

## Investigating factors influencing civil servants in attaining their retirements planning in Tanzania: A case of Public sector in Dar es Salaam city

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### Abstract

This study focused on investigating factors influencing civil servants in attaining their retirements planning. A sample of eighty (80) respondents from public sectors was drawn using two stage sampling design where by first stage involved selection of public sectors while the second stage involved selection of public servants from selected public sectors. Data were collected through self-administered questionnaires then entered in Epidata software and exported to STATA version 12 for statistical analysis. Employing chi-square test and binary logistic regression as statistical techniques, the findings revealed that education level and family size were significant factors that influence civil servants to attain retirement planning although the rest variables namely income, sex, age and marital status were found to be insignificant.

**Keywords:** Civil servants, retirement planning

### 1. Introduction

Retirement is an opportunity to an employee to start up business to improve his/her individual income and enjoy life after work<sup>[1]</sup>. The idea of retirement which started between 19<sup>th</sup> and 20<sup>th</sup> century is perceived by people as a product of their knowledge on their future plan which needs a flow of designing, formulating, identifying strategies and schedules to fulfill their aim. Before 19th century the period was characterized with low life expectancy which made workers to implement their duties until death due to absence of retirement practice. The value of retirement preparations is observed when people realized that retirement might cost their remaining life because they didn't have a tendency of putting aside the fund in the beginning of their employment when they were at youth age<sup>[2]</sup>. Retirement planning should start from the government level on encouraging workers to think of early preparedness for life after work instead of waiting to be paid pension benefits. At individual level, civil servants must develop strategies on how to attain their plan instead of being solely depended on government or employee provident fund. The present condition forces the workers in the country to take retirement planning as the matter of their own hand therefore important to understand factors influencing civil servants in attaining retirement planning. These factors are grouped into different aspects which include factors such as age group, sex, family structure, marital status, income sizes and education level attained by civil servants. In developed country like United State of America, Government support the retirement by guarantee a sponsorship on individual retirement plan<sup>[3]</sup>. In Canada, retirement decision is influenced by various public retirement programme such as Old Age security programme which support the seniors who aged 65 years and above through financing them with sufficient income<sup>[4]</sup>. In Africa, the situation of retirement planning remains on the hand of employee. Individuals have expectation of continuing working even after retirement hence they have no tendency of saving some fund for retirement.<sup>[5]</sup> Employers does not play the role of advising their employees on early preparedness for life after

work, instead all employees depend on their pension for their life in Sub Saharan African countries.

It has been believed that Retirement planning for most of civil servants in Tanzania are not well archived due to most workers solely depends on pension benefits. Pension funds in Tanzania are administered by social security organs including Parastatals Pension Fund (PPF), National Social Security Fund (NSSF), Public Services Pension Fund (PSPF), Local Authority Pension Fund (LAPF) and Government Employee Provident Fund (GEPF)<sup>[6]</sup>. Presence of the social security funds have been used as an assurance of the sufficient retirement planning for most of the civil servants. However, most of the workers realize too late, they start making preparation during the retirement time (age 55 or 60 for Tanzania) or immediately after retirements as a result the funds that have been accumulated might not be large enough to make a smooth living. Lifestyle of the retiree change significantly after being permanently removed from employment and income from the employment come at an end. Most retiree experiences life difficulties of which resulting into failure to meet normal requirement as was doing when employed. The income of retiree becomes affected by the cost of living and economic change due to the presence of unexpected prevailing price of goods and services. Delays in payments of pension funds have been reported due to difficult procedures in setting benefits to civil workers, hence, creating challenges to financial status of many workers<sup>[7]</sup>.

