



Informal sector awareness and participation in the National Pension Scheme: The case study of bus drivers and conductors at Kulima Tower Bus Station

Paul Chilambwe, Austin Mwange

Department of Business, University of Zambia, Zambia

Abstract

The objective of this study was to establish whether bus drivers and conductors at Kulima Tower Bus Station were aware of social security coverage extension to their sector by NAPSA, assess their level of uptake and if there were any product features they thought would make social security more appealing to them. Out of a total population of about 2,354 bus drivers and conductors at the Station, a sample size of 330 was picked using Yamane Formula. However, due to budgets and time constraints, only 200 bus drivers and conductors were used in this research.

The study employed descriptive design in order to bring to the fore reasons why there is little or no participation in social security programs by the informal sector. Questionnaire and structured interviews were used to a sample of respondents to collect data.

Findings of this study revealed that about 97.5% of the informal sector did not know about the NAPSA pension scheme meant for their sector. Consequently, none of the participants who took part in the survey was a member of the NAPSA pension scheme meant for the informal sector. Contrary to the long-held position that non-participation of the informal sector in social security was attributable to factors such as low income levels, results of this study indicate that non-participation of the sector is driven by lack of knowledge on social security. Respondents indicated that product features such as loans, contribution breaks, funeral grants and use of one's benefits for collateral would make social security even more appealing to the sector.

Accessing respondents for data collection was a challenge given that access to the respondents could only be through the bus station leadership who were busy most of the time. This challenge was made worse by the fact that the researcher, was at the time, in full time employment making Saturday the only day to collect data. The researcher made use of quick impressionist approach, therefore not all the targeted sample could be interviewed when it became apparent that 80% of the participants who were interviewed gave identical responses to the questions posed to them. Overhead costs attached to the study such as printing, ethical clearance fee and transportation costs took their toll on the researcher. Lastly, key variables such as income and age were collected in form of ranges and not single figures hence making detailed analysis of variance difficult. Future researchers on the topic will do well to make use of online questionnaires to collect data, sought early permission from the bus station leadership to have access to the respondents and collect key variables as single numbers and not ranges.

Keywords: Awareness, participation and willingness

Introduction

In order to provide social security cover to all eligible employees in Zambia in case of retirement, invalidity or death, the Government created National Pension Scheme Authority (NAPSA) through an Act of Parliament No. 40 of 1996. In line with the Authority's mandate and government's policy on poverty alleviation through social protection, NAPSA, in 2020 launched a program focusing on extending social security coverage to the uncovered groups in the informal sector. These include; domestic workers, bus and taxi drivers, saw-millers, traders and small-scale farmers.

The extension of social security coverage to the informal sector is in line with the Government's Vision 2030 of reducing national poverty head count to less than 20 percent of the population; and reducing income inequalities measured by a Gini coefficient of less than 40. In addition, the Government through the Eighth National Development Plan envisions to reduce poverty, vulnerability and inequalities through expansion of social security coverage. Therefore, the extension of social security coverage by NAPSA to the informal sector could not have come at a better time.

In view of the foregoing, this study seeks to establish the levels of awareness and adoption of the extension of social security coverage to the informal sector with specific focus

on bus drivers and conductors at kulima tower bus station. It is expected that results of this research will help NAPSA and the Government at large to gauge the impact of this program so far and identify areas that need enhancements.

Problem Statement

The core research problem addressed in this study is that despite the informal sector making up more than 73% of the total workforce in Zambia, as per 2020 Labour Force Survey, the informal sector workers had for the longest time not been covered by social security schemes; As a consequence, only one in every four employed persons (26.2 percent) in 2020 had a social security cover on their jobs. Therefore, the National Pension Scheme Authority as an institution mandated to provide social security to all workers in the country has embarked on a robust project of extending social security coverage to the informal sector.

From a global perspective, social security old age benefits programs effectively cover 26% of the working population (Global Social Security and Economic Development, 2010). In Sub-Saharan Africa, effective coverage by contributory programs is around 5% whereas North

Africa coverage is about 20% (Global Social Security and Development, 2010). Being in the Sub-Saharan Africa, Zambia's social security is more than 21% worse off

compared to the global coverage. Given that our economy is largely made up of informal sector workers such as bus drivers and conductors, Zambia's population is characterized by old age poverty as a consequence of little or non-inclusion of the informal sector in social security schemes. It therefore can be argued that unless something is urgently done to increase social security uptake by the informal sector, life after employment for many Zambians will remain bleak and fiscal pressure on the government will go unabated.

