January 2005, was not happy at all about NSSA. He said the “processing of payments was cumbersome and mysterious”. He wondered if NSSA seriously considered the plight of contributors. He stated that he retired in January 2005 and had sent in his papers for processing but up to July 2005 he had not received anything from NSSA. The officials at NSSA informed him that the process was supposed to take three months at most but seven months down the line he had not received anything and no one communicated on what was taking place. Each time he made a follow up he was told the officials told him that they would get back to him but no one from NSSA had ever contacted him.

Another interviewee, Mrs Muchena, a widow with three children to take care of, was disturbed by the payments she was getting from NSSA as survivors benefits. She was getting \$70 400 for herself and her three children. The money was not enough to pay even school fees and she did not know what she was expected to do with that kind of money.

She further stated that the payments were stopped sometime in 2002. She went to NSSA offices countless times to enquire on the reasons but never got answers. She was finally assisted during the beginning of 2005 when she was informed by one official that they ceased payments because they did not know whether she was alive or not. She had to complete a Certificate of Life so that she could get her payments. She had never been informed by anyone of that requirement. She also had to submit copies of birth certificates for the children. After submitting those documents she got \$200 000.00, two hundred thousand dollars in payment for arrears of over two years. That according to her left a lot to be desired.

All the interviewees on survivors benefits were getting \$70 400.00 and the researcher assumed that it was a flat rate not related to the salary. The reason was that all those interviewed were all getting the same amounts of money and yet their husbands had been in different grades during their working lives.

Respondents on pension were getting \$150 000.00. It was also interesting to note that the respondents were in different grades during their working lives. This can thus lead to the conclusion that the payments were flat rated.

One respondent was of the view that NSSA was to also cater for maternity leave, especially in cases when the employee did not qualify for paid leave. No other respondents besides Miss Chidakwa brought up this view.

Information Gathered from an Interview with a ZCTU Representative – Mr Banda

Mr Banda was an official at ACTU who dealt with pension issues. He informed the researcher ZCTU was unhappy with the state of affairs, i.e. low benefits paid to members. They had made submission to NSSA officials on the issues. Officials from NSSA had informed them that they could not increase the contributions from employees, as they would affect the employees negatively. This would reduce the amount of money they took home.

Their main concern was that the bulk of the money contributed by employees, which is about 80%, went towards administration. Managers and staff from NSSA had very good benefits. They could get housing loans and even a messenger could get a loan to purchase a car. At the end of the day the people who were supposed to benefit i.e. the workers who contributed were getting flimsy payouts.

He was of the view that there was need for NSSA to make sure that employees benefited from the funds during their working days. This could be done through working with local authorities and building houses for contributors. There was no need for NSSA to invest in shopping malls, as these did not directly benefit workers. He concurred that there was need for such malls in remote areas but his question was how many workers were living in those remote areas? Most workers were in urban areas and thus did not benefit from such projects. They actually needed houses more than anything else. There was need to come up with projects that benefited the majority of workers especially those in cities. Working with local authorities was the best way forward. Funds were to be channeled towards the servicing of land and building of houses. NSSA would make sure that contributors got accommodation in areas that they lived through their local authorities. Thus by the time people retired they would be having accommodation which is the main concern for every human being.

Building brigades and government employees especially in the army, police and so on could be utilized in such projects. There are architects, surveyors, builders, and plumbers in the government. They could be used to survey land and build those houses instead of using commercial building contractors that are out to make money. Prisoners could also be used in such projects and this would go a long way.

Asked on whether they had raised the concerns with NSSA Officials, he said they had done so several times. They were always told that the ideas were good but they did not see any changes or improvements in the operations and their 'good ideas' were never implemented or considered.

He further stated that Mr Shamuyarira of ZFTU on the NSSA Board represents workers and ZCTU had been left out of the Board. He was of the opinion that this representative was not representing workers interests fully as he was imposed on the board as a representative of the employees. It was his belief that

there should also be a representative from ZCTU. Mr Banda's sentiments were in line with an article that appeared in the Chronicle of Thursday 28 July 2005.