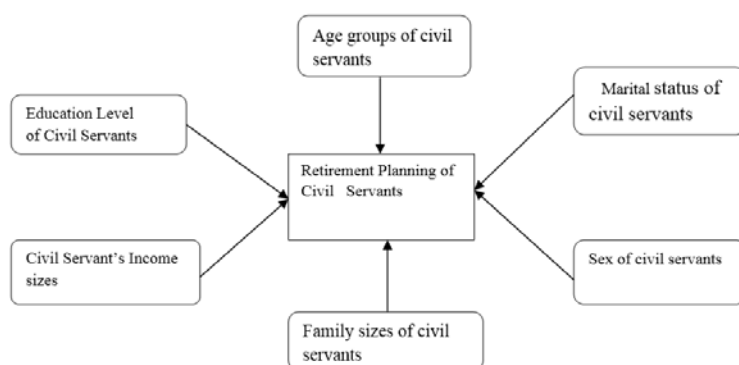
According to work done by Ali<sup>[8]</sup> on managing of post-retirement condition in Nigeria revealed that most civil servants depends on their final pension benefits instead of making their own preparation such as investing in small business and establishing business of their own specializations. In Tanzania context there are scarcity of studies which have been conducted on the same topic of factors influencing retirement plan. While Most of the studies concentrated on how civil servants volunteers in pension benefits. For example a study by Kazimoto and Mhindi<sup>[9]</sup> on retirement's benefits and economic development of retirees in

Tanzania concluded that benefits received by retiree do not match with the current cost of living therefore some retiree fall to respond to their basic needs.

Based on demographic structure of Tanzania, the United Nations (UN) projects the absolute population of the elderly individuals (over 60 years) to triple from 2.95 to 8.39 million between 2020 and 2050 [10]. This means that in the near future Tanzania would have a large number of people with no clear sources of income, among these are retired officers from civil services. Care for such group is expected to come from the government either by provision of free services and creating mechanisms to reaching out to them. Even for those who were receiving pensions, the cost of living has gone so high that

funds collected from the pension funds are not sufficient to cover entirely the expenses needed

Most of the past research were all about employees towards contributory on the pension schemes on the different pension organs but have little emphasizes on factors affecting the retirement planning of public servants. The problem comes when public servants approach standard retirement age of 60 years. Under this age civil servants start to realize they are too late to prepare enough for their own retirement period in order to cover current cost of living. The aim of this study was to investigate factors which influence civil servants in attaining their retirement plan. The following conceptual frame work gives a clear picture of the relationship between variables under study.



Source: Researcher construction (2016)

Fig 1: Conceptual framework

In this conceptual model, independent variable involve constraints of retirement planning of civil servants which are civil servants income sizes, education level of civil servants, family size of civil servant, sex, age group and marital status of civil servants while dependent variable was retirement planning of civil servants.

**2. Materials and methods**

**2.1 Target Population**

The target population included all Civil servants found in a public sectors at Ilala municipality in Dare salaam city. The study population comprised of workers of different levels included top level management, head of departments (administrators), secretaries, drivers and other supporting staff.

**2.2 Sampling Techniques and Sample size**

**2.2.1 Sampling Techniques**

Two stage sampling design was utilized where by number of public sectors were selected in the first stage while in the second stage, eighty (80) civil servants were selected from selected public sectors. Different levels of management, head of departments (administrators) such as secretaries, drivers and other support staff were included.

**2.2.2 Sample Size**

Determination of sample size is one of the essential features in any study. However, based on time frame and financial resources, a sample size of 80 civil servants was obtained using the following formula:

$$n = \frac{z^2 pq}{e^2}$$

Where by:

- n = Estimated sample size of civil servants
- Z=Standard normal value (1.96) corresponding to 95% confidence interval
- P=assumed proportion of the main response (0.94490)
- q=1-p
- e = margin error (5%=0.05)

$$n = \frac{1.96 \times 1.96 \times 0.94490 \times 0.05509}{0.05 \times 0.05} = 80$$

**2.3 Data collection, management and analysis**

Primary data for this study were collected from the civil servants by self-administered questionnaire. The questionnaire were developed and distributed to the workers from selected public sectors. The information was collected into main issue namely demographic characteristics such sex, age group, educational level, marital status and economic aspects of civil servants such as income sizes and family sizes.