It is against this background that the study to investigate the awareness and adoption of the extension of the social security coverage to the informal sector project is worth undertaking.

Objectives of the Study

1. To determine whether by bus drivers and conductors at the station are aware of the NAPSA pension scheme.
2. To establish if bus drivers and conductors are members of the NAPSA pension scheme.
3. To identify factors affecting the participation of bus drivers and conductors in social security.
4. To appreciate product features that can make social security more appealing to bus drivers and conductors.

Literature Review

1. Global Perspective

Traditionally, social security has been pivotal to the socioeconomic, national-economic and political development of nations, such as the United States of America and many European countries. In its early stages, social security begun predominantly as a governance tool for managing political or economic challenges, however, there was later a realisation that social security could be used beyond crisis management. Over the years, the evolution of social security has proven that it is an effective tool for social-economic and national-economic emancipation in times of crisis or no crisis. Therefore, Social security schemes should be setup in a manner that inspires confidence in various stakeholders and with the ability to effectively perform properly with or without crises.

The International Labour Organization (ILO), through activities such as technical cooperation in social security, has emphasized at a global level the key role of economic development in enhancing people's welfare. In the recent past, social security has taken centre stage of international agenda as demonstrated by the approval of ILO Recommendation No. 202 and adoption of Sustainable Development Goals (SDGs). At global level, Bangladesh and India have led the way in so far as informal sector participation in social security is concerned. The Bangladesh and India models have given specific attention to serving the poorest of the community, the marginalised, women and rural communities; some of the key features of the models include provision of collateral free loans and provision of small loans with frequent repayment of principal plus interest, and a savings component built into the schemes. (Getubig and Alam, 2010). The Chile model is government subsidized and co-sponsored scheme whereas the China model is characterized by compulsion, minimum income guarantees and micro-life insurance products (Hu & Stewart 2009).

2. African Perspective

Despite playing a critical role in the lives of rural and urban citizens relating to employment creation, entrepreneurship opportunities and source of livelihood, the informal sector is either not covered or insufficiently covered by social security schemes. The exclusion of this key sector has largely been due to the informality of the sector that poses unique challenges that make the extension of conventional pension scheme arrangements difficult. Therefore there is need to device different solutions speaking to different challenges of this sector. While some informal sector workers may have the potential to save for old age, others may not have the means to defer consumption without the need for significant subsidies. Even when they can save, their incomes are not sufficient and regular to participate in traditional contributory schemes. This has posed a great challenge relating coverage of the informal sector, not only in Africa, but globally as well. Attempts to introduce presumptive income tranches to calculate contributions and pensions have not yielded any positive results. Millions of unorganized and informal sector workers in the developing world are excluded from formal pension and social security systems, (Mitchell, 2016).

Regional pension systems continue to be associated with a small section of the population in the formal sector. Despite the low coverage, African countries allocate significant resources to pensions. On average, countries in the region spend 1.7 percent of gross domestic product (GDP) on the provision of pensions to the elderly, although there is substantial variation amongst the countries. The average coverage of the elderly (people aged 60 and above) by contributory pension schemes is 11.6 percent, leading to a substantial gap in coverage among the elderly in the region, though with wide variations across countries (World Bank Report, Extending Social Pension Coverage to the Informal Sector in Africa, July 2019). The problem is made worse by significant increases in life expectancy and changing social structures including the breakdown of the traditional extended family system, making today's workers vulnerable to unmitigated longevity risks, uncertain health costs, and poverty post-retirement.

On the other hand, there is no structured way of managing mortality risk. This is especially evident when the breadwinner of a family dies. Increased life expectancy is attributable to advancement in medicine and technology among others. Further, with undeveloped annuity markets and low financial literacy, workers face considerable challenges in retirement planning and decision-making. As a result, extending pension coverage to the informal sector remains a challenge in Africa. Poor coverage in Africa has mainly been due to traditional contributory pension schemes, apply only to the formal sector, but this mainly accounts for small subset of the labour market in Africa. For example, most countries in the sub-region have some contributory pension program that has been inherited from colonial times or that has been established since independence. In such programs, participants pay contributions during their working lives in exchange for pension benefits during retirement. These problems are even made worse when considering the irregular and or low-income earners.