Information Newspaper Article

The Business Chronicle of Thursday 28 July 2005 carried an article entitled "Sparks Expected at NSSA Workshop". The issues raised in the article were just the same as those raised by Mr Banda during the interview. This article was about a workshop that would be held in Bulawayo in August. It stated that the workshop would afford the authority an opportunity to explain its operations. It also stated that ZCTU felt that the workshop was long overdue, given poor premiums paid out to beneficiaries. According to the article ZCTU was irked by its exclusion from the board and also accused NSSA of lacking transparency. Mr Bimha who was President of EMCOZ stated as follows:

EMCOZ is organizing a meeting of stakeholders in August, in Bulawayo. It is not restricted to employers only but unions are welcome because we feel there has not been enough communication between NSSA and those who contribute to it. This will be a chance for NSSA to explain itself, its benefits and the investments it has made and why. We are organizing this in the interests of interface.

This article showed that NSSA had not done much to open lines of communication with contributors. There has been no education for programs the society and people did not actually know what was going on at NSSA. However according to the article ZCTU felt that communication alone would not be enough and called for transparent accounting systems at NSSA. Mr Lovemore Matombo the ZCTU President said the following according to the article:

NSSA has become an animal for the Government and well-to-do authorities but not for workers. It is only known by certain and defined individuals who enjoy its benefits. We understand that quite substantial amounts in benefits are given to Senior Managers yet people who are supposed to be benefiting from the fund are not.

He also stated that his organization was angered by its exclusion from the NSSA Board as a representative of the workers. He commented as follows,

NSSA was a brainchild of ZCTU when it was decided that an institutional framework be set up for social protection of the workers. What the ILO requires is that the most represented labour movement sits on the Board. Not doing so is a miscarriage of justice and as long as ZCTU is not represented we suspect underhand behaviour and that they do not want checks and balances by the workers.

Mr Matombo also stated that they had made proposals to Government that 20% of the income was to be invested in the construction and there should be evidence that something was happening.

In the Article Mr Bimha said the board was still incomplete as it had five members instead of seven. This left two slots and members of ZCTU could fill these two slots. This article confirmed the concerns raised by Mr Banda. It was hoped that the workshop would go a long way in educating contributors.

Information Gathered from an Interview with an Official from NSSA – Dr H Chikova (General Manager, Benefits)

The Researcher highlighted the concerns that were raised by workers to Dr Chikova. He stated that they took time in processing, because they had to be thorough and very careful so as to make payments to the right persons. He stated that they paid through the warrant system. The beneficiary or the pensioner had to furnish details to the Offices for processing. They were asked to put the address of the nearest Post Office when they made their claims. The premiums were then sent to the Post Office. The problem they faced was that most beneficiaries moved to their rural areas after processing their claims and did not inform NSSA. It was thus difficult for them to trace the beneficiaries after they moved and thus the payouts would be returned to NSSA. People then complain that they do not get their benefits when they do not inform NSSA of changes in addresses.

He stated that they were trying to inform people to make sure that they informed NSSA each time they changed addresses so that they always got their pensions. He admitted that they were lacking when it came to educating people and were now in the process of carrying out campaigns to educate workers. Most of the times they used the radio, TV and newspapers and once people went to rural areas they did not have access to that entire media.

NSSA had now employed Liaison Officers in all Regional Offices, who would start work on the 1st of August 2005 for the particular purpose of communicating with workers and educating them on the operation of NSSA. Above the Liaison Officers, were Education Officers who were there to develop educational materials.

