

**The Challenges of Implementing Social Security Pension Scheme for  
Employees of Private Organization in Ethiopia: In Some Selected Private  
Organizations at Jimma Town**

**By  
Rahel Assefa**

**A Thesis Submitted to Department of Governance and Development Studies,  
College of Law and Governance, Jimma University; In Partial Fulfillment for  
the Requirement for Master of Arts in Governance and Development Studies**

**May, 2015**

**JIMMA, ETHIOPIA**

**Jimma University**  
**College of Law and Governance**  
**School of Postgraduate studies**  
**Department of Governance and Development studies**

**The Challenges of Implementing Social Security Pension Scheme for  
Employees of Private Organization in Ethiopia: In Some Selected Private  
Organizations at Jimma Town**

**By**  
**Rahel Assefa**

**Advisor: Ermias Admasu (MA)**  
**Co-advisor: Dr. Raja**

**May, 2015**  
**JIMMA, ETHIOPIA**

This is to certify that the thesis prepared by Rahel Assefa entitled "The Challenges of Implementing Social Security Pension Scheme for Employees of Private Organization in Ethiopia: In Some Selected Private Organizations at Jimma Town". In addition, the paper is submitted in partial fulfillment of the requirements for the Degree of Master of Arts in Governance and Development Studies complying with the regulation of the university and meets the accepted standards with respect to originality and quality.

#### APPROVED BY BOARD OF EXAMINERS

Chairperson

Signature

Date

*Ermyas Admasu*

*[Signature]*

*02/06/2015*

Main Advisor Name

Signature

Date

Internal Examiners Name

Signature

Date

External Examiners Name

Signature

Date

## **Abstract**

*Pension schemes are sources of income security for the aged, the disabled, the invalid and the unemployed. The economic freedom and financial security during old age and retirement are of major concern to the employees, who, not only wished to provide themselves, but also for their families. Effectiveness of pension scheme, however, relies on the active involvement and understanding of employees and employer. Hence this study attempted to assess the challenges of implementing social security pension scheme for employees of private organization in some selected private organization at Jimma town, South West Ethiopia. A descriptive cross sectional study, using both quantitative and qualitative methods was employed from March 10-30/2015 at Jimma town. The quantitative and qualitative data was collected by using survey questionnaire from a sample size of 306 respondents and conducting interview with key informants of private organization employer and employees in the social security agency Jimma branch and document analysis. The sample was taken using multi sampling method. Data analysis was done by using SPSS. The findings of the study show that 67.6% of respondents confirm relating to the benefit of the scheme up on their retirement age, whereas the realization of the scheme does not consider the active participation and interest of employees in terms of their income and benefit provided by the scheme. This leads to resistance among them to accept and implement the scheme. Moreover there is a huge gap in terms of awareness among employees as the administrative bodies done very little to raise awareness. Therefore, the administrative bodies should give more emphasis on the improvement of employees and employer awareness and their active participation in the realization of the scheme. Furthermore the government may need to consider proclamation No. 715/2011 to improve the coverage and to reach the benefit fairly toward all employees for effective and efficient implementation of the scheme.*

**Key words:** Social Security, Pension, Retirement, private organization employee, pension scheme

## **Acknowledgement**

First and foremost I want to thank Almighty Christ Jesus, the Savior of mine and His Mother St. Merry, for all the blessing in my way and my life.

My specials credits goes to my family specially Mrs. Zenebech and Mr. Lakew who paid their whole life standing next to me and a great scarification to make me to stand by myself.

I would like to extend my heartfelt gratitude to Mr. Ermias Admasu and Dr. Raja for their invaluable constructive comments throughout the development of the proposal to the final thesis.

I would like to extend my appreciation to department of Governance and Development studies, College of Law and Governance of Jimma University for arranging this opportunities to carry out this research.

Last but not least, I extend my thankfulness to all of my teachers and friends who have encouraged and helped me during the development of the proposal to the final thesis.

Sincere thanks also go to private organization employees social security agency south west region staff and to all respondents for their full cooperation.

## Table of Content

Abstract.....	i
Acknowledgement.....	ii
Table of Contents .....	iii
List of Tables.....	vi
List of figures.....	vii
Acronyms.....	viii
CHAPTER ONE.....	1
INTRODUCTION.....	1
1.1 Back ground to the study.....	1
1.2 Statement of the Problem .....	2
1.3 Objectives of the study .....	4
Specific Objectives.....	4
1.4 Research Questions .....	4
1.5 Significance of the Study .....	5
1.6 Scope of the Study.....	5
CHAPTER TWO .....	6
REVIEW OF THE RELATED LITERATURE.....	6
2.1 Overview of Social Security.....	6
2.2 Social Security in Developing Countries .....	7
2.3 Social Security Benefits .....	8
2.4 Pension Systems as Part of Social Security.....	9
2.5 Pension Scheme Classification Criteria.....	10
2.6 Practices of Pension System in the Case of Ghana .....	12
2.6.1 Pension System in Ghana .....	13
2.6.2 The Ghanaian Pensions Act 2008 and the Three-Pillar System .....	14
2.7 Development of Social Security System in Ethiopia .....	15
2.7.1 Modern Practice of Social Security .....	15
2.8 The Provision under the Private Organization Employees Social Security Pension Proclamation No. 715/2011 .....	17
2.8.1 Coverage under the New Scheme .....	17
2.8.2 Principles of Private Organizations Employees Social Security Law.....	19
2.8.3 Private Organizations and Employees Required to be Covered under the Scheme .....	19

2.8.4	Employees with Right to Join the Scheme up on Expressed Consent.....	20
2.9	Comparing Private Organizations Employees Social Security Pension Scheme in Ethiopian and Ghana.....	21
CHAPTER THREE.....		24
METHODOLOGY.....		24
3.1	Description of the Study Area and Period.....	24
3.2	Research Design.....	25
3.3	Population.....	26
3.3.1	Source Population.....	26
3.3.2	Study Population .....	26
1. 3.4	Sample Size and Sampling Procedure .....	26
3.5	Methods and Instruments of Data Collection.....	35
3.5.1	Sources of Data .....	35
3.5.2	Methods of data collection .....	35
3.6	Pre-Testing of the Questionnaire.....	32
3.7	Data Quality Management.....	32
3.8	Data Analysis .....	32
3.9	Definitions of Terms and Concepts.....	33
3.10	Ethical Considerations.....	34
3.11	Dissemination Plan.....	34
CHAPTER FOUR.....		35
RESULT and DISCUSSION .....		35
4.1	Socio-Demographic Characteristics.....	35
4.2	Respondents Knowledge about the Scheme.....	37
4.3	Clarity and Limitation of the Proclamation.....	40
4.4	Institutional Effort to Promote Awareness.....	42
4.5	Pension Contribution.....	44
4.6	Achievements of the Scheme .....	45
4.6.1	Improve Coverage and Awareness on Social Security Matters .....	46
4.6.2	The Portability of Rights .....	46
4.7	Challenges of Implementing the Scheme.....	47

4.7.1 Problems encountered under the new pension scheme .....	47
Discussion .....	49
CHAPTER FIVE.....	52
CONCLUSIONS AND RECOMMENDATIONS.....	52
5.1 Conclusion.....	52
5.2 Recommendations .....	54
References .....	56
Appendix-III.....	58
Questionnaire .....	58
Interview checklist for employees at social security agency Jimma branch .....	62
Interview check list for private sector employers.....	63
የአግርኛ መጠይቅ.....	64
DECLARATION	



## **List of table**

Table 1: Socio demographic characteristics of respondents , May 2015(n=293).....	36
Table 2: Respondents view on the scheme, May 2015 (n=293).....	40
Table 3: Respondents view on the clarity and limitation of the scheme , May 2015 .....	42
Table 4: Respondents view on the agencies effort to disseminate information about the scheme, May 2015.....	44
Table 5: Respondents view on the pension contribution, May 2015 .....	45
Table 6: Respondents view on the challenges of the scheme , May 2015.....	49

## **List of figure**

Figure 1: Location map of study area .....	25
Figure 2: Schematic presentation of sampling procedure.....	29
Figure 3: Pie chart displaying the percentage of respondents who are aware of the new pension scheme.....	37
Figure 4: Respondents thought on the benefit of the scheme .....	46

## Acronyms

**CSA**= Central Statistical Authority

**ILO**= International Labor Organization

**MOLSA**= Ministry of Labour and Social Affairs

**OECD**= Organization for Economic Cooperation and Development

**POEPP**= Private Organization Employees Pension Proclamation

**POESSA**= Private Organization Employees Social Security Agency

**POESSAEP**= Private Organization Employees Social Security Agency Establishment  
Proclamation

**PSPP**= Public Servants' Pension Proclamation

**POESSASWR** = Private Organization Employees Social Security Agency South West Region

**SP**= Social Protection

**SSA**= Social Security Agency

**SSI**= Social Security Institutions

**SSS**= Social Security Systems

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background to the Study

Globally, there are a lot of people who need help to sustain their life and to fulfill their basic necessity. Inability to work is beyond control of the individual. Injury or other sickness may occur despite every precaution and the weakness resulting from old age is a natural event. Hence, a person may lose his means of income when he is unable to work. How could such persons and their dependents sustain their life? They may face harsh living conditions since their means of survival has come to an end. Especially, as they become old in age and their ability to generate income weaken the reliance of citizens on government increases. Government on the other hand should establish mechanisms of helping citizens. More often Social Security Systems (SSS) provide a means for citizens to secure their living during their retirement or while they are active employee (Abebe, 2003).

In developed countries, social security covers workers and their dependents against old age, unemployment, health, and other risks. In developing countries, formal sector workers have access to social insurance, and the very poor have some access to social assistance and health services, but large population groups are not covered (Jean, in press). Social security is a result achieved through gradual stages and measures taken by governments for protecting the public from economic distress. The scheme, should be implemented at the government level and necessarily require governments involvement like enacting legislation concerning national social security and clearing the way for its proper appreciation in benefiting the society (Abebe, 2003).

Establishing Ethiopia's social protection framework is part and parcel of an integrated approach to the progressive realization of social and economic rights noted in article 41 of the constitution. Article 41/5 of the FDRE Constitution states 'The State shall, within available means, allocate resources to provide rehabilitation and assistance to the physically and mentally disabled, the aged, and to children who are left without parents or guardian'(FDRE,1995).Ethiopia provides State-based social security systems. Ethiopian social insurance is based on the principle of risk-sharing and involves the pooling of contributions by individuals to state or private providers

in return for a pay-out if a set-back or change in circumstances happens. The contributory social insurance scheme covers only a small fraction of people (MOLSA, 2012).

The Social Security Agency has operated a social insurance scheme since 1963; this is a contributory social pension scheme which provides benefits in old age, invalidity, and employment injury for not more than 1% of Ethiopians. Private organizations employees social security agency (POESSA) was established as per Proclamation No. 715/2011, extending the social security scheme to cover the private sector employees (POEPP, 2011). One of the significant changes introduced by the new Ethiopian pension laws is the substantial increase in the amount of pension contribution by the beneficiary and the employer. Until June 2011, only the public sector was covered by the pension scheme. Starting from July 2011 those (employees and employers) in the private sector started contributing following the first private organization employees' pension law.

Since Proclamation No. 715/2011 is a recent policy it is hard to say that the practice and awareness of the new policy is largely shared among employees and employers in Ethiopia (MOLSA, 2012). For effective Implementation of the new scheme in Ethiopia in general and in Jimma town in particular, it requires the introduction of mechanisms that address the awareness problem of society in a wide-ranging and employees and employer in exacting. In general there were no studies related to the put into practice of new pension scheme. However, there has been an increased need to identify the challenges of employees faced due to the put into practice of the scheme and improve the institutional endeavor for delivering social protection outputs. Hence the focus of the study is on the challenges of implementing social security pension scheme for employees of private organization in some selected private organizations at Jimma town.

## **1.2 Statement of the Problem**

Research disseminated by the Institute for the Study of Labor (IZA) in Bonn, 2007 state that, the low coverage of social security programs in developing countries is often attributed to the dual nature of their labor markets. Implicit in this view is that workers are rationed out of social security against their will because they are unable to find formal jobs with benefits and retire with meager benefits. Throughout the world, social security programs have been introduced to ensure consumption in old age. For salaried workers, participation in these programs is linked to employment; employers are required by law to register workers and transfer a certain share of

workers' wages to pension administrators. In practice, however many employers have not enrolled their workers in these plans. Workers might be affiliated but not actively contributing to social security (Paula et al.,2007).

The low contribution rates might be a combination of certain types of workers' low willingness to participate in social security programs due to different reason. Some groups of workers in private sectors, such as workers earning wages below the minimum wage, might be rationed out of social security against their will (Ibid).

Although wide ranges of social protection actions are being implemented in Ethiopia, these interventions have limitations in public participation in the design, implementation, monitoring and evaluation of the social protection system. Though, Ethiopia has an array of traditions, policies, legislations, strategies, programmes and interventions that serve a variety of social protection purposes, it does not have a comprehensive and integrated social protection system. As a result the social protection policy has not led to a harmonized and integrated social protection intervention response at national level (MOLSA, 2012). There is limited understanding and consensus on the legal, economic, social and political rationale for social protection pension scheme for private organization workers among employees and employer in Jimma town.

There are gaps in sector-wide engagement to effectively implement and coordinate social protection interventions and coordination. For effective implementation of the proclamation No715/2011, the employees and employer have to trust, be informed and convinced about the overall idea of the pension scheme. Therefore, understanding employees approval on the new pension scheme is an important step to improve implementation strategies and approaches in pension scheme. In addition to this, it is clear that employees approval with the practice of the new pension scheme is critical for improved coverage and, hopefully, better delivery of social security for the population.

Even though different activities were conducted by POESSA and POESSASWR to improve the awareness of employees, employer and other concerned stakeholder in Jimma town, still there is a huge gap in terms of awareness and the most relevant stakeholders are less informed. This is largely attributed to the miss understanding of the benefit of the scheme. If people are not well aware about the scheme, then the likelihood for the successful implementation of the

proclamation will be minimal. Aware people are likely to continue practicing the scheme, maintain their commitment and intensify their contribution to the effectiveness of the program than people with limited information. A useful way of doing this is by carrying out enough awareness among employees, employer and other stakeholder.