In order to overcome the challenges identified in the current traditional pension systems, there is need to develop defined contribution pension systems for the informal sector. Such

informal sector pension systems may involve flexible contributions over a longer period of time and then the funds are professionally managed and invested to ensure growth of the member's funds which are used to purchase annuities upon retirement. Micro pensions are characterized with add-on features during the accumulation stage. Such pension schemes would have the flexibility to protect low and or irregular income earners against old-age poverty.

Development of informal sector pension arrangements comes with the need to strike a balance between economic viability, generation of adequate returns and customized features for the participants. They are typically designed as a defined contribution scheme which basically operates on the principle of voluntary savings to accumulate annuity over a long period (Shankar and Asher, 2009). The savings are invested through financial and capital markets by a professional fund manager and agreed that the accumulated balances can be withdrawn either in a lump sum, a phased withdrawal, annuity or some combination of these options (Asher and Shankar, 2007). As stated by Shankar and Asher (2009), the concept of informal sector pensions is at its early development stage but an informal sector pension plan needs to address longevity, investment and inflation risks by specifically bearing the low-income earners in mind. In addition, industry experts suggest that, there are two typical objectives of such schemes, which are; reducing poverty and eliminating the risk of rapidly falling living standards in old age, and protecting the elderly from economic and social crisis (Arunachalam, 2007; Shankar and Asher, 2009).

3. Related Literature

Related literature reviewed on participation of the informal sector in social security has attributed the low uptake by the sector to the following:

Low, irregular and unreliable contributory capacity

Early work by Van Ginneken Wouter (Wouter) submitted that high contributory rates associated with Tanzania National Provident Fund was a major deterrent to informal sector participation in social security programmes. To emphasize his point Mr. Wouter further submitted that irregular earnings patterns are as a result of business cycles that characterise the informal sector.

To further amplify Mr. Wouter's point, David Mwiche (Mwiche, 2005) ^[15] argued that informal sector workers were so pre-occupied with their own immediate survival with the little resources at their disposal that they had no motivation to provide for distant eventualities. In summing up his argument, Mwiche submitted that informal sector workers lived hand to mouth from day to day facing their risks as they come.

Further research by the Zambian Government, Finish Government and International Labour Organization (GRZ, n.d.) seemed to agree with positions held by Wouter and Mwiche by submitting that owing to the irregular pattern of employment that characterise informal sectors such as the construction industry, workers inadequate incomes making it impossible for them to save for old age.

While it is not in dispute that the informal sector is predominantly characterised by low and irregular income, it would be inaccurate to generalise that lack of or little participation of informal sector workers in social security programmes is due to this factor.

A report by Friedrich Ebert Stiftung further emphasized this point by stating that informal market traders have very low contribution capacity. Business performance fluctuation and associated income fluctuations also contributed to the lack of attractiveness of long-term social security benefits as irreversible commitment to long term saving such as a pension scheme was challenging. A substantial proportion of informal sector belong to informal savings and mutual aid arrangements which suggested that saving was not perceived as challenging but done by using less formal means. The coverage of social protection was low among informal sector, only a small 26 percentage of poor households benefited from social cash transfers and the food security pack that was essentially production support (Trywell Kalusopa, Grayson Koyi, Francis J. Phiri, 2020) ^[27, 30].

The report by FSD-Uganda further highlighted the impacted of low and irregular income levels of the sector on social security participation. The report indicated that low-income levels and intermittent cash flows, informal sector could not sustainably contribute toward their retirement savings without a boost from their respective governments. In East Africa, Rwanda had taken this route, increasing monthly pension payouts across various categories of retirees. And while it was still early to assess the impact of that approach, it provided a practical blueprint applicable across the region. However countries modeled their social protection programs to guarantee long term economic resilience, micro-pension schemes remained a promising pathway to secure our elderly.