The collected data were entered in a database which was developed using Epi Data software then transferred to STATA version 12 for analysis. For descriptive analysis, tables were used to display different characteristics of the study population and other important variables. Chi –square test was used to test the correlation between the retirement planning and other variables moreover were analyzed by binary logistic regression model. Results of descriptive analysis and

statistical models were interpreted as guided by the research questions and objectives.

**3. Results and discussion**  
**3.1 Results**

In an effort to determine the factors influencing civil servants to attain their retirements planning, the following hypotheses were tested:

*H<sub>01</sub>: There is no significant relationship between age groups of civil servants and retirements planning.*

**Table 1:** Relationship between retirements planning and age groups

Retirement planning	Age groups					Total	Chi- square p- value
	<25years	26-35years	36-45years	46-55years	55+years		
Yes	2	1	5	3	3	14	0.083
No	3	29	11	12	11	66	
Total	5	30	16	15	14	80	

The chi-square test was performed to examine the significant relationship between age groups of civil servants and retirement planning. The results from table 1 shows a chi square p- value of 0.083 which is greater than 0.05 level of significant. This indicates that there is no statistically

significant relationship between age group of civil servant and retirement planning.

*H<sub>02</sub>: There is no significant relationship between sex of civil servants and retirements planning.*

**Table 2:** Relationship between retirements planning and sex

Retirement planning	Sex			Total	Chi-square value
	Male	Female			
Yes	7	7		14	0.532
No	39	27		66	
Total	46	34		80	

In examining the significance influence of sex on retirement panning, table2 indicates a high p value (0.532>0.05) implies that sex of civil servants has no significant influence of retirement planning.

*H<sub>03</sub>: There is no significant relationship between marital status of civil servants and retirement planning*

**Table 3:** Relationship between retirement planning and marital status

Retirement planning	Marital status			Total	Chi-square value
	Single	Married/cohabit	Widow/divorce		
Yes	3	11	0	14	0.269
No	19	39	8	66	
Total	22	50	8	80	

Table 3 shows a p-value greater than 0.05 which leads to acceptance of the null hypothesis of no relationship between marital status and retirement planning,

*H<sub>04</sub>: There is no significant relationship between family size of civil servants and retirement planning*

**Table 4:** Relationship between retirement planning and family size

Retirement planning	Family size			Total	Chi-square value
	Small	Medium	Large		
Yes	5	3	6	14	0.013
No	14	29	23	66	
Total	19	32	29	80	

The chi-square test was performed from table 4 to determine whether there is significant relationship between retirement planning and family size. The result shows t p- value of 0.013 which is less than 0.05. This provides a statistical evidence to

conclude that there is significant relationship between family size of the civil servant and retirement planning.

*H<sub>05</sub>: There is no significant relationship between educational of civil servants and retirements planning.*

**Table 5:** Relationships between retirements planning, and education level

Retirement planning	Education level					Total	Chi-square value
	Primary/ Secondary	Diploma	Degree	Masters	PhD		
Yes	6	5	1	2	0	14	0.000
No	4	11	25	5	5	66	
Total	10	16	26	7	5	80	

From table 5, chi-square test was utilized to check for significant relationship between education level and retirement planning. The p- value was 0.000 which is less than 0.05 level of significant. This provide an evidence of rejecting null

hypothesis and concludes that education level of civil servants was significantly influencing retirement planning.  
*H<sub>06</sub>: There is no significant relationship between income of civil servants and its retirements planning.*

**Table 6:** Relationships between retirement planning and income size

Retirement planning	Income size (Tanzania shillings)					Total	Chi-square value
	<500000	500001-1000000	1000001-2000000	2000001-3000000	>3000001		
yes	2	5	3	4	0	14	0.083
No	6	18	28	5	9	66	
Total	8	23	31	9	9	80	

The aim was to check for the influence of individual income on preparation for retirement planning. The outputs of chi square test in table 6 indicates that the p- value of 0.083 which is greater than 0.05 level of significant implies a conclusion of insignificant relationship between the retirement planning and income level of civil servants.