Although the scheme has been implemented since June 24, 2011 and there is a dearth of literature and research conducted on the challenges of implementing it. This study, therefore conducted to fill the gap in terms of literature in the area and suggest recommendations that could contribute to the successful implementation of the scheme. Moreover there is a discourse going on about the scheme in light of its impact on the livelihood of employees affected by it and employers of private organizations. This study shades some light by soliciting views from all concerned stakeholders. Generally it tried to give an insight on the achievements and challenges of implementing the new pension system.

### **1.3 Objectives of the study**

The study assessed the challenges of implementing social security pension scheme for employees of private organization in some selected private organizations at Jimma Town.

#### **Specific Objectives**

- To assess the current practice of private organizations employees social security pension scheme in Jimma town including the scope of coverage;
- To describe the limitations and positive aspects of private organization employees social security pension scheme;
- To assess challenges faced by employees in implementing the proclamation No 715/2011;
- To recommend possible solutions to alleviate the problems and address the gaps in research;

### **1.4 Research Questions**

- ❖ What are the current practices of private organization employees social security pension scheme at the town including the scope of coverage?
- ❖ What are the achievements of private organization employees social security pension scheme at the town?

- ❖ What are the challenges of implementing social security pension scheme among private organization employees in Jimma town?

### **1.5 Significance of the Study**

Understanding the implementation of the system with all its challenges has academic as well as policy relevance. That is, it likely contributes to the body of knowledge by bringing empirical evidences of the challenges of implementing social security pension scheme for employees of private organization. The findings of the research may attract the attention of the concerned officials to see for more efficient and effective social security policy. Moreover, it initiates the concerned organization to reassess its existing practices regarding implementing social security pension scheme for employees of private organization with a view to bring changes on how to implement. Employees and employers are also other parties that could benefit from the study.

Moreover being an original or trailblazer study to analyze the challenges of implementing social security pension scheme for employees of private organization, the study would be used as a spring board for further inquiries in the area, it has the potential to refine the existing body of knowledge of the audience with respect to implementing social security system for employees of private organization. The study might be expected to serve as initial reading and contribute to the limited literature on the assessment of the new pension schemes in Ethiopia. This research may also serve as a basis for measuring the effectiveness of the recent scheme in providing insurance for the elderly in Ethiopia.

### **1.6 Scope of the Study**

The study delimited to assess the challenges of implementing social security pension scheme for private organization employees since the issuance of the scheme in 2011 to date among selected private organization from the total 1,262 private organizations covered by the scheme at Jimma town. Therefore the study includes private organizations employees from the selected particular case organizations for data collection analysis.



## **CHAPTER TWO**

### **REVIEW OF THE RELATED LITERATURE**

In this chapter issues pertaining to pension scheme are briefly entertained. Thus, the chapter comprises what social security is, social security in developing countries, Social Security benefits, pension scheme in Ethiopia and other issues related with pension scheme are included. The introduction of the private organization employees social security pension scheme in Ethiopia is quite new and there is lack of empirical studies conducted in the area. Therefore the reviewed literatures are mainly focused on theoretical literature with regard to the pension scheme.

#### **2.1 Overview of Social Security**

Social security is defined to include the institutions societies design to guarantee or protect individuals against the loss of income due to old age and other unforeseen contingencies such as workplace injury, unemployment, and death of a family's breadwinner among others. Protection against these contingencies was originally performed by families and charity organizations in all societies prior to the development and expansion of the modern state. In most developed countries, the provision of old age income support and care by the family members and charity organizations has faded into history as modern states evolved especially in the postwar years to established new institutions with vested responsibilities of protecting individuals citizens (Kpressa, 2010).

Institutional social security, in some measures or other, exists in almost all countries today. However, there is much variation between countries with regard to the levels of protection, scope, coverage and effectiveness of the system in place. As a group, the developed countries have the most advanced social security systems. The concept of social security originated in Europe towards the end of the last century, and had developed considerably in Europe, North America and Australia even before the Second World War. Today, the OECD countries have comprehensive systems which typically cover all the relevant contingencies, extend to practically the whole population, and operate effectively and efficiently (Abebe, 2003).

With very few exceptions, institutionalized social security in the developing world is of relatively recent origin having appeared only after the Second World War, following the emergence of several independent states at the end of the colonial era. In general, social security systems in developing countries do not cover the full range of contingencies, exclude appreciable proportions of the population, and have serious shortcomings as regards their operation. Large numbers of people in these countries have therefore to rely on family, communal or social networks when they encounter difficulties (Ibid).

## **2.2 Social Security in Developing Countries**

More than a third of the world population lives under extreme conditions of poverty and deprivation. These are typically people found in remote areas with difficult access to markets and Institutions, not educated, with poor health, employed in jobs with little security and within adequate access to productive assets. Such characteristics make the poor vulnerable to shocks caused by life cycle changes, economic reforms and other types of events such as illness or bad weather conditions. The vulnerability of the poor to socio-economic shocks can be reduced by policies that protect their livelihoods, increase their human capital and assist them in times of crises. However, despite the need for social security policies, it is not immediately clear that developing countries are able to implement programmes of social security (Patricia, 2003).

There has always been a need for social protection universally. Before the emergence of well-structured or institutionalized social security schemes, the family was the main source of social protection in the pre-colonial era. However the advent of colonial rule or colonialism was one of the major factors responsible for the occurrence of institutionalized schemes in many sub Saharan countries. Additionally, the prevalence of other issues pertaining to poverty, health and conflicts caused the role of the family to decline. These issues eventually raised the urgency and popularity of social protection systems which resulted in the introduction of pension schemes (Kpessa, 2010).

The introduction of social security programmes in developing countries is a difficult task given that capital and insurance markets are typically underdeveloped, budget restrictions are high and developing countries are usually characterized by traditional labour structures and large levels of poverty, which would require social programmes to achieve a magnitude that few governments

in developing countries are able or willing to implement. In addition, governments in those countries have, in general, less capacity to collect taxes, implement complex programmes of social protection or correct market failures, due to their low levels of income, education and infrastructure. Furthermore, political pressure against the implementation of social security policies is also often high in developing countries as such policies may imply some form of redistribution (Radian, 1980).

These problems have led researchers and policy advisers to argue that poverty eradication and socio-economic security of the poor should rather be achieved through sustained economic growth that will raise the level of living of the whole population (Bruno et al., 1995). However, although economic growth is an important factor in the promotion of better standards of living, it is not empirically clear that economic growth brings about social development and increased equality as pockets of poverty can persist due to the inability of some population groups to participate in the growth process (Gaiha & Kulkarni, 1998). Consequently, protection mechanisms against poverty, destitution and uncertainties are needed in order to guarantee the safeguard of vulnerable elements of the population against life contingencies and uncertainties

Although the type of social security programmes implemented in industrialized countries may not be economically or politically feasible in poorer economies, experiences of economies such as China, Costa Rica, Jamaica, Chile, Cuba, Sri Lanka and the south Indian state of Kerala have shown that extensive systems of socio-economic protection based on efficiently targeted policies, widespread public participation and careful integration of social and economic policies can perform a central role in the maintenance of living standards and the well-being of the most fragile groups in the population (Chenery et al., 1974).

### **2.3 Social Security Benefits**

The International Labor Organization Convention No. 102 of 1952 has set up minimum standard of social security. The Convention distinguished 9 types of benefits ILO (as cited in Abebe, 2003).

**Old Age Pension:** -This is a regular payment given to a person in return for the service he has rendered up to his age of retirement. At present the retirement age in many countries is between 55 and 65 years. In the industrialized countries, it is 65 and above. There is also age limit for the

who ask for early retirement. Many developed countries have achieved universal coverage for this benefit.

**Invalidity Pension:-**This is a payment for a person who has been retired because of sickness and is unable to continue work for not fulfilling the medical conditions required. This has to be proved by board of doctors.

**Survivors Pension:-** The Payment made to the family of the deceased. The survivors can be children, spouse or the parents either.

**Employment Injury Benefit:-**Refers to payment given to a worker who has suffered from an occupational injury until he revives. It also covers the medical expenses. If the injury does not enable the injured to continue his work, a regular payment will be given.

**Maternity Benefit:-**Comprises the medical care provided for a pregnant woman both post and prenatal period and allowances of maternity leave.

**Sickness Benefit:-**This kind of benefit refers to the coverage of medical expenses made by a worker who is suffering from some kind of sickness not related with his work.

**Family Allowances:-**Refers to payments made to families with dependent children either by employers or by government, primarily to promote the welfare of the children.

**Medical Benefit:-** This kind of benefit provides free medical services for people specially for individuals who are covered.

**Unemployment Benefit:-**Is a benefit provided for persons who are capable of working but are incapable of obtaining a suitable employment.

Spending on their economic development, countries are expected to have one or more of these social security benefits for their people. They should be enacted in statutes as rights conferred to the people.

## **2.4 Pension Systems as Part of Social Security**

The importance of pension schemes in Africa for instance, have helped in the alleviation of demographic pressures, poverty amongst the elderly and provided support for households headed by grandparents (Stewart & Yermo, 2009). Pension schemes are sources of income security for the aged, the disabled, the invalid and the unemployed. The economic freedom and financial security during old age and retirement are of major concern to the employees, who, not only wished to provide themselves, but also for their families (kpessa, 2010).

The main aim of pensions is to give a reasonable amount of financial security to the retired employee. Rudrabasavaraj (as cited in Abebe, 2003) enumerated the following advantages of pension plans. They:

- Attract and retain employees;
- Attract better class of people who stay with the organization, this helps in reducing turnover and recruitment costs;
- Permit retirement of the superannuated employees;
- Improve employee morale;
- Promote employee goodwill and loyalty.

A pension plan, which is one part of social security, is a program set up by an employer, a labour union, or a government that provides regular income payments to retired payments meeting the conditions set forth in the plan. There are three universally accepted conditions; these are: age, disability and death Gove (as cited in Abebe, 2003). A person may get an old age pension upon reaching some years of age, and disability pension or survivors pension for his dependents upon his death. Although these three kinds of benefits are referred to pensions as a whole, they cover the three benefits embodied in the social security. In earlier times a pension was viewed as a gratuity or reward for loyal service to an employee (Kpessa,2010).

The retirement system enables individual employees to live dignified. Satisfying and secure life during the retirement system helps to release more of the creative energy and efforts of personnel making if possible more effective daily and long term performance in the service for which they are employed. A person who spends his working life as an employee should have a privilege of getting an adequate pension on his retirement from services (Ibid). In his book titled Personnel Management, Edwin Flippo, as cited in Abebe (2003) argues that effective retirement programs will reduce employee uncertainty, minimize worries about health, reduce the tendency to miss one's old job, enables a more satisfactory arrangement of retirement income, and increase the amount of social participation on the part of the retiree.

## **2.5 Pension Scheme Classification Criteria**

There are two broadly types of social protection for the elderly. The first comprises benefits that are available to everyone, either universally or subject to a means test. Such benefits are financed from general state revenue and constitute a form of social assistance (a social floor). The second

type is an entitlement restricted to people who together with their employers or independently contributed to a pension fund during their working life. Such protection is in the nature of social insurance. Aside from this basic distinction, pension schemes also differ depending on how they are organized, their conditions of entitlement to benefits and their outcomes. How pensions schemes are organized basically depends on four sets of alternative policy options, namely, PAYG vs fully funded schemes, defined contributions vs. defined benefits, public vs. private administration, and mandatory vs. voluntary participation. Current or planned reforms typically consist in shifting from one of those options to another.

### **Pay-as-you-go vs Funded Schemes**

In PAYG schemes, the retirement pensions paid out over a given period are financed from the contributions paid over that same period by those in employment (employees and employers). In funded pension schemes, the contributions are paid into a fund from which capital and interest accrued are then used to pay out pensions. Where funding is individual, the contributions of each participant are paid into a personal account from which the capital plus interest accrued is paid out in the form of a lump sum or an annuity upon the participant's retirement. There are also collectively-funded schemes, in which pensions are financed from the capital and interest accrued to all the participants in the scheme. In this case, the amount of individual pensions depends on criteria such as seniority, length of contributory service and age at retirement.

### **Defined-benefit vs. Defined-Contribution Schemes**

Under some pension schemes, benefits are determined in advance, e.g. as a percentage of a person's earnings over a number of reference years for example, the last 10 or 20 years of work or as a percentage of lifetime earnings. In order to ensure that the scheme can afford to pay its defined benefits when the time comes, rates of contribution may need to be adjusted periodically in the light of demographic, actuarial or economic considerations. Conversely, other schemes predetermine the rate-or rates-of contribution, in which case the amount of benefits payable upon retirement depends on the specified rates(s), the number of years of contributory service and returns on investment.

### **Public vs. Private Administration**

Social assistance schemes are financed by the state and normally also administered by the State. But the administration of insurance schemes may be either public or private.

## **Voluntary vs. Compulsory Schemes**

Participation in insurance as opposed to assistance-schemes may be compulsory by law or left to the discretion of those eligible. Experience suggests that effective social protection presupposes compulsory participation, since people with the lowest incomes may not be inclined to join a pension scheme voluntarily and those with the highest may not see the need, thereby depriving the schemes of its contributions. As a result, basic schemes are typically mandatory. Where available, supplementary schemes-the other “pillars” mentioned above-may be voluntary or compulsory, depending on national practice.

Pension schemes have three main objectives:

- Protection against poverty in old age;
- Provision of a retirement income, usually expressed in terms of an appropriate replacement rate for the earnings lost at the point of retirement;
- Protection of this income against the subsequent erosion of real living standards as the result of inflation.

The public pension schemes of most developed countries are based on the PAYG system: benefits are partly universal flat-rate (as a protection against low incomes in old age), and partly related to earnings near the point of retirement (i.e. defined benefit). Such schemes are obligatory and government guaranteed; in effect, they are government programmes just like any other. Both contributors and beneficiaries trust the government to take whatever action is necessary (i.e. raise taxes or contributions) to ensure that benefits are paid as they should be, including any increases needed to keep pace with inflation. The advantage of PAYG schemes is that contribution rates, particularly during the years before the schemes have acquired a measure of maturity, are lower than they would be in, say, a fully funded scheme, since it is not necessary to build up a capital reserve (Abebe,2003).