Legal Restrictions

In Zambia the old-age pension system is essentially build on two pillars where: all individuals employed in the formal sector must contribute to one of the three public schemes namely the Public Service Pension Fund (PSPF), the Local Authority Superannuation Fund (LASF) and the National Pension Scheme (NPS) managed by the National Pension Scheme Authority (NAPSA)¹³. Complementary pension is possible through voluntary contributions to private insurance funds. The NPS is established by the National Pension Scheme Act No.40 of 1996.

NAPSA provides old-age pension, invalidity pension, funeral grants and survivors' benefits. Registration with the NPS is mandatory to all regularly employed persons working in the private sector, quasi government and parastatal organizations, the civil service as well as to the local authorities' employees that joined after the 1st of February 2000.

Although informal workers are not explicitly mentioned in the National Pension Scheme Act, they are also not explicitly excluded from coverage to NAPSA. However, there are no references to self-employment in the various pieces of legislation concerning social security and in the Employment Act. Piece workers are explicitly excluded from the definition of an employee in the Employment Act (ILO, 2016).

Mwiche further weighed-in on this and submitted that most schemes in developing countries have adopted a cautious approach to the problem of exclusion due to the existing legislation resulting in exclusion of informal sector workers. However, recent developments in the pensions industry seem to contradict early studies done on informal sector participation in social security such as those done by the

ILO and Mwiche; for example, the National Pension Scheme Authority as an institution mandated to provide social security to all workers in the country has embarked on a robust project of extending social security coverage to the informal sector using Statutory Instrument 27 of 2019 (NAPSA, 2019). SI 27 of 2019 coupled with informal sector pension programmes embarked upon by NAPSA are game changes in so far as the legal framework is concerned.

Lack of Knowledge on Social Security and its benefits

Social protection contributions are perceived by employers as a waste of resources rather than an investment in human capital and as part of the strategy to enhance business growth. Because of this limited knowledge regarding impact of social protection on business productivity, compliance to social security schemes is significantly compromised.

Further, many businesses perceive social protection as a long-term objective. Start-ups and businesses that are struggling to survive will postpone investment in their human capital, because working conditions are not perceived as an enabler for business success. On the other hand, most workers lack the understanding of the importance and their right to social security benefits. This leads to limited demand by workers, as a result employers are not motivated to ensure that workers are registered with social security schemes (GRZ, n.d.). Most informal workers are not aware of their rights, have rarely heard about NAPSA and WCF and have no idea about the benefits they are entitled to.

However, according to recent study, Zambia continued to make significant gains in financial inclusion despite the prevailing economic challenges. Survey findings indicated that financial inclusion increased to 69.4% from 59.3% in 2015. Consistent with this, formal financial inclusion rose to 61.3% (2015, 38.2%). This growth was mainly attributed to increased uptake of mobile money services to 58.5% from 14.0% in 2015 (Bank of Zambia, 2020). This positive trajectory was largely attributed to heightened financial sensitization efforts by financial sector players such as the Pensions and Insurance Authority, the Security and Exchange Commission and the Bank of Zambia.

Despite the general rise in financial inclusion recorded between 2015 and 2020, informal sector participation declined from 37.9% to 32.2% over the same period, informal sector participation in social security programmes such as saving through pension also affected by this decline (Bank of Zambia, 2020).

Further, according to the report dubbed 'Rights-Based Social Protection in Africa' very few informal sector workers were registered for social security implying that awareness of social security in among the informal sector was low hence low participation.

According to FSD-Uganda report, holistic financial literacy programs which went beyond public awareness and address issues of financial management, investment advice seeking, planning for the future, and making choices between different financial products would also be critical to increasing the levels of access to formal pensions to the informal sector. One of the reasons why many financial literacy programs were not yielding results was because they only focused on awareness rather than equipping the customer to make financial decisions (FSD-UGANDA, 2020).

Unattractive/Unsuitable Pension Set-ups

Workers indicate that benefits offered by the social security schemes are not attractive. The perception within the construction sector, for example, is that social security schemes provide meagre benefits that do not answer to the needs of the beneficiaries. In addition, the processing of benefits is claimed to take long. Employees in the sector prefer short-term benefits to enable them meet their immediate needs. This negative perception of social security benefits has contributed to loss of trust in the current social security schemes. In some cases workers refuse to register with the social security schemes. This implies that demand for social security services among workers is limited leading to poor compliance as employers postpone social protection services for their workers (GRZ, n.d.).