**Binary logistic regression**

After utilizing chi square test to determine the relationship between independent variables and dependent variable, the two variables which were found to have significant relationship with retirement planning were further analyzed using binary logistic regression.

**Table 7:** Binary logistic regression

Retirement plan	Odds Ratio	P-value	[95% Conf. Interval]
Variable			
Medium family	1.075	0.009	.163 7.071
Large family	.461	0.383	.081 2.622
Degree	4.124	0.118	.697 24.391
Masters	43.351	0.003	3.520 533.943
PhD	19.491	0.006	2.384 159.391

Table 7 shows binary logistic regression with odds ratio, p-value and 95% confidence interval as the results of the analysis. It was observed that p-value of 0.009 which is less than 0.05 level of significant. That means medium family sizes of civil servants have positive relationship toward retirement planning of civil servants. Hence medium family sizes were 1.075 more likely to influence retirement planning of civil servants than those civil servants with the small family sizes. Similarly, it was observed that p-value of 0.003 which is less than 0.05 implies that civil servants who holds masters degree have positive relationship toward retirement planning. Civil servants with masters’ degree were 43.351 more likely to influence their retirement planning than those with diploma level. The PhD education level also has p-value of 0.006 which is less than 0.05. This indicates that civil servants who hold PhD were 19.491 more likely to influence retirement planning of civil servants than the civil servants with diploma education level.

**3.2 Discussion**

In this part, the findings of the study were discussed on the basis of the analysis of the data. Findings were based most on variable such as age groups of civil servants which were observed insignificant to influence retirement planning of civil servants due to its p-value of 0.083 which is greater than 0.05. This indicates that age groups have no impact on

retirements plan and therefore at any age group, civil servants can have their retirement plan. In case of sex of civil servants, it was observed a large p-value (0.532>0.05) which indicate that sex was not significant variable influencing retirements planning. Similarly, marital status was found insignificant with p-value 0.269 > 0.05. Hence Civil servants who were married, single or divorced had no impacts on retirements plan. These findings are similar to the study done in Kenya by Onduko *et al.* [11] which revealed that age, sex and marital status are not significant variables influencing retirement planning. Education level was observed to have significant impact on retirement planning of civil servants since its p-value (0.000) was less than 0.05. The study by Krishna [12] had similar finding where by education level were found to be significant factor influencing retirement planning. Hence civil servants with high level of education from master to doctorate degree (PHD) have a chance of achieving their retirement plan as compared to other with low education level. Hastings *et al.* [13] argued that employee hold higher education credentials have more knowledgeable on retirement related matter than the one with lower education.

To the case of family size, its p-value (0.013) was less than 0.05 which is an evidence that it significantly influencing the retirement planning. Civil servants with medium family size have positive impacts on their retirement plan than small size. Lastly Income sizes were insignificant variables that influence retirement planning. This is contrary to the study by Mwangeli [14] which revealed that income level is a key variable that influence decisions of individuals on retirement planning.

**4. Conclusion**

The main purpose of the study was to investigate factors which influencing civil servants in attaining their retirements planning. From the findings some factors were observed to have positive impacts toward retirement of civil servants while others have no impacts on retirements planning. Family size of civil servants was observed to have influence on retirements planning. That means Civil servants who have medium number of family sizes from 4-5 were likely to have good retirement planning as compared with the small family size and larger family sizes. Civil servants who have attained higher level of education have positive impact toward retirements planning than those with low level of education. Hence education level has great impacts on attaining retirements planning. Other factors were observed to have no influence on retirements planning of civil servants such as age group, marital status and sex. The study concluded that only two variables namely family size and education level are key variables that determine retirement of the civil servants. Both

individual efforts from civil servant and Publics Service should target at upgrading the education level of civil servants to at least master degree where necessary. In addition, civil servant should have financial planning that demonstrates the economic activities which match with the realist cost of living after retirement. Hence early preparation of civil servants at early age brings certain condition to retire comfortably.

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