### **2.6 Practices of Pension System in the Case of Ghana**

Ghana is selected as good example, because Ghana has experienced by doing a series of pension reforms dating back as early as the year 1950. I feel their experiences could be more suitable for us than that of the advanced capitalist countries. Ghana social security policies could be helpful in our endeavor to improve the pension policy especially in widening the population coverage of

the scheme. Thus, I prefer to see the practices in Ghana regarding pension system briefly and relate to the Ethiopian pension scheme.

### **2.6.1 Pension System in Ghana**

As a colonial power in Ghana, the UK started an old-age provision for the Ghanaian workers in the colonial administration in the 1950s. In the years after independence in 1957, a number of provident funds had been set up and these were transferred in 1965 into a basic social security scheme in Ghana (Kwasi, 2003). In 1972, the Social Security & National Insurance Trust (SSNIT) was established to administer this Social Security Scheme. The concerns and agitations of public sector workers with regard to their pension allowances led to the establishment of a Presidential Commission on Pensions in 2004. In recognition of the need for universal pension for all employees in the country, and ensuring retirement income security for Ghanaian workers, the Ghana Government implemented major pensions reform and passed a new pensions Act in the year 2008, the National Pensions Act, 2008 (Emmanuel, 2007).

To successfully implement nation-wide pension reforms, the Government, through the National Pensions Regulatory Authority, has initiated dedicated public education and training programmes on the new pension law and its regulations and issued special guidance/support materials for ministries, departments and other statutory bodies on their role in the pension reform. Under the new pension programme, employees are contributing 5.5 per cent of their basic salary, while employers contribute 13 per cent of payroll. Of the total 18.5 per cent of contributions, 13.5 per cent is directed to the Basic National Social Security Scheme (of which 2.5 per cent is transferred to finance the National Health Insurance Scheme) and 5 per cent to the mandatory occupational pension scheme. Persons participating in the Basic National Social Security Scheme on voluntarily basis, contribute 13.5 per cent of their declared income. Minimum contribution is 13.5% of the approved monthly equivalent of the national daily minimum wage. The Basic National Social Security Scheme provides old-age, invalidity and survivors benefits to all contributors meeting specific qualifying conditions (Ghana country profile, 2011).



### **2.6.2 The Ghanaian Pensions Act 2008 and the Three-Pillar System**

From 2008, the pensions system in Ghana became based on the three-pillar concept that is known in many OECD-countries.

The first pillar can be classified as a basic national social security and mandatory basic PAYG-scheme. It is levied by all workers in the formal labour market and provides monthly payments to retirees, survivors and the disabled in case of a minimum level of contribution years. The scheme is managed by SSNIT (Social Security and National Insurance Trust) with the newly established National Pensions Regulatory Authority (NPRA) as regulatory body. It is mandatory for all employees in both private and public sectors but optional for the self employed and informal sector workers (National Pensions Act, 2008).

The second pillar, the occupational pensions scheme, is also employment and earnings-related and compulsory for all workers in the formal labour market. It is fully funded by contributions of employer and employees. The benefits are defined contribution and are lump-sum only. The pensions arrangements are managed by private pensions schemes (and thus by Trustees, Pensions Fund Managers & Pension Fund Custodians) with the NPRA as regulator and supervisor. However the main difference between this tier and first is that it is privately managed by registered Pension Fund Managers and Custodians who are regulated by approved trustees licensed by the National Pensions and Regulatory Authority (Ibid).

The third pillar is offering private pensions schemes in the form of Provident Fund Schemes and Personal Pension Schemes. It is voluntary for all citizens, and based on individual contributions that are tax-deductible. Benefits are fully funded and based on defined contribution. The objective of this pillar is to offer supplementary benefits and to foster savings among informal sector workers. Like the second pillar, the administration is carried out by trustees, pensions fund managers and custodians. Like the two other pillars the third pillar is supervised by the NPRA (Ibid).

## **2.7 Development of Social Security System in Ethiopia**

It was a traditional and religious duty to Ethiopians to look after the aged, the sick and the disabled relatives. The blood relationship in Ethiopia was very strong that it was also a cultural obligation to look after the children of poor relatives and orphans. The burden was not considered at all as the duty of the government. However, benefits consisting of a piece of land were being given to public servants as a reward for life service and gallant actions in the battle field. Furthermore, various social associations through which people joined together in benevolent societies, with a purpose of providing members and their dependents with material assistance in the event of economic misfortunes have had a long history in Ethiopia. These societies continued to function even after the advent of industrialization and the development of urban centers (Abebe,2003).

During the reign of Menelik II, if a military servant gets old he had the right to demand the authorities to replace his son in his place. This was done so that the son would be able to take care of his old father. Pension benefits as such, started to become a national responsibility in a limited area during the reign of Emperor Haile Selassie ( Yetureta Tarik Kidme Dihre Abiyot Ethiopia, 1979 E. C.). In December 1933, a bill containing the pensioning of old and incapable soldiers was introduced into parliament and which contained 16 articles marked the first legally established pension system in Ethiopia. The retirement age was fixed to seventy (70) years. The payment benefit was to be made both in kind and cash according to the circumstances (Ibid).

### **2.7.1 Modern Practice of Social Security**

Gradually the civil service was organized and grew up and it was found necessary to provide the civil servants with pension. Consequently, in 1958, the Ministry of Pension was established by Imperial Order. The Public Servants' Pensions Decree No. 46 of 1961 lays down to the foundation of the pension scheme. It is the first elaborated law in the Ethiopian pension history although semi-legalized pension practices existed long before its coming into effect. It set forth the legal, Administrative, and financial basis of the scheme. Before the Decree, there were some pension practices. The Decree repeals such previous systems whether written or customary and replaces them by provisions based on modern principles. This provision concerns public servants who have retired before the entry into force of the Decree and who were entitled to benefits under

previous schemes. Public servants who had retired before the date get nothing under the Decree. The Public Servants' Pensions Decree No. 46 of 1961 was amended and approved by parliament and proclaimed as the Public Servants Pensions Proclamation No. 209/1963.

The public servants pension Proclamation No. 5/1974 is an amendment proclamation to the proclamation No. 209 of 1963. Among other things, the following can be cited from the amendment:

- The retirement age both for men and women is fifty-five (55) Years instead of sixty (60) for men and fifty-five (55) for women under the previous proclamation.
- It is now possible to retire a public servant due to inefficiency. Under the previous law, an employee who is terminated due to inefficiency, even if he had many years of service to his credit, could only be entitled to a refund of his own contribution without interest. Under the amendment proclamation No. 5 of 1974, an employee who is terminated from public services due to inefficiency could automatically be entitled to a proportional pension if he has at least ten (10) years of service. But if his service is less than ten (10) years, he will get a refund of his own contribution without interest. The new situation has, therefore, enabled the public servant who is terminated due to inefficiency to collect pension proportionate to his years of service and this simultaneously created an employment opportunity for a competent job seeker.
- An employee who attains fifty (50) years of age and who resigns after twenty-five (25) years of service is automatically entitled to pension proportionate to his years of services.
- An employee who separates from public service for other causes after completing twenty (20) years of service will be entitled to a pension right which is collectible on attaining pensionable age or any time after his separation from service if he has become incapable to do any work due to ill-health. This is to be certified by a medical board. If he dies, his survivors could be entitled to survivors' pension as the following month of the death of the bread-winner.

The proclamation stated the contributions are to be paid by the employer and the public servant. The total amount of the contribution payable to the public service civilian pension fund is ten percent (10%) of the basic salaries of all public servants. The amount of contributions payable is six percent (6%) by the employer and four percent and (4%) by the public servant. The proportionate amount of contributions payable to the military public servant fund was sixteen (16) percent from the employer and four (4) percent from the employee. Until Public Servants'

Pension Proclamation No. 714/2011 put into effect the total amount of contribution payable to the public service civilian pension fund has no difference with the amount of contribution payable under the previous the proclamation. But in proclamation No. 714/2011 the amount of contribution is increased to 18 % of the basic salaries of all public servants; 7% by public servant, 11% by the public office(PSPP,2011).

## **2.8 The Provision under the Private Organization Employees Social Security**

### **Pension Proclamation No. 715/2011**

The Ethiopian government issued a new law which extends pension benefits to permanent employees of private organizations. The new laws were implemented on June 24, 2011. The regulations governing public employees' pensions and private sector pensions are identical, but private sector pensions are administered by a separate agency. According to the current FDRE, 2011 Private Organizations Employees Social Security " pension proclamation No.715/2011, the social security agency is responsible to provide permanent employees of private organizations with reliable and sustainable social security and encourage personal savings among them (POEPP,2011).

#### **2.8.1 Coverage under the New Scheme**

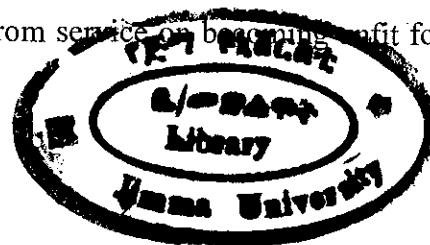
The scheme provides for four categories of pension benefits: retirement benefits, invalidity benefits, incapacity benefits and reimbursement of contribution (POESSA, 2004).

##### **Retirement Pension**

An employee of private organization who has completed at least 10 years of service and retires upon attaining retirement age shall receive retirement pension for life. Similarly, an employee of private organization who has completed at least 20 years of service and separate from the service by voluntary registration or for any other causes other than those provided for this Proclamation shall receive retirement pension for life upon attaining retirement age. And those who has completed at least 25 years shall receive retirement pension for life beginning with five years prior to retirement age. The retirement pension due to any employee of private organization shall be 30% of his average salary of the last three years preceding retirement and shall be increased by 1.25% for each year of service beyond 10 years. The retirement pension to be paid may not exceed 70% of the average salary of the employee of private organization for the last three years preceding retirement.

### **Invalidity Pension and Gratuity**

Employee of private organization who has completed at least 10 years of service and separates from service due to health problems preventing him from engaging in any remunerated work shall receive invalidity pension for life. In the same way, Employee of private organization who has not completed at least 10 years of service and separates from service on becoming unfit for service due to health problems shall receive invalidity gratuity.



### **Reimbursement of Pension Contribution**

An employee of private organization who separates from service either due to resignation after completing 10 years, but prior to completing 20 years of service or for any other cause other than those specified by this Proclamation prior to 20 years of service shall be paid an amount equal to the total pension contributions made by him excluding contributions of the employer. On contrary, an employee of private organization who separates from work due to resignation prior to completing 10 years of service shall not be entitled to any benefit (Ibid).

The proclamation also entitles employment injury and survivors pension that comes as a result of an occupational accident or occupational disease. In general terms, retirement benefits are to be paid to an employee who attains retirement age, which is 60 years. Once an employee has reached the retirement age he/she will be paid either retirement pension or retirement gratuity depending on his/her length of service. Pension benefit for invalidity is paid for an employee who is unable to engage in any type of remunerated work due to illness or sickness caused by factors not related to his work or work place. Depending on the length of service of the employee, the pension benefit to be paid could be either invalidity pension or invalidity gratuity. Lastly, incapacity benefit refers to payments to be made to an employee for total or partial loss of capacity to work caused by employment injury (Ibid).

Although ILO Convention 102 of 1952 required that countries provide nine minimum standards of social security or contingencies, Ethiopian private organization employees social security provided only four, as listed above. Indeed, the ILO's concept of social security has as its working definition, the protection which society provides its members, through a series of public measures, against the economic and social distress that otherwise would be caused by the stoppage or substantial reduction of earnings resulting from sickness, maternity, employment

injury, unemployment, invalidity, old-age, and death; the provision of medical care; and the provision of subsidies for families with children(Kofi & Augustine,2003).

### **2.8.2 Principles of Private Organizations Employees Social Security Law**

Private organizations employees social security law comprises four principles, such as insurance Principle which is referred as benefit sharing and risk pooling; the portability of rights, implies an employee moving from government employment to private sector employment, from private sector employment to government employment or towards self employment will be entitled to social security provided by the scheme as long as he/she continues contribution to the fund; the tri-partite leadership principle, this principle refers the scheme will be led by a board comprising representatives from the government, employers and employees and the mandatory principle, is in accordance with legislation number 715/2003, all parties to whom the scheme is applicable must be members (POESSA,2004).

### **2.8.3 Private Organizations and Employees Required to be Covered under the Scheme**

Private organizations required to be covered under the scheme is an organizations established prior to the enforcement of this legislation and did not provide their employees with provident fund or pension scheme and even if they provide provident fund and if the majority of the employees decide to be part of this scheme despite prior existence of a provident fund or pension scheme in the organization; business, industrial, agricultural, construction, charity and social services organizations or any other legally formed private organizations or institutions established after the proclamation came in to effect will be part of this scheme. Proclamation No 715/2011 shall not be applicable to domestic workers and employees of governmental international organizations and foreign diplomatic missions. All permanent employees and those hired with no limited amount of time in private organizations must be part of the scheme (POEPP, 2011).

#### **2.8.4 Employees with Right to Join the Scheme up on Expressed Consent**

Employees in religious organizations, employees in political organizations, informal sector employees, individuals who were employed by a private or government organization after entitlement to previous pension payment has been guaranteed, can continue to receive both their current salary and previous pension payment.

A private organization employee who had become entitled to pension payment before retirement age and becomes re-employed in the private or government organization , will be entitled to pension that will consider his previous service combined with his current/future service years.

Pension contribution to the scheme will commence on July 2011 (Hamle 2003 Ethiopian Calendar). Private organizations must make the contribution using forms available at tax collector offices where they pay their taxes as of August ,2011 (Nehase 1, 2003) (Ibid).