According a report by NAPSA on social security coverage of the informal sector, the informal sector urged NAPSA do develop a social security scheme that spoke to the unique needs of the informal sectors by incorporating features such as funeral grants, survivors' benefits and invalidity (NAPSA, 2019).

To further consolidate the foregoing findings, a report by Friedrich Ebert Stiftung indicated a substantial proportion of informal sector workers belonged to informal savings and mutual aid arrangements which suggested that saving was not perceived as challenging but done by using less formal means. Therefore, the formal arrangements associated with social security as for the longest time made social security unattractive to the informal sector (Trywell Kalusopa, Grayson Koyi, Francis J. Phiri, 2020) ^[27, 30].

In order to tailor pension schemes that speak to the needs of the informal sector, a report by FSD-Uganda indicated that increased access to informal pensions needed to start with a robust uniform national identification system (FSD-UGANDA, 2020). The report further indicated that Electronic-Know Your Customer (eKYC) systems which allowed for real time authentication and validation could further enhance this. These two systems had the capacity to reduce the cost and time spent signing up new retirement savers, making it more profitable to provide services to low-income customers in the informal sector. All EAC countries had a national ID system, albeit at different levels of development, and except for Burundi all the EAC countries had digitized their national ID systems to aid with the foregoing.

Further, the FSD-Uganda report indicated that formal pensions, where the saver's contributions were matched by their employer's contribution needed to be revisited. Such a model could not work for the informal sector where most of the potential savers are self-employed, with low, irregular incomes. Voluntary schemes, which were aimed at mitigating these challenges, lacked enforcement and incentives, reducing their effectiveness. One possible approach that could align pension products with customer behavior in the informal sector is to bundle formal pension plans with similar flexible products that are widely consumed by the target customer.

In most cases, the pension product will be offered as part of a customer retention strategy other than a direct product to the customer. This was the same principle occupational pension schemes followed where employees receive retirement savings from their employers if they continue to work for them. For example, if a microfinance bank which offers micro-credit products to clients in the informal sector

entered a partnership with a pension fund manager, it could offer a pension plan to its clients who take loans of a certain size or duration. In this case as was the case with occupational pension schemes, the customer would continue to receive retirement savings as long as they continue to take out loans or other financial products from the microfinance bank.

The FSD-Uganda report documented that wide use of mobile money in East Africa presented an opportunity of a more accessible and affordable payment channel for formal pension products to the informal sector. Mobile Money Service Providers also provided a wealth of information about the customers that pension service providers can leverage to design more appropriate pension products for the informal sector.

A discussion paper on Extension of Pension Coverage to the Informal Sector in African highlighted that: the informal sector was heterogeneous making it difficult to design a pension scheme that could speak to the needs of all informal sector workers at once (Güven, 2019). Irregular income and short-term shocks associated with the sector was cited as another key factor impacting informal sector participation. In addition, lack of informal savings mechanisms and disorganization among the informal sector workers hindered participation of the sector even further.

Gaps Identified in the Literature

Review of the foregoing related literature on information sector participation in social security programs indicated the following gaps

1. Early works on social security coverage of the informal sector revealed that low or nonparticipation of the sector in social security was largely due to lack of enabling legal framework and lack of social security schemes specifically for the informal sector. Therefore, it is worth investigating how the bus drivers and bus conductors at Kulima Tower Bus Stop have responded to the social security coverage extended to them in 2020 by NAPSA.
2. Further, prior studies on informal security participation indicated that lack of knowledge on social security and its benefits had hampered participation of the informal sector. However, the Government of Zambia has heightened sensitization around social security through strategies such as National Strategy for Financial Education (NSFE). It therefore remains to be established to what extent such sensitization programs have managed to bridge the knowledge gap on social security and their impact on social security participation of the sector.
3. Lastly, unsuitable social security products were noted to be one of the reasons why informal sector participation was low. For example, pension scheme contributions were expected to be at agreed dates and amounts whereas the informal sector cash-flows were not as regular and dependable; formal registration and submission of contributions to pension schemes made forced the sector to shy away from participating; non-provision of incentives made social security unattractive to the sector. Therefore, it is worth investigating how the introduction of features such as accessing of small loans against one's pension, capital injection for struggling business and contributions' cooling-off periods during financial stress; and the use

of mobile money to deposit contributions has impacted participation of the informal sector in social security programs.