NSSA wanted to improve on information dissemination and they had identified a number of ways of doing that. First they intended to work closely with Labour Bodies such as ZCTU and ZFTU. They would try to address workers at every given opportunity. Thus when these bodies had meetings they would be there to address the workers on the operations of NSSA. They would also visit schools and have discussions with school heads. Another way was to attend farmers meetings and ask for time to address such gatherings. They would also be attending general gatherings like rallies and so forth. They would ask to be given time at all these gatherings to address the people. This they believed would assist in disseminating information. Thus it can be seen that the article in the chronicle was confirming Dr Chikova's statements.

On the delays in processing payments Dr Chikova stated that it was a two-pronged issue. Sometimes the office was overwhelmed with claims. For example when they first started, they were processing payments for about 5 000 people and currently the number had ballooned to over one hundred thousand

people. However, they had not increased their staff compliment and thus that could contribute and they were working on that issue.

The second reason was that beneficiaries did not bring in all the necessary documentation like death certificates, birth certificates, national identity cards and so on. Thus when asked to submit those documents they would go and not come back. When they decided to come back, at times after six months with the documents nothing would have been done, as payments could be processed without all the necessary documentation.

To solve the problem of delays they were now in the process of re-orientation of the whole system. They were now computerizing and were also decentralizing their operations. A pilot programme was in operation in Chinhoyi and people there were actually having everything processed in Chinhoyi instead of a situation where all the files had to come to Harare. It now did not take a week for people in Chinhoyi to have their payments processed.

On the issue of the Certificate of Life he stated that they wanted to protect the funds of the public and thus they had to make sure that the persons they were paying were still alive. He gave an example of cases that happened in Europe where children hid bodies of pensioners for long periods in the backyards so that they could collect their pension payments. They were thus trying to guard against such incidents.

On what would happen in cases where the surviving spouse dies and the children were left behind and there was no one to complete the certificate of life the researcher did not get a direct answer to that. The question was evaded. This in the researcher's view means that the payments would cease and the children would not get anything as they could go to process the papers themselves especially when they are minors.

On the levels of benefits he stated that the payments were currently on \$70 400 for the widow and if there were children one would get another \$70 400 regardless of the number of children. They were actually planning on reviewing the amount upwards with effect from January 2006. However, that was now awaiting approval of the Minister as a body they had already approved the increases. The monthly payments for pension were pegged at a minimum of \$150 000.00 and would be reviewed to \$252 000.00. This in the researcher's view was that it was not much as one could not buy enough food for a month. A green bar of soap called was going for \$91 000.00 at Greetermans and other types cost about \$50 00.00 to \$60 000 dollars a bar and yet the benefits will be increased to \$252 000.00 a month in January of the following year.

The big question was whether NSSA authorities actually considered the situation on the ground. Their figures were unrealistic and the fact that he mentioned that the reviews of payments were made once in three years rendered the benefits useless. Inflation was high at that time and it was imperative that the period of review was to be reduced. The maximum payments would be increased to \$750 000.00. At that time the monthly basket for a family of six was \$2,1m for the month of March according to the Herald of Friday 8 April 2005. Thus for one person it would be \$350 000.00 per month. Yet NSSA wanted to increase their minimum payments to \$252 000.00 which was not enough for March. What would be the monthly basket figure for January 2006 if it was \$350 000.00 per month in March 2005. The money paid out by NSSA should at least cater for the monthly basket. It was worse for widows who were getting \$70 000 per month when she has to look after three children.

When the issue that premiums were not adequate was raised with Dr Chikova he stated that if NSSA increased them they would be broke after about four years and they would be forced to sell their buildings.

Asked on why they were not considering doing away with the ceiling, so as to increase the income base Dr Chikova said doing that would increase the labour costs and also lower the amount of money taken home by employees. He stated that NSSA wanted to co-exist with other private schemes. NSSA would also rake in trillions of dollars and it would be difficult to invest the money efficiently in local markets and that would also distort the economy.