#### **Amount of pension contributions based on the gross salary of the employee:**

<b>Period</b>	<b>employees</b>	<b>Employers</b>	<b>Total</b>
<b>July__2011- June __2012</b>	<b>5%</b>	<b>7%</b>	<b>12%</b>
<b>July__2012- June __2013</b>	<b>6%</b>	<b>8%</b>	<b>14%</b>
<b>July__2013- June __2014</b>	<b>7%</b>	<b>9%</b>	<b>16%</b>
<b>As of July 2014-</b>	<b>7%</b>	<b>11%</b>	<b>18%</b>

**Source:** POEPP, 2011.

## **2.9 Comparing Private Organizations Employees Social Security Pension Scheme in Ethiopian and Ghana**

Private organization employees social security agency has been established since 2011 and it is difficult to compare achievement of the agency with Ghana. Therefore the document analysis is mainly focus on assessing the area of disparity in the provision of Ethiopia and Ghana to obtain better experience and improve the implementation of the new scheme.

However, Ghana provides social insurance system and mandatory occupational system. Which is the contributory 3-tier pension scheme, comprise two mandatory schemes and a voluntary scheme as follows: A first tier mandatory basic national social security scheme for all employees in both private and public sectors to be managed by SSNIT, mandatory fully funded and privately managed occupational (work based) scheme designed to pay only lump sum and privately managed provident fund and personal pension scheme supported by tax benefit incentive. Whereas Ethiopia provides social insurance system for permanent employees in private sectors and managed by POESSA. Moreover employees in the public including military and police personnel are under covered and managed by public employees social security agency.

Regarding definition of employees covered by the scheme, under the Ghana National Pensions Act 2008, Act 766, a “worker” is defined to include the following:

- A person who is employed for salary in any kind of work, manual or otherwise
- A person who is employed in or in connection with the work of an establishment, and who gets his salary, directly or indirectly from the employer
- Any person employed by or through a contractor in or in connection with the normal work of the establishment, who is employed in this country but not as a member of the crew of any ship
- Any person employed by or through a contractor in or in connection with the normal work of the establishment, who is employed as a permanent resident of Ghana, as a member of the crew of a ship, the owners of which have an office or agents in Ghana; or



- Any person employed by or through a contractor in or in connection with the normal work of the establishment, who is employed as a permanent resident of Ghana outside Ghana but employed by an employer in Ghana. The above definition cover everyone engaged in every form of employment, including expatriates (Ghana National Pension Scheme, 2013).

Whereas in Ethiopia proclamation No. 715/2011, “private organization employee” means a salaried person permanently employed in any private organization; “permanent employee” means an employee hired for an indefinite period in accordance with the definition assigned to it under the Labour Proclamation No. 377/2003; this has its own limitation in the coverage of employees under the scheme (POEPP, 2011).

Concerning the contribution of the pension scheme, under the Ghana pension scheme employees are expected to make a mandatory contribute of 5.5% of their basic salary to the scheme on a monthly basis while the employer makes a compulsory contribution of 13% on a monthly basis. Employees may elect to make additional voluntary contribution. There is also voluntary coverage for self-employed persons and previously insured persons who are unemployed (Ghana National Pension Scheme, 2013).

While the contribution of the pension scheme under the Ethiopian new pension scheme employees are expected to make a mandatory contribute of 7% of their basic salary to the scheme on a monthly basis while the employer makes a compulsory contribution of 11% on a monthly basis. The coverage is also only for formal employees of private organization and there is no additional pension scheme (POEPP, 2011).

Regarding the penalties for default, the Ghana pension scheme prescribed penalties for various offences under the Act. Among such are;

- ❖ An employer who fails to register the company and/or employees will be required to pay all the contribution which should have been deducted from the employees and penalty (3% per month) due from the day they qualified to register. Alternatively the employer may be imprisoned for a term not exceeding 5 years or both.
- ❖ If an employer does not remit the contribution deducted from the employee within 14 days after the month, he will be liable to 2,000 penalty units (GHc 12 per penalty unit) or imprisonment not exceeding 2year or both.

- Nonpayment of contribution attracts a penalty of 3% per month on the amount due (Ghana National Pension Scheme, 2013).

Whereas under the Ethiopian new scheme every private organization shall deduct contributions of its employees from their salaries and pay the amount, together with its own contributions to the pension fund monthly. The contributions shall be paid to the pension fund within 30 days from the last day of the month in which payment of salary has been effected. Where the private organization fails to deduct contributions of its employees from their salaries, it shall be liable for payment of same (POEPP, 2011). There are no other penalties in the proclamation that enforce employers to pay the amount on time. The Proclamation No 715/2011 prescribed penalties only for whosoever is unwilling to submit evidentiary document under his possession or obstructs the implementation of this Proclamation is punishable, unless a higher penalty is prescribed in the Criminal Code, with rigorous imprisonment not exceeding 5 years and a fine not exceeding Birr 10,000 (ten thousand Birr).

Therefore POESSA have to be endeavoring to obtain experience from the Ghana social security system to improve the coverage, realization of the scheme and to provide better social security service for the society.

To conclude this chapter, Social security nowadays is considered as one of the responsibilities of governments rather than individuals. Social security programmes have gained international recognition. As mentioned earlier, there are nine (9) types of social security benefits. As pension is the existing social security benefit not only for the employees of government undertakings and public servants as well for private sector employees in Ethiopia, the literature tends to give emphasis to that of pension and to enhance the effectiveness of the new scheme.

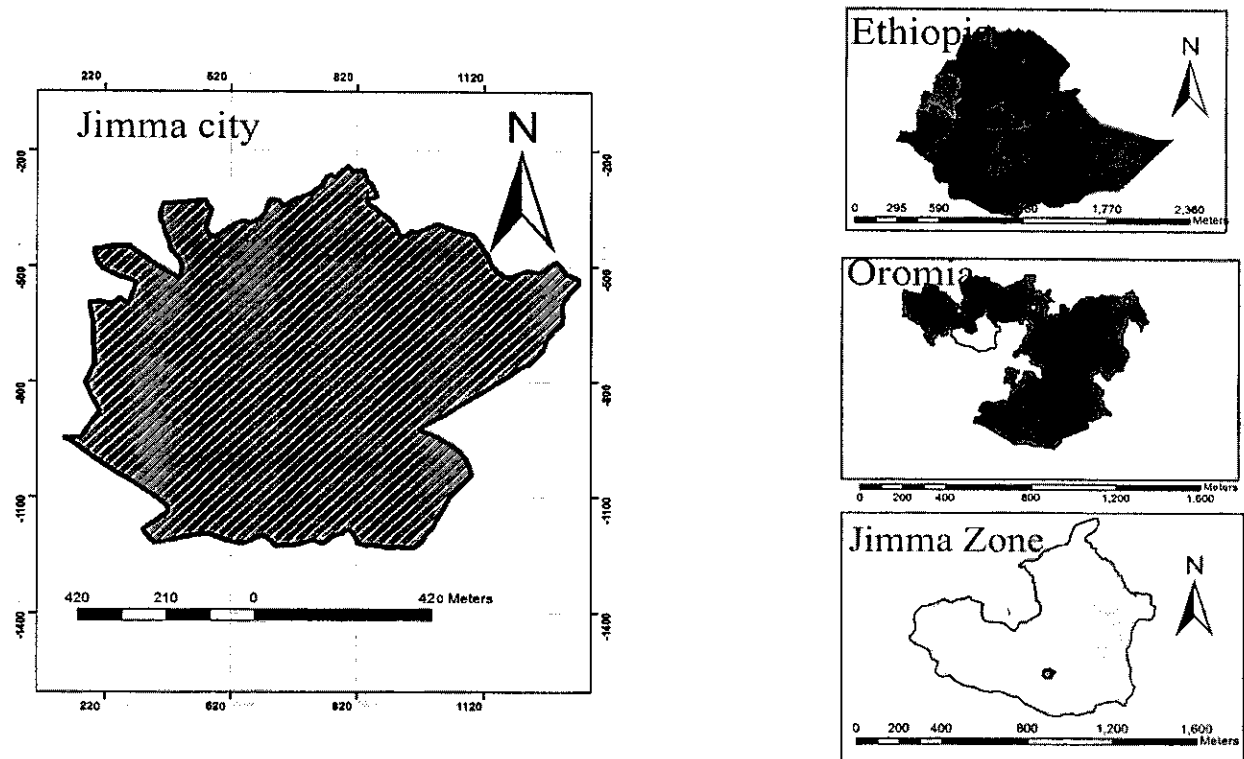
## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Description of the Study Area and Period**

The study was conducted from March10– April30/2015 in South West Ethiopia, Jimma Zone, Jimma Town. The town is located at 352 km away from Addis Ababa city (the capital city of Ethiopia) toward South Western part of the country. Currently, the town serves as the seat of Jimma Zone administration and has 17 kebeles. According to the population and housing census (PHC) of 2008 the total numbers of people in the town were 120,600 with the growth rate 4.7 %. The number of male accounts 51% and females 49%. Geographically, the town is located between 7deg 41" north latitude and 36 deg. 50" east longitude with the total area of 102km<sup>2</sup> (10,200) hectares. The economy of the town is dominated by commercial activities (trade & delivering service). No large scale industrial activity is found in the town. There are only small scale industries of which 70% are grain mills and wood works. 1,262 private organizations covered by private organization employees social security pension scheme are found in Jimma town. Those organizations are involved in different activities. The study was focus on those organizations and their workers (Jimma town profile,2012).

**Figure 1: Location map of study area**



Source: CSA, 2007

### 3.2 Research Design

The research is designed to be descriptive cross-sectional study. This method is appropriate since the focus is to determine challenges of implementing social security pension scheme for employees of private organization at the town. While a cross sectional study allowed information about the target population to be obtained at that point in time, a descriptive study allowed collection of data that would provide answers on the current status of care (Kothari, 2004). This design was suitable because it explored all the necessary information regarding the study objectives and covered a good number of the target population to allow generalization of the information.

The study employed qualitative method to obtaining in-depth responses about what respondents think, how they feel, their perceptions & opinions regarding put into practice of the scheme. It

helps to confers depth of understanding and obtain answers for the question “ why” under the study. Beside this the study used quantitative method. This method is appropriate to measure precisely defined data using numerical data that will be analyzed & reported in the form of percentages and frequencies It is proper to know level of occurrence or magnitude and to get answers for the question “how many” and “how often” under study(Ibid). Therefore the study employed quantitative and qualitative method to provide stronger evidence for a conclusion through convergence and corroboration of findings. Consequently detailed information was collected from different sources using varieties of methods like questionnaire, unstructured interview and document analysis.

### **3.3 Population**

#### **3.3.1 Source Population**

All private organizations covered by the pension scheme found in Jimma town were used as a source population.

#### **3.3.2 Study Population**

Study population was selected using cluster and multi stage sampling from source population during the data collection period. As the study focuses on the challenges of implementing social security pension scheme for employees of private organization, the target populations directly related to the subject under study are private organization employees covered by the pension scheme, employers and some key officials in POESSASWR. Therefore the study focused on private organization employees and key informants who have been in directly involved in implementing the scheme at POESSASWR and owners of private organizations. Thus, the survey questioner was used to private organization employees and interviewees were selected by employing the appropriate sampling method which is purposive sampling method. The interviewees include those who had served or hold official positions as a manager and team leader in POESSASWR Jimma branch and manager of private organization were selected based on their experience.

### **3.4 Sample Size and Sampling Procedure**

The sample size was determined using the sample size rule of Thumb. The number of sub-groups is one consideration in the determination of a sufficient sample size. Since the parameter must be measured for each sub-group, the size of the sample for each sub-group must be sufficiently large to permit a reasonable estimation (Nicholas, 2006).

The study employed probability sampling procedure. Probability sampling procedure is a procedure where the total population has an equal chance of inclusion in the sample and to give the most reliable representation of the whole population (Ibid). 1,262 private organizations located in Jimma town and covered by the scheme were considered in the sampling process for the selection of sample unit i.e. private organization employees. According to the investigator determined to consider all organizations with more than 10 employees for further sampling. This is justified on the ground that organizations with larger number of employees may have better experience in implementing the scheme and facing some of the challenges. Hence they could provide better information. This has brought the number of private organization considered for the study down to 130.

Private organizations located in the town are already clustered by POESSA into 7 categories based on the uniformity of their job characteristics, such as 01(business) 02(industry) 03(farming) 04(construction) 05(charity) 06(associations) and 07(others). The researcher used the clusters as put by the agency because if the total population happens to be a big one, a convenient way in which a sample can be taken is to divide the area into a number of smaller non-overlapping areas. Accordingly it is a better way for the study to include all types of organizations in the sample and to give the most reliable representation of the whole population. Using rule of Thumb sample size formula the researcher used 10% of organizations from the total of 130 private organizations considering the time and resource available, the size of the sample is considered reasonable and justified. If the sample size is too large, then the value of sampling reducing time and cost of the study is negligible and the usual goal in sampling is to produce a representative sample\_(i.e., a sample that is similar to the population on all characteristics (Ibid). This has brought the number of private organization considered for the study down to 13 organizations but the researcher used 18 organizations. For the reason that the investigator determined the sample size reached to reasonable number of items in each cluster.

Multi-stage sampling employed to get sample unit. The first step in sample selection was to discern organizations with reasonable number of employees. Simple random sampling employed as they are classified on their uniformity of job characteristics to identify the organizations. Simple random sampling is used when the population is uniform or has common characteristics in all cases and has an equal chance of being in the final sample (Ibid). Those 18 organizations

have 1235 employees. The researcher treats each sub group as a population and the final sample size selected from each sub group using sample size rule of Thumb. As suggested by sample size determination formula of rule of Thumb the researcher used 10% to 100% according to their population size to select the sample unit from each cluster (Yount, 2006).