Theoretical and Conceptual Frameworks

Utility Theory

Utility theory is premised on individuals' preferences. It is used to explain the behaviour of individuals because an individual is able to rank choices depending on one's preferences. Given a basket of different goods, an individual will choose those goods that they consider to provide the most satisfaction. Studying individuals' choices can help policy makers make inferences about preferences.

A utility function is an analytical representation of an individual's preferences according to a given set of consumption bundles. Therefore, it can be said that in reality, individuals behave as if they had a utility function; given the limited resources available to man, during instances of decision-making, individuals will rank their choices according to preferences or desirability.

The utility theory is based on the following assumptions

1. **Completeness:** No matter how many combinations of consumption bundles available to an individual, he will always rank them in some order according to his preferences. Thus given any consumption bundles, an individual will be able to compare and rank his consumption bundles according to the satisfaction derived from each bundle. ii) **Monotonicity** – this is anchored on the reasoning that more is better. Suppose an individual is given bundle 1 which they prefer to bundle 2. However, if given another bundle 3 that contains more of everything of 1, assumption entails that bundle 3 will be preferred to 2 and 1 itself.
2. **Mix-is-better:** Suppose an individual is indifferent to goods either 1 or 2 implying that neither choice is preferred to the other. However, combining the two would result in a preference for the goods as opposed to when the goods were to be consumed individually.
3. **Rationality:** Suppose an individual prefers good 1 to good 2, and good 2 is preferred to good 3. Then rationality implies that good 1 will be preferred to good 3. Under no circumstances will good 3 be preferred to good 1. Utility theory implies that individuals are able to assign imaginary utility values to monetary values of goods and services in society. A decision to consume a particular good or service would typically imply that that choice was arrived at because the highest value of satisfaction was assigned to the good or service.

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Theory of Matching Contributions in Pensions

Once an individual opts to be a member of pension scheme, he chooses to agree to abide by the pension scheme's Trust Deed and General Rules. In the rules, there is a stipulated contribution rate to be met by the individual. This could be

5 percent of an individual's basic salary. In addition, an employer may also contribute an additional rate, e.g. 10 percent of an individual basic salary.

However, an employer could agree to pay more to the pension scheme if the employee also agrees to increase his contributions in a bid to grow retirement benefits faster. This is called contribution matching. Social protection is still considered an essential part of citizens' livelihoods and governments across the globe are constantly reviewing regulations to ensure that both formal and informal economy workers have sustainable old-age retirement benefit systems in place. However, this is a bigger challenge for the informal economy workers as the coverage of pension systems is often less than half of the economically active population. This can be attributed to the irregular earnings, constant struggles to meet short-term needs and liquidity in any savings that the low-income sector workers engage in.

In a bid to achieve coverage and adequate benefits with a financial sustainable pension, matching contributions have been used to enhance participation and increase the level of savings in pension systems. In addition, it has been seen as an incentive to address low rates of participation in retirement saving systems and engage difficult-to-reach groups.

Concept of Social Security

Two concepts formed the basis for social security in Europe during the 20th century; i.e. redistribution concept and insurance concept (Mwiche, 2005)^[15]. Bismarck introduced the social insurance concept in Germany during the second half of the 19th century when he designed the first social security scheme for workers. In similar fashion, the British reformer Lord Beveridge developed the redistribution concept during the Second World War (Kock, 2003)^[12].

Insurance Concept

The insurance concept focuses on insuring workers against income loss in the event of unemployment, disability or retirement, this is achieved by smoothing life time income. Contributions and benefits depend on earnings; most schemes are financed out of premiums and managed jointly by employee representatives and employers (Kock, 2003)^[12].

Redistribution Concept

The redistribution concept aims to cover all citizens. Under this concept, benefits are meant to be the last resort for workers without enough unemployment insurance, for households with no source of income and for the working poor. The main focus of this concept is poverty relief; benefits are means tested and provide a minimum income guarantee. Benefits under this concept are purely paid from taxes therefore, there is no link between contributions and benefits (Kock, 2003)^[12].