He also mentioned Workers compensation, which was an employer-funded insurance. That catered for injuries sustained at work and the payments depended on the salary when one was injured. They paid for the loss of capacity to fully generate income and the minimum was \$5 000.00. That figure was ridiculous in the researcher's view. The minimum that commuters paid in bus fare is \$6 000.00 and one wondered what went through the officials' minds when they made such payments. The costs of making that payment are more than the five thousand dollars they paid. And no one in his right frame of mind would travel to collect that amount of money when the person will have to fork out more in transport money.

He also stated that they paid the bills for the injured workers. They had no ceiling on the bills they paid. The minimum they have paid was 30 million dollars and the highest bill they paid was \$120m. They also looked after the injured after hospitalization. They made follow-ups when the person went to the rural areas, built toilets, adjusted doors where wheelchairs were used and made sure that the environment was okay.

They also have a rehabilitation Centre in Bulawayo. They did physiotherapy, occupational therapy and they also have vocational training, so that the injured could learn a trade that would assist them in earning a living. The Researcher commended this but the question raised was whether workers were aware of these benefits.

He also stated that people were of the view that money was being misappropriated at NSSA but that was not true. They had a board that had representatives from workers, government and employers. The Board approved all the financial reports produced by NSSA. He also stated that they had already presented their audited accounts for 2004 and it was very rare for parastatals to do that.

The problem they were facing was that people would go on national television and talk about the \$5 000.00 they were receiving monthly from NSSA and failed to mention the payment of hospital bills by NSSA and other assistance they got. However this raised the question of how many people benefited. Many people were not aware of all those benefits. They got injured and work and never made any claims. At times the process they have to go through to get assistance was cumbersome and thus discouraged them.

When asked to comment on the issue of providing houses for workers, an issue raised by workers, he stated that he would just provide general information as that was not his department but was under investment. NSSA had a housing project in Marondera. They had serviced land and about 200 houses would be built. There was also another project in Glaudina near Snake Park along Bulawayo Road and another one in Gwanda. They worked on the projects with local authorities and Zimbabwe Building Society. They gave the money to ZBS who would in turn provide accommodation in conjunction with local authorities and they would consider NSSA contributors. Asked on why people were not aware of the programme he stated that they could not advertise, as home seekers would overwhelm them.

There was need for NSSA to make known their operations to the public because there seemed to be a lot of secrecy and lack of transparency in their activities. Very few people benefited from the monies they contributed especially when it came to housing projects.

Information from a Public Accounts Committee Report on the National Social Security Authority

A document presented to the House on Wednesday 10th November 2004 raised a number of concerns on the operations of NSSA. The committee commented as follows on the business of NSSA,

NSSA Act is a sound policy that can contribute significantly to the economic development of the whole nation only if the Fund is professionally run. NSSA core business is to collect contributions from employers and employees, investing the money and paying pension and other benefits when they are due. However, it was perturbing to your committee to observe that lack of contributions and benefits reviews had resulted in NSSA paying meager benefits which infact did not make any economic sense hence an outcry from the public. Contributions and benefits levels paid out were not adjusted upwards from 1994 to 2001 despite the macroeconomic factors on the operations of NSSA

The report also touched on NSSA investments that left a lot to be desired. According to the document the Authority's investment policy was fraught with loopholes could be easily manipulated.

Some of the recommendations made were as follows:

- 7.4 there is need to raise the social welfare of people by providing maximum benefits to communities through extending NSSA coverage and not only that but also to extend the coverage in order to achieve **distributive equity and fairness**. (my own emphasis)
- 7.8 that there is need to engage NSSA in the provision of public services and implementation of projects that are of national interests.

The State introduced NSSA achieve distributive equity and fairness. The state did so as an agent external to the economy in tradition of welfare economics as John Creedy views the State. The idea was quite noble and it is the duty of the Board of NSSA to make sure that the dream is realized. The State intervened because there was a gap and that gap must be covered by NSSA.

In line recommendations it can be seen that investing in housing for the workers is a project that is of national interest. Thus NSSA must seriously consider channeling more funds towards that project as it was raised by a number of workers and ZCTU.