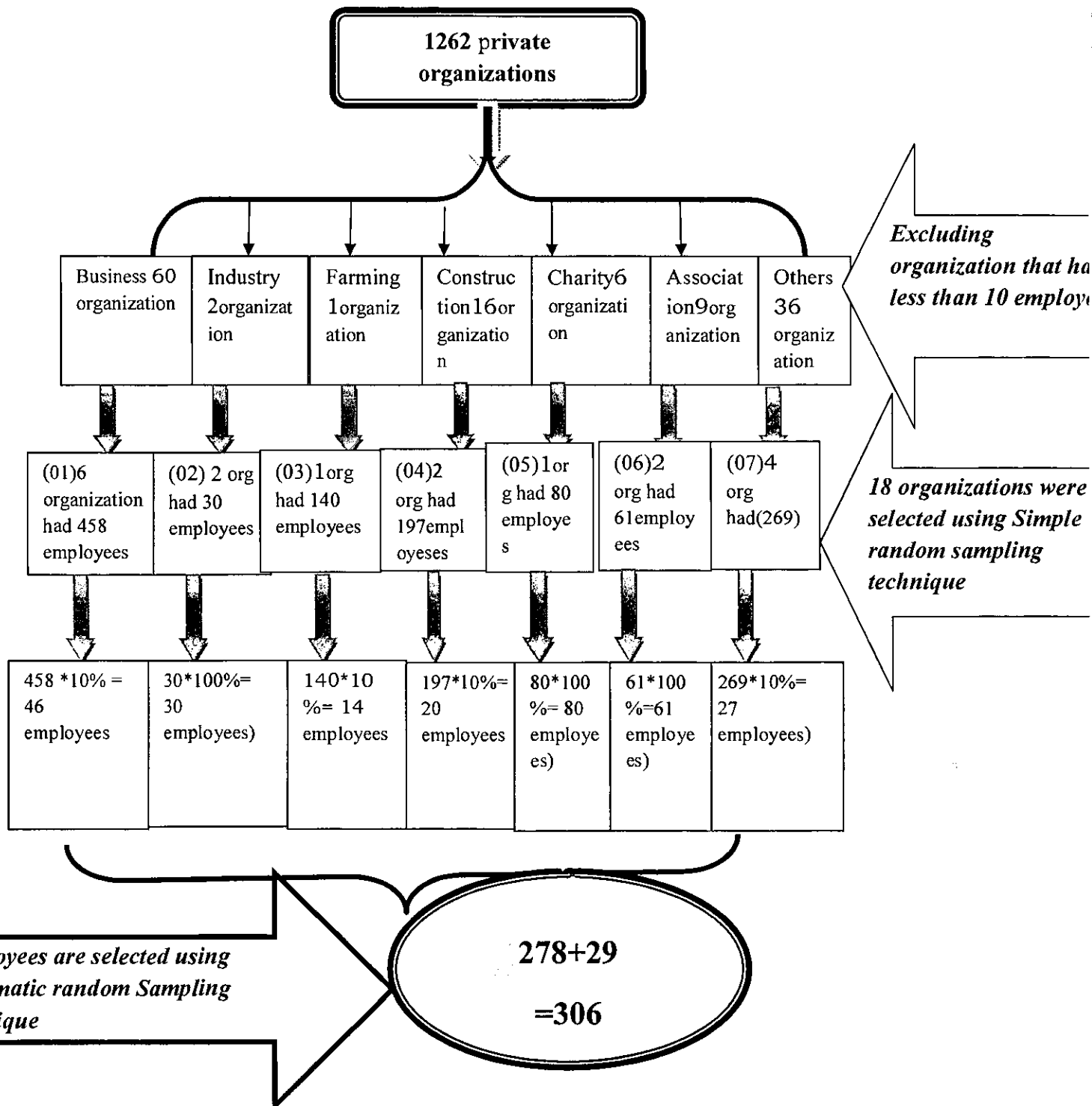
#### Sample Size Rule of Thumb

Size of Population	Sampling Percent
0-100	100%
101-1,000	10%
1,001-5,000	5%
5,001-10,000	3%
10,000+	1%

Source: Yount,2006

The final respondents from each cluster selected using systematic random sampling method. Systematic sampling is an equal probability sampling method and it can be used when the study population is very large; to reduce time consuming and cost wise. It was calculated first to determine the sampling interval, which is symbolized by "k," it is dividing the total employees with the desired sample size in each cluster to select the study respondents. Subsequently randomly select a number between 1 and k and take in the person in the sample then included each <sup>th</sup> k element in the sample until the researcher get the end of sampling frame at each cluster. It was considered appropriate for the study as it allowed simple randomization and was easier to implement (Kothari,2004).

Non response rate which is estimated to be 10% of the respondents were added in the sample.  
 Therefore Sample size (n) =  $278 + 0.1 \times (278)$  for non response rate = 306



**Figure 2: Schematic presentation of sampling procedure**



The study also used non-probability sampling. Non-probability sampling is based on selection by non-random means. Purposive sampling was used for interview based on the information richness of the individuals. The participants for indepth interview was selected purposively by the researcher upon the rank they do have at present status in the organization, work experience and the familiarity they have with the issue and related matters. Therefore the participants were selected from POESSASWR Jimma branch officials and private organization owners / managers in Jimma town.

### **3.5 Methods and Instruments of Data Collection**

#### **3.5.1 Sources of Data**

To enhance the quality of data multiple data sources was used for the study: primary and secondary source of data.

##### **3.5.1.1 Primary Data Sources:**

In this research basically, primary source are used for firsthand information to achieve the objectives of the research and they are predominantly collected through survey questionnaire and interview. Since the study focused on, private organization employees, POESSASWR Jimma branch officials and private organization employers are the target population having direct relation with the implementation of the pension scheme under study. The quantitative and qualitative data were collected through survey questionnaire and indepth interview.

##### **3.5.1.2. Secondary Data Sources:**

Documents such as proclamations, official reports, orders, and directives by authorities have been used as secondary data sources for the study.

#### **3.5.2 Methods of Data Collection**

##### **3.5.2.1 Survey Questionnaires**

This method is employed to collect data from the employees, as the scheme is provided for them. Using questionnaires as a method of data collection, was justifiable since the amount of sample was larger the questionnaire is a very flexible tool to administer and convenient for respondents.

Respondents have time to check facts and think about their answers without the influence of the researcher, which tends to lead to more accurate information regarding the study. Moreover the respondents were not easily communicated in their work place where they would opt to give short responses. Since the study is focus on the challenges of implementing the scheme respondents might be less willingness to provide necessary information by perceiving because of the sensitive nature of the questions. Therefore self administered questioners were set to obtain employees opinion without the influence of the researcher regarding the challenges of put into practice of the pension scheme.

In order to include facts and identify challenges quantitative and qualitative data were collected by using both a close ended and open ended questions. A close ended question is a question where the respondents must choose from a choice of given answers, thus it is used to get quick answer from the respondents. Open-ended question is a question where the respondents are free to answer their opinion in their own words and style; as a result it is used to permit freedom of expression to them and to eliminate bias because respondents are free to answer in their own way (Nicholas, 2006). The questioner was collected by the researcher. The questionnaire is developed in English and was translated into Amharic, then back translated to English for analysis. The questionnaire raised range of issues such as socio demographic characteristics of respondents, practice, achievements and challenges of the scheme that would help to give deep insight regarding its benefit and challenges among them.

### **3.5.2.2 Interview**

An in-depth interviews were conducted with key informants in the POESSASWR Jimma branch and employer who are related with the implementation of the scheme. The method is appropriate as the study is focused on the challenges of implementing the scheme it allows researcher to elicit more information and enables exploration of reasons, opinions and attitudes behind respondents' answers. Semi structured checklist with open ended questions were prepared to carry out these interviews on issues related to implementation of the new pension scheme. This instrument is selected because the questions set in the check list might not be exhaustive to address all issues. Hence issues were raised right in the interview sessions based on the responses from the interviewee. Moreover to obtain indepth understanding of the views and opinions of the

key informants as the issue cannot be covered by surveying respondents.

Thus, the interviewees were selected purposively by the researcher. Interview checklist had been developed by the researcher based on the basic questions. The main points that were addressed during interview were the current practice, achievements brought by the scheme and challenges faced during the implementation of the new scheme. The numbers of sample population from private organization employees social security agency south west region were five (5) and private organization employer were seven (7); as a result, interviewing them was preferable. Interview was conducted with each of the key informants to acquire the necessary information for the study.

#### **3.5.2.3 Document Analysis**

In addition to collecting primary data the study also used all other necessary documents obtained from POESSASWR. This method was very much helpful in collecting data related to implementation of pension scheme. The method involves the collection of data from secondary sources like; directives by authorities, reports, proclamations and others. Moreover, theoretical basis of the study focused up on pertinent literatures that include books, articles, and any other published and unpublished materials.

### **3.6 Pre-Testing of the Questionnaire**

A pre-test of the questionnaire was done using 5% (15 participants) of the sample size of the study in Jimma town, to validate the appropriateness of the tool, check for clarity of the questions and to eliminate ambiguity, difficult wordings or unacceptable questions.

### **3.7 Data Quality Management**

Data quality was ensured during instrument development, collection, entry and analysis. First data collection tool is developed by English and translated to Amharic and then to English. To ensure quality of data, the pretest was done on (5%) of the total sample size.

### **3.8 Data Analysis**

The Quantitative data was checked for completeness, Coded and entered to SPSS version 20 for further processing. Data were entered into the computer using IBM SPSS version 20 to generate the data output from primary sources. In addition, descriptive statistical data analysis method was employed and the result was described in words, tables and figures. The qualitative data was transcribed in to English and analyzed thematically by manual. The results were presented in

narratives and triangulated with quantitative data. Furthermore, the data output was presented in the form of percentages, tables and figures and also in narrative discussions in order to achieve the research objectives and draw conclusions.

### 3.9 Definitions of Terms and Concepts

In this study, the following terms was used in the context stated below.



- **Elder**– those individuals who have reached a statutory minimum pensionable or retirement age.
- **Social Insurance:** Defined and employment related solidarity based scheme mainly financed by employee and employer contributions that provide benefits in cases of old age, invalidity, death and work injury and also includes health insurance.
- **Social Security:** - A public program designed to protect individuals and their families for income losses due to old age, sickness or death; and to improve their welfare through public services like economic assistance.
- **Pension:** A payment under given conditions to a person following his retirement from service due to age or disability or to the surviving dependents of a person entitled to such a pension in accordance with the pension plan or scheme of the country the person is residing.
- **Private Organization Employees Pension Scheme:** Means a system established to pay benefit and provide service to employees covered by proclamation No. 715/2011. In this study the researcher used the term shortly called the scheme to refer private organization employees pension scheme.
- **Proclamation No. 715/2011:** A proclamation to provide for pension of private organization employees.
- **Portability of Benefits:** This is a system which ensures that members accrued benefits are not lost by a member changing employer, changing employment from one sector to another or by migrating from one country to another. The system ensures continuity of benefit rights accrued.
- **Retirement:** The act of withdrawal from active life.
- **Gratuity:-** One sum paid all at once rather than in several smaller amounts

- **Lump sum payment:** This refers to the full and complete pension payment that a worker is entitled to upon retirement. This is usually a one off payment as opposed to a series of payments made over time.

### **3.10 Ethical Considerations**

Official letter was delivered to POESSASWR and private organizations at Jimma Town and permission was secured before data collection. Respondents were informed as they could skip questions that they would not want to answer fully or partly and also to quit the process at any time if they wanted to do so and, their participation was voluntary. The participants were also informed that their response will be kept confidential and used only for research purpose and their name will not be mentioned. Verbal consent was sought from all the informed respondents before the start of each interview.

### **3.11 Dissemination Plan**

The findings of this study can be presented to Jimma University College of Law and Governance. The study finding is also distributed to POESSASWR, to other organizations working on related areas and to different stakeholders who are in need for the result. Finally effort will be made to present in various seminars and workshops and for publication in international journal.

## **CHAPTER FOUR**

### **RESULT and DISCUSSION**

The purpose of this chapter is to analyse and present findings from data collected concerning the challenges of implementing social security for employees of some selected private organizations at Jimma town. The data is collected by employing survey questionnaire distributed among private organization employees, interviews held with key informants from social security agency and employers in the private sector. The study assessed the implementation of the new pension scheme, its achievement and challenges of putting into practice. To do this, questionnaires were administered to (18) private organizations and a total of three hundred six (306) questionnaires were administered of which employees of two hundred ninety three (293) responses were received. Key informant indepth interview was held 12 individuals of which 7 are employers in the private sector and the rest are employees in the social security agency. The interviewees were selected purposively based on their work experience and the familiarity they have with the issue under study.

#### **4.1 Socio-Demographic Characteristics**

Questionnaires were administered to three hundred six (306) private organization employees of which two hundred ninety three (293) responses were received, with a response rate of 95.7%. Out of the total respondents, 137 (46.8%) were female and the rest are male. 136(46.4%) of the respondents were Married, 152(51.9%) were single, 4(1.4%) were divorced and 1(0.3%) were widowed. Moreover significant portion of the respondents have completed secondary level and above in terms of education.

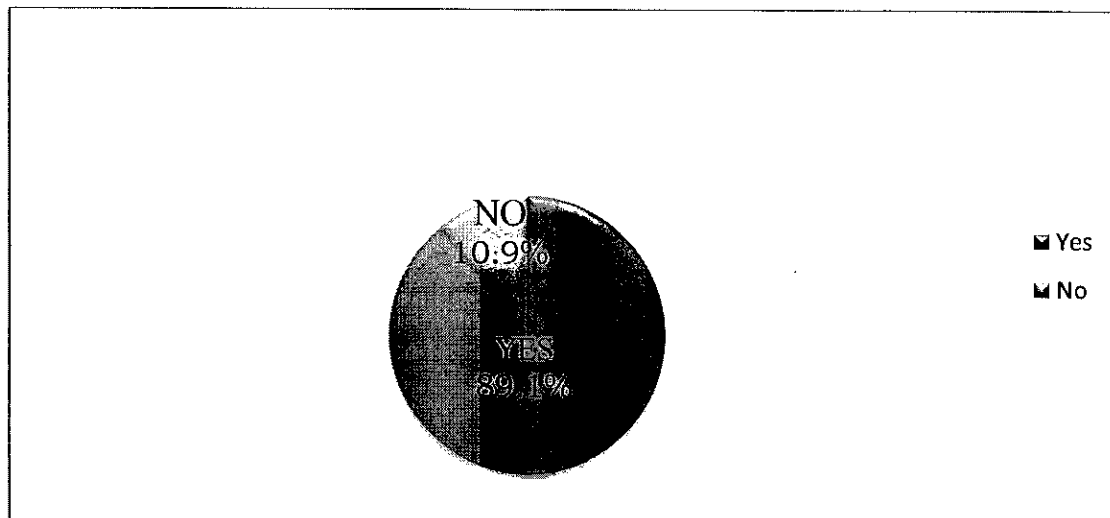
**Table 1: Socio demographic characteristics of respondents, May 2015(n=293)**

Variables	Employees No (%)	
	Frequency	Percentage
<b>Sex</b>		
Female	137	46.8
Male	156	53.2
<b>Age</b>		
Below 30	81	27.6
31 Up To 40	68	23.2
41-60	144	49.1
<b>Marital status</b>		
Married	136	46.4
Single	152	51.9
Divorced	4	1.4
Widowed	1	.3
<b>Education</b>		
No education	2	.7
Primary	23	7.8
Secondary	144	49.1
Higher	124	42.3
<b>Monthly income</b>		
≤500	25	8.5
501-1000	95	32.4
1001-1500	65	22.2
1501-2000	52	17.7
≥2001	56	19.1

#### 4.2 Respondents Knowledge about the Scheme

Asked if they have ever heard about the social security pension scheme for private organization employees, 261(89.1%) respondents replied positive while the rest responded otherwise.