Savings Concept

The third concept of social security is savings concept. Compulsory saving under this arrangement provide social protection for individuals not only for retirement pension but also for unforeseen circumstances such as unemployment, disability and ill health. Benefits depend on accumulation of one's compulsory savings (Kock, 2003)^[12].

All humans are susceptible to risks and uncertainties relating to income as a means of life sustenance. To avert these risks, everyone needs some form of social security guaranteed by the family, community or the society as a whole. Therefore, such social-economic risks and uncertainties give necessitate the need for social security whose fundamental principle is riskpooling by the society since no individual can comprehensively guarantee their own security (Dau, 2003)^[5].

In developing countries such as Zambia. The need for social security has arisen due to industrialisation, urbanisation and the weakening of the extended family system which used to provide informal economic and social security on a family basis (Olivier M.P., 2003)^[18].

Concept of Social Insurance

This is a compulsory form of income protection in the event of incapacity to earn, resulting from reduction or loss of income due to exposure to risk. The aim of social insurance is to achieve a reasonable level of income maintenance. The nature of social insurance scheme determines whether contributions will be the responsibility of the employers, employees or other contributors (Mwiche, 2005)^[15].

Concept of Social Assistance

Under the SADC Charter, social assistance is concerned with the granting of in-cash or in-kind assistance to individuals without the means to support themselves and their dependants. It is aimed at the provision of minimum income protection to the poor and is funded from government revenues and is means tested.

Social Allowances

Social allowances refer to the universal payments (i.e. no means test applies) to persons who fall within designated categories and who are in exceptional need. The rationale of assisting the beneficiaries is for them to realise their full potential.

Concept of Social Exclusion

This is mostly used to describe situations related to poverty and inequality. Broadly speaking, social exclusion refers to the failure of some individuals and social groups to access the resources offered by society and economy. Social exclusion is an indicator of social policy and represents the gaps in the integration or inclusion process (African Union, 2005).

Concept of Informal Sector

Despite the informal sector making up a huge share of the Gross Domestic Product (GDP) for most countries, knowledge of the sector's size, dynamics and the links with the formal economy remain sketchy (Charmes, 2003).

The informal sector can best be described as a giant sponge absorbing much of the shock of periodic economic contraction by soaking up excess labour and providing second incomes to individuals whose real incomes have been eroded by inflation and public spending cut backs (Fidler.P., 1996)^[7].

Olivier further submitted that the informal sector often comprises of small-scale enterprises on the margins of the mainstream economy, which use simple marketing channels to localise niche markets principally skewed towards low income groups. The informal sector players rely on cash

transactions, informal credit markets and/or suppliers and operated in intensely competitive environments. The sector players form organisational and entrepreneurial networks that may be ideal for discussing, developing and implementing appropriate social security measures (Olivier. M.P., 2001) ^[19]

Results

Discussion of Findings on Research Objective 1: Determining Level of Social Security Awareness.

About 97% of the informal sector did not know about the NAPSA pension scheme meant for their sector. These findings are in tandem with the Government's position that most workers lack the understanding of the importance and their right to social security benefits. This leads to limited demand by workers, as a result employers are not motivated to ensure that workers are registered with social security schemes (GRZ, n.d.). Most informal workers are not aware of their rights, have rarely heard about NAPSA and WCF and have no idea about the benefits they are entitled to (GRZ, n.d.). To further consolidate this finding, the report by Friedrich Ebert Stiftung opined that very few informal sector workers were registered for social security implying that awareness of social security in general was likely to be low among the informal sector (Trywell Kalusopa, Grayson Koyi, Francis J. Phiri, 2020) ^[27, 30].

Further, the report by FSD-Uganda on social security in East Africa indicated that that the informal sector's knowledge levels on social security were very low largely due to financial literacy programs which only focused on awareness instead of addressing issues of financial management, investment advice seeking, planning for the future, and making choices between different financial products (FSD-UGANDA, 2020).

Discussion of Findings on Research Objective 2: Establishing Level of Uptake of Social Security

None of the participants who took part in this survey was a member of the NAPSA pension scheme meant for the informal sector. This demonstrated that there was still more work to be done by NAPSA and the government at large to encourage informal sector participation in social security. This finding is in tandem with report findings of other researchers such as David Mwiche, the International Labor Organization, FSD-Uganda, among others.