It is also imperative that NSSA must seriously consider the premiums it pays to beneficiaries. It cannot be said that they are achieving distribute equity and fairness when one looks at the current premiums.

There is no justness or fair play when one is paid \$5 000.00 dollars a month for injury or \$70 400.00 to a widow and children as survivors benefits per month. Insurance is about protecting self against risk and when one is a member of NSSA they must have that protection. They should at least pay the minimum benefits that are expected by society. There is no social security when one considers the current premiums. Instead NSAA is causing social insecurity as people only realise of how insecure they are when they retire or when their spouse dies and they claim survivors benefits.

Discussion of Findings

The study initially was focused on the assessment of whether NSSA was providing adequate social security to workers and their dependents on retirement or loss of income through death. It was mainly concerned with retirement benefits to pensioners and survivors' benefits. The aim was to assess the adequacy of the lump sum payments and the monthly payments. However subjects interviewed raised other issues that the researcher saw fit to consider in the study. It was established that there were no lump sum payments NSSA as is the case with other pension schemes.

The payments that were being made according to the study were inadequate. It was generally accepted that NSSA is not a main pension scheme but was there to provide minimum coverage to employees. Minimum benefits would thus in the view of the researcher cover the monthly basket for the family. NSSA operates like insurance as people pool their resources together so as to cover themselves against certain risks. The payouts that are being made currently are inadequate. Dr Chikova from NSSA mentioned increases that they hoped would be gazetted after approval so that they could be effected in January 2006. It was noted with concern that the increases fell short of what was expected.

Furthermore, from the newspaper cuttings attached as appendices it can be seen that prices have been going up almost on a monthly basis and yet NSSA goes for over five years without reviewing benefits or contributions. There is need for NSSA to seriously consider ways of cushioning pensioners and that must include the reviewing of their benefits from time to time.

Insurance in general terms is a weapon against risk and NSSA operates as in insurance scheme since members contributed. It is imperative for NSSA to make sure that the resources that are pooled together for the benefits of contributors are employed in such a way that they benefit the contributors. Currently most of the money contributed went towards to administration in the form of benefits to NSSA employees and that was not desirable. NSSA was also involved in building shopping malls, which were not of much benefit to the contributors.

When NSSA peg benefits levels they must also consider the figures they were coming up with could do. It was important for one to be able to put a meal on the table and that must be taken into consideration. Currently the officials say they pay \$70 400 to a widow and a further \$70 400 for the children and yet the widows are receiving only \$70 400 for themselves and the children. None of the respondents was receiving the other \$70 400 that they claimed to be paying out to the children. Besides even if one was getting the whole amount of \$140

000.00 as claimed it still is a drop in the ocean. It does not assist the beneficiaries in any significant way. According to the Herald of 8 April 2005 the monthly basket for a family of six was \$2,1m and that translates to \$350 000 per person per month. Currently, according to figures published by CCZ in the Herald of 7 July 2005, the monthly budget for a family of six stands at \$4.2 m for a family of six. It is common sense that a widow and two children cannot manage on \$140 000.00 for the whole month. NSSA officials could argue that NSSA was merely providing supplementary coverage. It was important that the supplement must be something reasonable.

Coming to the retirement benefits the minimum is \$150 000.00 and would be increased to about \$252 000.00 in January 2006. The monthly basket for a family of six stood at \$4,2m and that translated to about \$700 000.00 per person. A pensioner was going to be paid a minimum of \$252 000 per month. This would not be enough for himself alone. What then would happen to the dependents? This figure had to be revised upwards as it was obvious that in January the monthly basket would be way above that figure. It is a known fact that most pensioners have dependents like wives and even grand children most of whom are losing parents to AIDS. So what would become of those dependents if the money could even cover the pensioner himself? There is need for serious consideration of this matter.