**Figure 3: Pie chart displaying the percentage of respondents who are aware of the new pension scheme**



Source: Own survey, 2015

For the question regarding what do they specifically know about the scheme, majority of respondents (74.1%) specified that the private organization employees social security pension scheme is a system established to pay benefit for private organization employees covered by the pension scheme like government employees during their retirement age. They further explained that the pension scheme is compulsory and contributory schemes financed by both employer and employee during the working life for retirement pension starting from 2003 E.C.

Respondent's view on the scheme with regard to it's to protect their interest, 10.2% and 29.7 % of the respondents said strongly agree and agree respectively. While 8.2% and 35.2% of the respondents said strongly disagree and disagree correspondingly. The rest of them were neutral. Moreover 43.4% of the respondents ascertained that the scheme does not protect the interest of employees. The major reason as per their opinion is that the pension scheme was formed and approved in proclamation and implemented without the involvement and comprehension of



private organization employees that caused a gap in terms of awareness among employees. This implies that there is a gap in public participation in the formation and implementation of the scheme. However International labour organization emphasized on the collaboration of governments and social partners for the effective process of social dialogue which play a key role in contributing to the effective formulation, implementation and monitoring of social security policies.

One of the health officers from clinic said that,

*"....Administrative bodies have done very little to raise awareness and focused more on collecting money which brings lose of trust among employees on the sustainability and benefit of the scheme."*

The respondents added that the system did not consider the choice and interests of employees. Rather it followed the path of imposition from above. In line with this the pension scheme could protect the interest of employees only if it is based on the interest and involvement of employees.

In addition to this, an expert from bank commented that,

*"....After the implementation of the proclamation employers are not interested to improve the salary of employees also the execution of the scheme does not consider employees level of income and current economic condition; for instance an employee of private organization who receives retirement benefit in previous service and employed as a permanent employee in a private organization and has not reached the retirement age which is 60 years, are imposed to contributing pension under the new scheme."*

In this case proclamation No715/2011 point to if an employee of private organization who receives retirement benefit is employed as a permanent employee in a private organization covered by this Proclamation and has not reached the retirement age, his new service shall be added to his previous service; provided, however, that if the retirement pension based on the accumulated service is less than the previous one, he shall have the right to receive the previous retirement pension.

Besides this, an expert from bank said,

*“....According to the new pension scheme employees who voluntarily resign from their jobs on their own request before completing ten years of service are not entitled to any benefit. In this case provident fund is protecting the interest of employees than pension; therefore how the pension scheme is protects the interest of the employees?”*

In this case Proclamation No715/2011 indicate that an employee of private organization who separates from work due to resignation prior to completing 10 years of service shall not be entitled to any benefit.

Similarly about 215(73.3%) respondents suggested for discussion based and on voluntary basis social security scheme. They argue that employees should be well aware of their rights, benefits and advantages of social security and then make a decision by considering his/her economic capacity or salary. Sixty one (20.8%) of the respondent believed that the scheme is an imposition, because if the scheme is voluntary employees may not be contributing under the new pension scheme.

Key informants in the social security office have confirmed that the pension scheme have been mandatory due to security problems like loss of income at old age and other unforeseen contingencies which could be addressed by implementing the social security scheme.

An expert from social security office commented that,

*“....Due to low income level and low saving culture, employees may not be thinking for their future loss of income at the retirement age”.*

Only 11.9% of the respondents took neutral position regarding the method of introducing the social security scheme.

**Table 2: Respondents view on the scheme, May 2015 (n=293)**

Questions	Response	Frequency	Percentage
The private organization employees social security pension scheme protects the interest of employees?	Strongly agree	30	10.2
	Agree		29.7
	Neutral	87	16.7
	Disagree	49	35.2
	Strongly disagree	103	8.2
Private organization employees social security pension scheme must have been on voluntary basis?	Strongly agree	24	
	Strongly agree	99	33.8
	Agree	116	39.6
	Neutral	17	5.8
	Disagree	35	11.9
	Strongly disagree	26	8.9

Source: own survey, 2015

### 4.3 Clarity and Limitation of the Proclamation

Although the private organization employees social security agency(POESSA) and private organization employees social security agency south west region (POESSASWR)attempted to transmit information in print, electronic ,forums including website, it is important to see how well the employees understood the contents and intentions of the scheme. One hundred sixty six (56.7%) respondents replied that the pension scheme is difficult to understand. However, the rest (43.3%) reply the pension scheme is easy to understand. The fact is that there are a section of employees who did not comprehend the scheme. If they have difficulty understanding the new pension scheme it will hinder its effective implementation. Although these respondents may have heard of the private organization employees pension scheme, they may not necessarily understand what specifically these schemes are and how they could benefit upon retirement and this would be a problem.

Besides this, some of the respondents said that the agency is not doing well to create awareness among the employees.

Some informants commented that employees and employers perceived the implementation of the scheme has a lot to do with financial contribution and they have little devotion to know about it.

A manager of private organization said that,

*"...Moreover, due to the imposition of the scheme employees and employer has very little motivation to know about it on their own initiative".*

As far as improving the provision of the scheme is concerned the result from the data collected indicates that one hundred twenty one (41.3%) of the respondents agreed that the scheme has some limitation and has to be revised.

One male respondent from bank commented that,

*"....If an employee of private organization who receives retirement benefit is employed as a permanent employee in a private organization covered by the proclamation should be enforce to pension contribution under the new scheme, in my opinion this is the main limitation of the scheme and needs to improvement."*

Additionally the administrative body of the pension scheme shall be doing more in creating awareness about the proclamation.

The interviews with key informants indicated that, there is a limitation even in defining "private organization employee" by the proclamation. The proclamation defines them as a salaried person permanently employed in any private organization; also it defines "permanent employee" as an employee hired for an indefinite period in accordance with the definition assigned to it under the Labour Proclamation No. 377/2003. This needs some revision.

An expert from social security office expresses this issue like this:

*".....In practice the proclamation exclude employees hired for limited or definite period, for instance the period might be one year or above. Therefore employer does not make pension contribution for those employees".*

**Table 3: Respondents view on the clarity and limitation of the scheme, May 2015**

Questions	Response	Frequency	Percentage
The pension scheme implemented in 2003 E.C is easy to understand?	Yes	127	43.3
	No	166	56.7
The scheme has some limitations and has to be revised?	Yes	121	41.3
	No	172	58.7

Source: Own Survey, 2015

#### 4.4 Institutional Effort to Promote Awareness

Most of the respondents (65.5%) think that the agency has done little to popularize the new scheme, while the rest confirmed that the branch office of the agency in south western region has done well to increase awareness. Similarly (82.3%) of the respondents were to the opinion that the agency at federal level and local level did not exert sufficient effort to improve employees understanding of the scheme. In line with this most of the respondents are to the view that it is bare fact that the essence of social security is at its infant stage to the wider community and private organization employees pension scheme is a new phenomenon, there is low level of understanding and lack of awareness about the pension scheme among employees and employer regarding the contribution, right and advantages of social security.

The data obtained from key informant interview indicated that the agency conducted media advocacy, several training and door to door orientation to create and enhance awareness of the employees, employers and other stakeholders regarding the new scheme. However, there is low level of understanding and lack of awareness among them because the concerned body did not

provide sufficient seminar and training for private organization employees. The forums does not involve the entire employees rather it is limited to few employees and employer representatives and those representatives do not forward the information well that necessitates the agency to search for additional mechanisms to create awareness among the stakeholders. In addition to this employer did not impel their employees to participate in the forums raised by the agency.

Regarding the mechanisms put to use to disseminate information respondents listed television, radio and newspaper to raise public awareness including production, publication and transmission and dissemination of electronic and print materials and delivering training. However the findings indicated that sufficient awareness raising forums has not been organized as opined by 86% of the respondents. This has been further repeated by the key informants who opined that, though the agency organized several forums, it was not sufficient since there is low level of understanding about the advantage of the new pension scheme.

About two hundred forty nine (85%) respondents replied that they were not involved in the forums organized by the agency and only (15%) of them were present. Majority of respondents (85%) declared that they did not take part in any of the forums organized by the agency because they were meant for few employees, employers or managers of the organizations and other stake holder, giving little or no consideration to the general employees. Due to this they did not get a chance to participate in those forums.

In addition respondents also commented about their limited awareness concerning their rights, benefits and advantages under the scheme. In light of this 67.2% of the respondents replied that they are not well informed about the rights, benefits and advantages of the scheme. While the rest affirmed good knowledge regarding their rights, benefits and advantages of the scheme.

**Table 4: Respondents view on the agencies effort to disseminate information about the scheme, May 2015**

Questions	Response	Frequency	Percentage
Do you think the agency has created awareness of the pension scheme among employees?	Yes	101	34.5
	No	192	65.5
Do you think dissemination of information about the scheme is enough?	Yes	52	17.7
	No	241	82.3
Was sufficient awareness raising forums organized by the agency?	Yes	41	14
	No	252	86
Have you participated in any of those forums?	Yes	44	15
	No	249	85
Are you well aware about rights, benefits and advantages of social security pension scheme?	Yes	96	32.8
	No	197	67.2

#### **4.5 Pension Contribution**

Respondents were also asked if they are making contributions under the pension scheme. The results showed that, 94.9% of them are contributing under the new pension scheme even if they have limited information about it. The remaining 15(5.1%) replied otherwise even if the contribution of pension is mandatory. 5.1% respondents are not making contributions yet because they failed to understand how beneficial it will be for them as they had limited knowledge and comprehension of the new pension scheme.

Most of the respondents 207 (70.6%) replied that their organization did not have provident fund for their worker, while another 86 (29.4%) of the respondents replied that their organization had give a provident fund coverage for the workers. Concerning the comparison of pension scheme with the provident fund system 15(5.1%) of respondents point out that the pension scheme is

better than provident fund because pension scheme is secure employees up on the retirement age. Whereas 54 (18.4%) of respondents point out that provident fund is better than pension scheme for the reason that employees are more aware of the amount of money they have and if an employee separates from work at any time they should be entitled to return of the contribution by both the employees and employer. Therefore employees under the provident fund are more beneficial than the pension scheme. Another 16(5.4) respondents replied that there is no difference between pension scheme and provident fund. Majority of the respondents abstained from replying to the question because they lack sufficient information regarding provident fund service.

**Table 5: Respondents view on the pension contribution, May 2015**

<b>Questions</b>	<b>Response</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Are you currently making contributions under the new pension scheme?</b>	Yes	278	94.9
	No	15	5.1
<b>Your organization did have provident fund?</b>	Yes	86	29.4
	No	207	70.6
<b>How do you rate the new pension scheme as compared with provident fund system?</b>	Very good	4	4.6
	Good	12	13.9
	No difference	16	18.6
	Worse	54	62.9

#### **4.6 Achievements of the Scheme**

One hundred ninety eight (67.6%) of respondents confirm relating to the benefit of the scheme up on the retirement age. In line with this most of the respondents are to the view that the pension scheme have great benefit to secure their living during their retirement specially when they become old in age and unable to generate income. This conclusion was reached given their

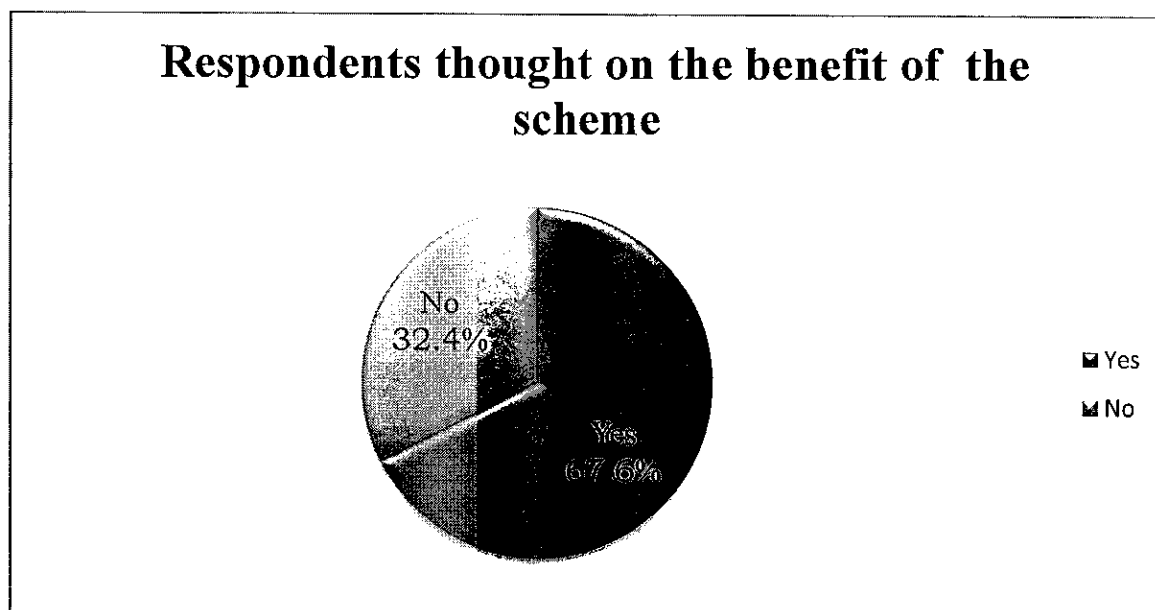


current expenses or costs as well their current contributions towards the scheme. While another (32.4%) respondents are not agreed on the benefit of the scheme.