Further, this finding is in tandem with research by Gideon Wambua Kyengo which indicated that participation of the informal sector in social security was low due to factors such as low education levels and that majority of the workers in the informal sector were self employed with low and irregular income levels (Kyengo). Kyengo further indicated that the education level, the form of employment, the membership of the respondents into the retirement benefit/pension scheme and the pension scheme which the 45.16% of the respondents who said they were members of the retirement benefit/pension scheme belonged, the importance attached to the retirement benefit/pension scheme by the members of the informal sector workers in Nairobi County was as well worthy investigating. The study revealed that most of the respondents thought that the retirement benefit/pension scheme was only important to a little extent, as it was indicated by 32.26% of the respondents the researcher came across during the study. The study also revealed that the respondents only associated

with moderate (3-5) members of the retirement 51 benefit/pension scheme. However the research revealed that majority of the workers in the informal sector would recommend their retirement benefit/pension schemes to someone else. This is recommendation was supported by 70.97% of the respondents in the study. Therefore the study revealed that a small extent of the informal sector workers in Nairobi County was covered by the retirement benefit/pension schemes (Kyengo).

Discussion of Findings on Research Objective 3: Identifying Factors Affecting Uptake of Social Security

With education levels of the sector at 27.5%, 32.5%, 30.6% and 9.4% for primary, junior secondary, senior secondary and college respectively as seen in figure 2 above, it can be deduced that the sector is characterised by humble education background. This finding is in tandem with the report by Friedrich Ebert Stiftung that indicated that education levels of most informal market traders is low (Trywell Kalusopa, Grayson Koyi, Francis J. Phiri, 2020) ^[27, 30].

Therefore, NAPSA would do well to tailor sensitization messages in a way that the sector can better understand. Similarly, there would be need for NAPSA to tailor the pension scheme for this sector with features that speak to the needs of the sector with such an education background. To further amplify findings of this research, Kyengo highlighted poor management, political influence, lack of profitable investment opportunities, lack of information and corruption as other factors affecting informal sector participation in social security. The other factors reported by Kyengo, that were in line with results of this study, included lack of financial education among the public, lack of government policy and individual perception on retirement benefit/pension schemes and pension reform initiatives. membership. On the issue of whether the retirement benefit/pension schemes addressed the needs of the informal sector workers the study revealed that majority of the informal sector members disagreed that the existing retirement benefit/pension schemes addressed their needs. The discussion paper by Guven further weighed-in on the factors affecting informal sector participation in social security and highlighted heterogeneous nature of the sector, irregular incomes, susceptibility to short term shocks, lack of informal savings mechanisms and disorganization among the informal sector as some key factors affecting participation of the sector (Guyen, 2019). I can be seen that results of the study by Guven were similar to findings of this study.

Discussion of Findings on Research Objective 4: Appreciation of Product Features that can make Social Security more attractive to the Informal Sector

About 4.4% of the participants submitted that they would want NAPSA to be offering them loans at reduced interest rate. On the other hand, 18.8% indicated that they would want the pension scheme to be giving them a portion of their money to start up small businesses to supplement their income or be able to assist them with working capital to boost their small businesses. Additionally, 24.4% of the participants submitted that NAPSA could allow them not to contribute in times where their incomes may not be enough to allow them make contributions towards the scheme. The majority of the participants indicated that they would like the scheme to help them with funeral expenses in case of a

bereavement. Lastly, 11.3% of the participants indicated that they would want the scheme to allow them to use their contributions as collateral to allow them access loans from banks and other money lending institutions. The findings of this study agreed with a report by NAPSA on social security coverage of the informal sector, which argued that special features such as funeral grants, survivors' benefits and invalidity (NAPSA, 2019) would make social security more attractive to the sector.

Recommendations

Considering the limitations faced during this research, future researchers on the topic will do well to consider making use of online questionnaire and sought early permission from the informal sector leadership to have access to their members. It is further recommended that future researchers on this topic carry a pre-test of questionnaire and field procedures to ensure the study is efficiently, effectively and professionally. Lastly, further researchers should endeavor to collect key variables such as income and age in form of single fingers as opposed to ranges.

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