NSSA reviewed benefits paid to beneficiaries after three years. This is too long a period. NSSA should consider reviewing this period as it was not practical in hyper-inflationary environment.

Another issue that was raised was that NSSA was investing in shopping malls that workers felt did not benefit them. It is the view of the study that investing in shopping malls is good investment. Buildings do not depreciate and instead appreciate in value. Also rent will be collected from renting out the buildings and that translates to more income generated by NSSA. Thus NSSA will not rely on

income from contributions only but will also have other sources of income beside contributions.

Another cause for concern was that NSSA did not cover domestic workers and those in the informal sector. There is need for the scheme to seriously consider covering people in those categories.

Conclusion

From the discussions it can be concluded that the benefits from NSSA are inadequate. They are inadequate in a number of ways. According to the Parliamentary report, NSSA was created so that it could contribute to the economic development of the whole nation. Its core business is to collect contributions from employers and employees, invest the money and pay pension and other benefits when due. However NSSA is paying very little to beneficiaries and it was observed by the committee that the benefits levels paid out were not adjusted from 1994 to 2004. This along leads to a lot of suffering to those beneficiaries, as they will be getting very little in terms of money. They are unable to get basic commodities on the funds they receive from NSSA. Most of the widows have children of school going age and they cannot manage to pay school fees for their children. There is also rent to take care of, which one cannot manage when considering the benefits they receive. Thus it cannot be said that it is making meaningful contributions to the economic development of the Nation as a whole

One of the issues raised by the workers was provision of houses. According to Maslow's hierarchy of needs human beings have physiological need. These needs help them sustain life itself and they are food, clothing and shelter. NSSA should thus be seen to be working towards providing that basic need of shelter as is expected by the workers.

An official from NSSA stated that there was a housing scheme for its members but no one seemed to be aware of that. The activities of NSSA are thus shrouded with a lot of secrecy and mystery. There is lack of transparency and education. Contributors who are supposed to benefit do not know what is happening at NSSA. There is no way that NSSA can say that the housing scheme is for the contributors when the contributors are not aware of the scheme. They cannot apply for the houses when they are not aware that there is such a scheme. Right now workers are crying for houses and yet NSSA says they are providing houses. Who then is benefiting if those contributing are not aware of the scheme. Certainly it cannot be said that the contributors are benefiting because they would not be demand something that is already there.

The absence of a representative from ZCTU on the NSSA Board raises a lot of questions seeing that it represents quite a number of workers in Zimbabwe. It can be stated that NSSA does not want to be accountable to the workers hence leaving out ZCTU. When there is one representative on the Board, as he will not make enough noise, as he is just a lone voice. There is need for another employee's representative since currently representation is biased towards government and employers. Another issue of concern is the admission by Mr Bimha that currently there are two slots for Board members that are vacant and that ZCTU could occupy those. The big question is why has these two slots not been filled for all this time. This might confirm the fears that NSSA does not want to be accountable to the workers.

NSSA does not seem to be having educational programmes at the moment to educate their members. It is commendable that they have employed Liaison Officers and Education Officers who will be starting on 1 August 2005. It is also commendable that a workshop was being arranged by EMCOZ to educating stakeholders on the activities of NSSA.

Issues of corporate governance are another concern that was raised by the Parliamentary committee. The Committee was of the belief that representation on the NSSA Board was skewed more towards government and employers. There was need for the Board to be balanced so that all parties had equal representation.

Recommendations

The following recommendations are made:

1. NSSA must strive to be the best social security scheme considering that it is the only social security scheme that caters for every worker. This could be achieved by increasing benefits paid to contributors.
2. The benefits and contributions should be reviewed upwards and when reviewing inflation and the poverty datum line must be taken into consideration.
3. The period of reviewing benefits must be reduced from once in three years to once every year.
4. NSSA must work with the Consumer Council of Zimbabwe especially when it comes to issue like the monthly basket so that they make realistic premium payments to beneficiaries.
5. There is need for NSSA to be pro-active instead of being reactive. They must consider inflation when they are working out their monthly benefits payouts. It is not desirable to have benefits stagnant for over five years.
6. NSSA should work closely with workers on the ground and not just the workers bodies such as ZCTU and ZFTU. They need to reach out to the workers themselves so that they get to hear their concerns.