An interviewed respondent viewed that,

*"...I don't believe that the pension scheme will be beneficial upon my retirement for the reason that the amount of pension payment will be meager."*

**Figure 4: Respondents thought on the benefit of the scheme**



#### **4.6.1 Improve Coverage and Awareness on Social Security Matters**

The findings indicated that before the implementation of the new pension scheme government provide social security service merely for government sector employees. Nowadays, private sector employees are also covered under the social security.

One of the respondents commented that:

*"....There is some improvement in the coverage and level of awareness of social security for citizens."*

#### **4.6.2 The Portability of Rights**

The interviews with key informants indicated that one of the benefits of the scheme is, if an employee moving from government employment to private sector employment; from private sector employment to government employment or towards self employment he/she will be

entitled to social security provided by the scheme as long as he/she continues contribution to the fund.

In addition to this, the service that an employee of a private organization rendered to public offices shall be counted where his contribution to the public servants pension scheme is transferred to the private organizations employees pension scheme.

#### **4.7 Challenges of Implementing the Scheme**

30.4% of respondents replied that employer is not interested to pension contribution. However the implementation of the scheme requires the commitment and participation of employer.

One of the respondents indicated that,

*"...few employers are discouraging the contribution because if they contribute for their employees and fails, to deduct contributions from their salaries, the employer shall be liable for payment of same".*

On the other hand (28.6%) of respondents replied that employers support the pension contribution, while (41%) respondents replied that they had no idea about the view of the employer towards the pension contribution.

##### **4.7.1 Problems encountered under the new pension scheme**

Respondents also underlined some major problems they have encountered with new pension scheme that should be tackled.

Asked if they have faced a problem due to the implementation of the scheme, (17.1%) of respondents declared that they are exposed to a problems. Beside most of the respondents are to the view that the scheme diminish any opens rooms to get provident fund provided by the organization.

A view reflected by a respondent reinforces these facts stating that,

*"...few employers are not interested to secure their employees under the scheme and when employees are asked their right, they fire them. Moreover employers are not interested to improve the salary of employees."*

Similarly for the question regarding what specific difficulties have you faced under the new scheme; some problems have been listed by the respondents. These includes,

Employees indicate that: The scheme does not consider employees interest and income. Incomes for the majority of employees are generally inadequate to meet their basic requirements and save for future use, how employees contribute and think for future benefit if they are not able to full fill present basic needs; lack of awareness about the scheme and few organizations are lay off their employees. Moreover, according to personal income tax in Ethiopia every person having income from employment in any government and non government organization, if his/ her income is less than 150 Ethiopian birr employees are exempted from income tax. Whereas the deduction of pension contribution is based on the basic payment paid to the employees, if his/her income is less or more than 150 birr.

An expert from social security agency explain the issue like this,

*Proclamation No. 715/2011 article 58 sub-article (2) stated that the agency may issue directives necessary for the implementation of the proclamation, thus the agency issued different directives. Those directives merely stated that pension contribution shall be deducted based on the amount of basic salary of employees. Hence every employees covered under the scheme shall be contribute no matter what their salary, for instance if his/her salary is less or more than 150 birr.*

Employer indicate that, the administrative bodies have not distributed social security registration identification number for the whole employees which leads to resistance to provide other particulars and loss of trust on the scheme and employees stand on the way of implementing the scheme because the contribution is deducted from their salary.

Social security agency indicates that: there is resistance to accept the scheme among employees and employer this hinders the effective realization of the scheme.

As far as improving the implementation of the scheme is concerned the result from the data collected indicate that, (60.4%) of the respondents agreed that changes must be effected for the effective implementation of the scheme. Aligned with this most of the respondents suggested that to alleviate the challenges, the agency should provide effective service to the customer, deliver continuous and participatory forums and media advocacy to improve understanding of employees, employer and other stakeholder, conducting continuous monitoring and evaluation system , conducting research or study in the area, it should consider interest of employees and

put into consideration for low wages employees and the concerned body should set standard for minimum wage.

**Table 6: Respondents view on the challenges of the scheme, May 2015**

Questions	Response	Frequency	Percentage
<b>What is the view of the employer towards pension contribution?</b>	Supportive	85	29
	Neutral	120	41
	Discouraging	88	30
	Other (Specify)		0
<b>Have you incurred any cost because of the new pension scheme?</b>	Yes	50	17.1
	No	243	82.9
<b>Do you think that changes must be effected for the effective implementation of the new scheme?</b>	Yes	176	60
	No	117	40

## Discussion

The study tried to assess the challenges of implementing social security pension scheme for employees of private organizations. Social security is commonly regarded as a basic human right. It is enshrined as such in international legal instruments such as the Universal Declaration of Human Rights and the International Covenant on Economic, Social, and Cultural Rights. Because income varies significantly over the life course of an individual, and this is especially true for the majority who rely on labour earnings as their main source of income, the need arises to shield household consumption from some of the variation in income.

This paper explores the reasons behind the challenges of implementing the scheme. The findings relate this to low experience for insurance, lack of information on the benefits of planning for retirement, lack of participation, affordability issues or low income, or because social security systems are not well targeted to these workers' needs. This finding is in conformity with the study conducted in Latin America, research disseminated by The Institute for the Study of Labor (IZA) in Bonn, 2007. Although majority of respondents do not agree that the pension scheme

protects the interest of employees, they thought that the pension scheme will be beneficial upon their retirement age especially for the majority of employees who had no provident fund.

The interviews with key informants indicated that the interest of contributing to social security also differs substantially across age groups and incomes level. Contribution probabilities are higher for prime-age (31-40) and older workers (41-60) than for workers younger than 30 and workers earning low wages had low interest to contribute pension. This finding is in consistency with the study conducted in Latin America, research disseminated by The Institute for the Study of Labor (IZA) in Bonn, 2007.

The result of this study revealed that, one major problem that acts as a setback to the proper management of the new pension scheme is the fact that majority of the employees are not well aware of the new pension scheme. The interviews with key informants showed this responsibility is in the hands of the agency, which have done insufficient job in this regard. According to council of ministers regulation NO.202/2011, it is one of the many functions of the POESSA and its branch office to establish efficient and effective system to implement the scheme. However, even if the agency raised different forums there is still a gap of awareness. Employees have calling on the administrative body to be more active with their responsibility of educating employees, employers and other stake holder on what has become an opportunity for private organization employees to secure their futures. A study conducted in Ghana about the role of Ghana's new three tier pension scheme and its effectiveness in providing social security for Ghanaians, supported this finding that employees are uninformed or misinformed due to the scarcity and poorly collected information; this leads a high negative impact in the effective implementation of the new pension scheme.

The study has indicated one of the controversies surrounding the new private organization employee's pension proclamation has been the effect of resignation on entitlement to pension benefits. For instance, in accordance with private organization employees pension proclamation No 715/2011, if the employee voluntary resigns after serving for less than 10 years, he will abandon his right to reimbursement, he/she will just leave empty-handed. In addition, those, who voluntarily resign after completing ten (10) but prior to completing twenty (20) years of service shall be paid an amount equal to the total amount of the contributions therefore made by them,

i.e., only the total pension contributions made by employees excluding contributions of the employer.

As well as if an employee of private organization who receives retirement benefit is employed as a permanent employee in a private organization covered by this Proclamation and has not reached the retirement age, his new service shall be added to his previous service; provided, however, that if the retirement pension based on the accumulated service is less than the previous one, he shall have the right to receive the previous retirement pension. In addition the definition given to employees under the proclamation stated that private organization employee means a salaried person permanently employed in any private organization; permanent employee means an employee hired for an indefinite period in accordance with the definition assigned to it under the Labour Proclamation No. 377/2003; the study indicate that due to the definition of employees given under the proclamation private sector employees hired for Definite period are not covered under the scheme. This implies that the coverage of the scheme is only for limited section of employees thus it lacks attainment regarding secure all private sector employees.

Overall, the results of the study show that the scheme is helpful for the majority of employees to secure on their retirement, though most of the respondents have not begun to receive pension benefits and already majority of them believe that given their present costs and contributions they would be satisfied with their pension benefits. Some key informants concluded that the new pension scheme is indeed an effective one and contributes to social justice, industrial peace, poverty reduction and development.

#### **Strength of the study**

- Both quantitative and qualitative methods of data collection was used
- Validity and reliability of the instrument was checked

#### **Limitation of the study**

- The availability of adequate written data which is related to the topic under study.
- Respondents were less willing to provide necessary/ real information
- Shortage of resource

## **CHAPTER FIVE**

### **CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Conclusion**

Generally, the study showed that prior to the assuring of private organization employees social security proclamation, social security programmes in Ethiopia are essentially limited to public pension programmes for civil servants and members of the armed forces and which also apply to employees of government. Private sector development has resulted in the development of employer based schemes which is provident fund system. But few employers are effectively provided social protection for their employees. Therefore the government has started to provide social security to the rapidly developing private sector workers.

International labour organization underline the respective roles of governments and social partners, highlighting the fact that governments have the primary responsibility for ensuring effective access social security to all, and that an effective process of social dialogue plays a key role in contributing to the formulation, implementation and monitoring of social security policies and ensuring the good governance of national social security systems (ILO, 2012). Both the quantitative and qualitative components of the present study have clearly shown that due to limited public participation in the design and implementation of the scheme there is have limited understanding and consensus among respondents on the legal, economic, social and political rationale for the new scheme that is why most of respondents view that the scheme does not protect their interest.

Moreover lack of awareness among employees and employer was creating resistance to accept and implement the new scheme. Public participation and awareness in the planning and implementation of the scheme helps to solicit support from relevant stakeholder that may contribute to the successful and effective implementation of the scheme A useful way of doing this is by carrying out the required level of awareness among employees, employer and other concerned stakeholder.

Government should be responsible to provide social security benefit and protect individuals against the loss of income due to old age and other unforeseen contingencies. In line with this the provision of basic social security for employees is more of compulsory based on the contribution of employees and employer. Employees are needed social security benefit. But majority of respondents view that the scheme is against their will as far as protecting their interest is concerned and the coverage under the scheme should be on the voluntary basis. This is because the amount of the pension contribution does not consider their income level. The incomes of the majority are inadequate to meet their basic requirements and let alone to save for future life as there is no developed standard for minimum wages of private sector employees. Even if they have agreed with the benefit of the scheme up on their retirement, they choose provident fund to full fill their current need.

There is lack of clarity under the proclamation that caused disparities in the rights, coverage and benefits of the scheme toward employees. From this point of view, it would appear uncomfortable for members of the scheme unless and until regulations are revised. In addition the coverage of the scheme would only for employees hired for an indefinite period and exclude others. The review of the related literature pointed out that there is a minimum standard set up by the ILO which distinguishes nine types of benefits. Ethiopian new pension scheme realized only four though with limitations. In this case, pensioners do not have access for free or subsidized form of medical service.



## 5.2 Recommendations

Based on the results of the study the following recommendations are forwarded to improve the implementation of the pension scheme:

- The agency may need to step up its efforts at educating the employees and employer of the private organizations and concerned stake holder about the new pension scheme as well as build strong bond among them. Kpessa (2010) argues that retirement security is more a right than a privilege for citizens of a country. Therefore how are the employees in Ethiopia particularly in Jimma town going to enforce this right if they are not even aware of the new pension scheme? The POESSA and POESSASWR must therefore step up its efforts to ensure that every Ethiopian employee is fully aware of the new pension scheme and how its benefits far outweigh that of the provident fund system. This implies the need to introduce best practices for others to follow; hence the successful execution of scheme is imperative.
- Enhance the media advocacy to promote the general public information regarding what is going on with regard to social security, and influence decision makers at all level to engage themselves actively in integrating the target issue into policies, strategies, plans and etc.
- The administrative body should conduct appropriate monitoring and evaluation and gather continuous feedback from concerned stakeholder about the scheme.
- The government of Ethiopia may need to consider Proclamation No 715/2011 to improve the limitations raised by respondents regarding pension contribution, coverage and its benefits specially those articles stated that employees who voluntarily resign from their jobs on their own request before completing ten years of service are not entitled to any benefit. In addition, those, who voluntarily resign after completing ten (10) but prior to completing twenty (20) years of service shall be paid an amount equal to the total amount of the contributions therefore made by them, i.e., only the total pension contributions made by employees excluding contributions of the employer. Such articles included in the

proclamations have effects on the employees and their families. In addition to this under the proclamation the definition given to employees are limited the provision of the scheme toward all private sector employees.

- Majority of employees are involved in small scale industry, their level of income is low therefore the government may need to consider the wages of employees in the pension contribution. Since the aim of social security is to ensure that persons who (either temporarily or permanently) are unable to obtain an income, or who are facing exceptional financial responsibilities, are enabled to continue to meet their need by providing them with financial resources or certain goods or services, a country is expected to have a meaningful plan of action to try to meet the minimum standards set by the ILO.
- Government shall promote public participation in the designing, implementing, monitoring and evaluation of social security policy and programs to attain effective and efficient outcome.
- The government of Ethiopia shall give due consideration to set standards for minimum wages for private sector workers intended for effective implementation of the new pension scheme.