7. NSSA must have a serious education programme for the all the beneficiaries and they must let everyone know of the procedures to be followed for one to get benefits.
8. There is need for transparency in NSSA activities. People must know that there is a housing scheme and how it operates. One must know learn of that by chance. Infact the Housing scheme must be operated in conjunction with the Local Authorities, employers and a bank, which is ZBS in this case. Houses or stands should be allocated through employers and the beneficiaries should be on the housing waiting list. The local authorities will verify if one is on the list and if they already own a house so that genuine home seekers benefit.
9. NSSA should also take steps to include domestic workers and people in the informal sector.
10. There is also need for more investigations into the activities of NSSA particularly their housing scheme. There is need to establish who the scheme is benefiting and how it is operated. It must also be established how the beneficiaries are identified and what criteria is used to select them.

REFERENCES

1. Cramer J (1945) Social Security in Relation to the Needs of the Native Population, in NADA Vol. 22.
2. Creedy J and Diney R (1985) Social Insurance in Transition: An Economic Analysis, Clarendon Press, Oxford
3. Friedlander, W and Apte, P (1980) Introduction to Social Welfare, Englewood Cliffs, Prentice-Hall.
4. Haralambos, M (1983) Sociology
5. Kaseke, E (1992) Rural Social Security Needs: A Case Study of Mudzi and Mutoko Communal Districts of Zimbabwe, University of Zimbabwe, Harare.
6. KasekeE (Dr) etal The State and Dynamics of Social Policy Practice and Research in Zimbabwe, School of Social Work, Harare.
7. Midgley, J (1984) Social Security, Inequality and the Third World, John Wiley and Sons, Chichester.
8. Mutubuki (1993) Measuring Performance of Pension Funds, University of Zimbabwe, Harare
9. Robbins, SP (2003) Management, Prentice Hall of India (Pvt) Ltd, New and Coulter, M Delhi, 7th Edition
10. Torrington D (1998) Human Resources Management, Prentice Hall and Hall, L Europe, London, 4th Edition
11. Pensions and Inflation, ILO, Geneva (1977)
12. Statutory Instrument 393 of 1993 on National Social Security Authority (Pension and Other Benefits Scheme) Notice, 1993
13. National Social Security Authority Act Chapter 17:04 of 1996
14. International Labour Organisation (1942)

Reports

1. Public Accounts Committee Report on the National Social Security Authority (NSSA), Parliament of Zimbabwe, S.C. 36, 2004

Journals

1. Journal of Social Development in Africa, Social Policy and Administration in Zimbabwe, School of Social Work, Harare 1995, Sc

Newspapers Articles

1. The Chronicle, Thursday 28 April 2005, Sparks Expected at NSSA Workshop
2. The Herald, Thursday 8 April 2005, Consumer monthly basket rises to \$2,1m for family of six
3. The Civil Servant, Goldstick Insurance Brokers, Volume 4, January to April 2005.

Websites

[www.accel-team.com/maslow ?maslowe-nds_02.htm/](http://www.accel-team.com/maslow/?maslowe-nds_02.htm/) Employee Motivation, The Organisations Environment and Productivity

www.hsemployers.org/employere excellence/improving_working_lives.asp
Improving Working Lives – NHS Employers

January payments – NSSA

Retirement	-	100 trillion
Invalidity	-	44 trillion
Survivors	-	44 trillion
Funeral grant	-	1 quadrillion

Monthly basket US79.47 (SA) ZIM US280 family of six
CCZ now publishing monthly basket in hard currency

Old age 1010