## References

- Abebe, M.(2003). *Development of social security: Practices, problems and prospects of pension plan in Ethiopia*(Unpublished master's thesis). Addis Ababa University.
- Bruno, M., Ravallion, M., &Squire, L. (1995). *Equity and growth in developing countries: Old and new perspectives on the policy issues*. Washington, D.C: World Bank.
- Central Statistical Authority.(2007).*Summary of population and housing census*. Addis Ababa, Ethiopia.
- Chenery, H., Ahluwalia, M., Bell, C.,Duloy, J.,& Jolly, R.(1974). *Redistribution with growth: Policies to improve income distribution in developing countries in the context of economic growth*. London: Oxford University Press.
- Emmanuel ,B.(2007). *Knowledge Systems and Social Security in Africa: A Case Study on Ghana*.
- Federal Negarit Gazeta.(1995,August).*Proclamation of the Constitution of the Federal Democratic Republic of Ethiopia; proclamation No. 1/1995*. Addis Ababa, Ethiopia.
- Federal Negarit Gazeta.(2011,June).*A proclamation to provide for pension of private organization employees ;proclamation No. 715/2011*. Addis Ababa, Ethiopia.
- Federal Negarit Gazeta.(1995, August ). *Proclamation of the constitution of the federal democratic republic of Ethiopia; proclamation No. 1/1995*. Addis Ababa, Ethiopia.
- Federal Negarit Gazeta.(2011,June).*Private organizations' employees social security agency establishment proclamation; regulation No. 202/2011*. Addis Ababa, Ethiopia.
- Gaiha, R., &Kulkarni,V. (1998). *Is growth central to poverty alleviation in India?*. Journal of International Affairs, 52, 145-180.
- Ghana National Pension Scheme.( 2013). *SSNIT renews enforcement drive*: Deloitte.
- Ghana. (2011) IOPS Country Profiles.
- Jean, D. (in press). *Social Security: What Can Developing Countries Learn from Developed Countries?*. Retrieved from[http://cogprints.org/6599/1/Imperative\\_Content\\_and\\_the\\_Painfulness\\_of\\_Pain.pdf](http://cogprints.org/6599/1/Imperative_Content_and_the_Painfulness_of_Pain.pdf).
- Jimma Town Profile.(2012).*General Back ground of Jimma city*.
- Kofi, K., & Augustine, G. ( 2003). *A study on social security in Ghana*. University Of Ghana Legon.
- Kothari,C.R.(2004).*Research Methodology: Methods and Technique*. New Delhi: New Age International Publisher.
- Kpessa, M. (2010).*Ideas, institutions and welfare program typologies: an analysis of pensions and old age income protection policies in sub-saharan africa, poverty and public policy* ( Vol. 2, pp. 37-65).
- Kpessa, M. (2010).*The politics of retirement income security policy in Ghana: Historical trajectories and transformative capabilities*, African Journal of Political Science and International Relations( Vol. 5(2), pp.92-102).
- Kwasi, O. (2003).*Extending social security coverage: The Ghanaian experience*. Banjul: International Social Security Association.
- Ministry of labour and social affairs.(2012).*FDRE National social protection policy of Ethiopia*. Addis Ababa, Ethiopia.

Nana ,K.(2013).*The role of Ghana's New Three Tier Pension Scheme and its Effectiveness in Providing Social Security for Ghanaians*. Ghana : Ashesi University College.

National Pensions Regulatory Authority (n.d.). National Pensions Act, 2008 (ACT 766). (pdf) Available at <http://www.ilo.org/dyn/natlex/docs/ELECTRONIC/88539/101275/F563187713/GHA88539.pdf> (Accessed on may 1, 2015).

Nicholas, W.(2006). *Social Research Methods*. London: SAGE Publications.

Patricia ,J.(2003). *Social security in developing countries: myth or necessity?* Evidence from India: Prus working paper.

Paula, A., Maria, E., & Carmen, P.(2007).*Social Security Coverage and the Labor Market in Developing Countries*. Germany: University of Bonn Institute for the Study of Labor.

Private organization employees' social security agency.(2004). *Communication packages for the 2005 budget year*. Addis Ababa, Ethiopia.

Radian, A. (1980).*Resource mobilization in poor countries*: Transaction Books. London: Reserve Bank of India.

Stewart, F., &Yermo, J. (2009). *Pensions in Africa: OECD Working Papers on Insurance and Private Pensions*, No. 30, OECD publishing.

The strategy of the International Labour Organization.(2012). *Social security for all: building social protection floors and comprehensive social security systems*. Geneva

Yount, R.(2006).Populations and Sampling: *The Rationale of Sampling Steps in Sampling Types of Sampling Inferential Statistics: A Look Ahead The Case Study Approach*

## Appendix-III

### Questionnaire

Jimma University

College of Law and Governance

Department of governance and development studies

Dear respondents:

This questionnaire is designed to gather data on the overall challenges of implementing social security scheme for employees of private organization in Jimma town. To achieve this purpose and to deeply investigate the case, your response to the questions given below has a crucial value. Therefore, you are kindly requested to read the questions carefully and give accurate and real data which exists on the ground. The response that you reply will not be used for any other purpose other than this research work, so be free and give your honest and genuine response.

**Thank you in advance for your Cooperation!**

### Questions for Private Organization Workers

#### Part I Socio Demographic Characteristics of Respondents

1. Sex

☐Female   ☐Male

2. Age

☐ Below 30   ☐ 31 Up To 40   ☐ 41-60

3. Marital Status

☐ Married   ☐ Single   ☐ Divorced   ☐ Widowed   other\_\_\_\_\_

4. Educational level

☐ No Schooling   ☐ Primary Education   ☐ Secondary Education (grade 9-12)

☐ Above Secondary Education   Other (specify)\_\_\_\_\_

5. What is your current occupation?

\_\_\_\_\_

6. Monthly Salary   ☐less than 500   ☐ 501\_1000   ☐1001\_1500

☐ 1501\_2000   ☐2001 & more

## Part II Practice of Private Organization Employees Social Security Pension Scheme

1. Have you heard about the private organization employees social security pension scheme?  
☐ Yes ☐ No
2. What exactly have you heard concerning the private organization employees social security pension scheme?  
.....
3. The new private organization employees social security pension scheme protects the interest of employees?  
☐ Strongly agree ☐ Agree ☐ Neutral ☐ Disagree ☐ Strongly disagree
4. If your answer to Q. 3 is "disagree", why?  
.....
5. Private organization employees social security pension scheme have been on voluntary basis? ☐ Strongly agree ☐ Agree ☐ Neutral ☐ Disagree ☐ Strongly disagree  
Why.....
6. The private organization employees social security pension scheme as implemented in 2003E.C is easy to understand?  
☐ Yes ☐ No
7. If your answer to Q. 6 is "No", why?  
.....
8. The private organization employees social security proclamation has some limitations and has to be revised? ☐ Yes ☐ No  
If "yes" why.....
9. Do you think the agency has created awareness of the pension scheme among employees?  
☐ Yes ☐ No
10. If your answer to Q. 9 is "Yes", do you think dissemination of information about private organization employees social security pension scheme is enough?  
.....
11. If your answer to Q. 9 is "No", why?.....
12. Which mechanisms the agency used to create awareness of the pension scheme among employees?.....
13. Was sufficient awareness raising forums organized by the agency?  
☐ Yes ☐ No

14. Have you participated in any of those forums? ☐ Yes ☐ No

15. If your answer to Q. 14 is "No", why?

.....

16. Are you well aware about rights, benefits and advantages of social security pension scheme?

Yes ☐ No ☐

17. If your answer to Q. 16 is "No", why?

.....

18. Are you currently making contributions under the new pension scheme?

☐ Yes ☐ No

19. If your answer to Q. 11 is "No", why?

.....

20. Your organization did have a provident fund system? ☐ Yes ☐ No

21. How do you rate the new pension scheme as compared with provident fund system?

☐ Very good ☐ Good ☐ no difference ☐ worse ☐ worst

Why.....

## **Part II Achievements of private organization employees social security pension scheme**

22. Do you think the pension scheme will be beneficial to you upon retirement?

☐ Yes ☐ No

23. If you reply "No" to Q. 22,

why?.....

24. What are the achievements of private organization employees social security pension scheme?.....

## **Part III Reasons for challenges of implementing social security pension scheme among private organization employees**

25. What is the view of the employer towards pension contribution?

☐ Supportive ☐ Neutral

☐ Discouraging ☐ Other (Specify) \_\_\_\_\_

26. If it is "discouraging" how, explain?

.....

27. Have you incurred any cost because of the new pension scheme?

☐ Yes ☐ No

28. If you reply "yes" to Q. 27, what are they?

.....

29. What specific difficulties have you faced under the new pension scheme? (list some of the major ones)

.....

30. Do you think that changes must be effected for the effective implementation of the new scheme?

☐ Yes

☐ No

31. If you reply "yes" to Q. 30, what sort of changes do you recommend?

.....

32. What is your commitment in participating to promote effectiveness of the pension scheme?.....

33. What should be done to alleviate the challenges?

.....



## **Interview checklist for employees at social security agency Jimma branch**

### **1. General Information**

#### **1.1. Educational Qualification:**

☐ Ph.D.    ☐ MA/MSc    ☐ BA/BSc    ☐ Diploma

#### **1.2. Current status /position**

---

#### **1.3. Years of service in this organization:**

## **Part II**

1. What do you think of the private organization employees social security pension scheme?
2. What is the reason for the sort to initiate a private organization employees social security pension scheme?
3. Are the private organization employees social security pension proclamation are clear and easily understandable among employees and employer?
4. Does the scheme cover sufficient portion of the population?
5. Are employees and employer well aware of the new pension scheme?
6. Do you think dissemination of information about private organization employees social security proclamation is enough?
7. What specific channels did you used to promote the awareness of employees and employer about the new pension scheme?
8. What has been the employees and employer reaction to the new pension scheme?
9. Do you think the private organization employees social security proclamation has some limitation and needs some revision?
10. What has been your reaction to the mandatory pension scheme?
11. Do you think that it should be better if it is volunteer pension scheme?
12. What are the achievements of the new pension scheme?
13. Kindly identify some of the difficulties you come across with the pension scheme since its implementation?
14. How or what is your agency doing to rectify some of these problems?
15. Do you think the agency had strongly got in touch with concerned stake holders?

## Interview check list for private sector employers

### 1. General Information

#### 1.2. Educational Qualification:

- ☐ Ph.D.            ☐ MA/MSc            ☐ BA/BSc            ☐ Diploma
- ☐ Secondary education            ☐ Other specify.....

#### 1.3. Current status /position .....

#### 1.4. Years of service in this organization:

---

## Part II

1. What is your view about the private organization employees social security pension scheme?
2. Is the new pension scheme is clear and easily understandable?
3. Are you well aware of the new pension scheme?
4. Do you think dissemination of information about private organization employees social security proclamation is enough?
5. What has been your reaction to the new pension scheme?
6. What is the view of the employees towards pension contribution?
7. What are the benefits of the new pension scheme?
8. Have you incurred any cost because of the new pension scheme?
9. Do you think the private organization employees social security proclamation has limitations and needs some revision?
10. Kindly identify some of the difficulties you come across with the pension scheme since its implementation?
11. Do you think that changes must be effected for the effective implementation of the new scheme?
12. What sort of changes do you recommend?
13. What is your commitment in participating to promote effectiveness of the pension scheme?
14. What should be done to alleviate the challenges?

**የአማርኛ መጠይቅ**

ጅማ ዩኒቨርሲቲ

የህግ እና አስተዳደር ኮሌጅ

የአስተዳደር እና ልማት ፕላን ት/ት ክፍል

በግል ድርጅት ሠራተኞች ማህበራዊ ዋስትና የጡረታ አቅድ ሽፋን የታቀፉ የግል ድርጅት ሠራተኞች ላይ ለማጥናት የተዘጋጀ መጠይቅ፡፡

የጥናቱ ቦታ፡

የጅማ ከተማ

የተከበራችሁ የጥናቱ ተሳታፊዎች

እኔ ራሄል አሰፋ የድህረ ምረቃ ተማሪ ስሆን ይህንንም ጥናት ለትምህርቴ ማሙያ ይረዳኝ ዘንድ ይሆናል፡፡ ከላይ በርዕሱ ለመጥቀስ እንደተመከረው ይህ ጥናት ትኩረት ያደረገው የማህበራዊ ዋስትና የጡረታ አቅድ ተግባራዊ በመሆኑ በግል ድርጅት ውስጥ ተቀጥረው በመስራት ላይ የሚገኙና በጡረታ አቅዱ የታቀፉ ሠራተኞች ያጋጠማቸው ችግር ላይ ይሆናል ፡፡ ለዚህም ለጥናቱ የእናንተ ቀና ተሳትፎ በእጅጉ ጠቀሜት አለው ፡፡ እናንተ በዚህ መጠይቅ የምትሰጡት መረጃ ለምርምር እና ለጥናት ከመሆንም አልፎ በችግሩ ዙሪያ ለሚሰሩ መንግስታዊ ድርጅቶች እንደ አንድ ግብዓት ከማገልገሉ በላይ በእርስዎ ላይ ምንም አይነት ተፅዕኖ የለውም ፤ ምስጢረዎን ከመጠበቅም አንፃር በቃለ መጠየቁ ላይ ስም አይፃፍም፡፡ ስለሆነም እርስዎም በዚህ ጥናት ውስጥ ለተጠየቁት መጠይቆች መልስ እንዲሰጡን በትህትና እጠይቃለሁ፡፡ በመጠይቁ ላይ ያሉ ጥያቄዎችን ያለመመለስ ሙሉ መብት ሲኖርዎት መጠየቁንም በምትፍልጉበት ሰዓት መተው ይቻላል፡፡

አመሰግናለሁ፡፡

በጥናቱ ላይ ለመሳተፍ ተስማምተዋል?

☐

አዎ

☐

አልተስማማሁም

ከተስማሙ ወደ ሚቀጥለው ገፅ ይለፉ፡፡

መመሪያ- በግል ድርጅት ሠራተኞች ማህበራዊ ዋስትና የጡረታ አቅድ ለተሸፈኑ የግል ድርጅት ሠራተኞች ላይ ለማጥናት የተዘጋጀ መጠይቅ 2007 ዓ.ም

ክፍል አንድ :- የማህበራዊ ገጽታዎች

ተ.ቁ	ጥያቄዎች	አማራጮች
1.	ዎታ	<input checked="" type="checkbox"/> ሴት <input type="checkbox"/> ወንድ
2.	እድሜ	<input type="checkbox"/> ከ 30 በታች <input type="checkbox"/> ከ 31-40 <input type="checkbox"/> ከ 41-60
3.	የጋብቻ ሁኔታ	<input type="checkbox"/> ያገባ/ች <input type="checkbox"/> ያላገባ/ች <input type="checkbox"/> የፈታ/ች <input type="checkbox"/> ባል/ሚሰት የሞተባት
4.	የትምህርት ሁኔታ	<input type="checkbox"/> ያልተማረች <input type="checkbox"/> አንደኛ ደረጃ <input type="checkbox"/> ሁለተኛ ደረጃ <input type="checkbox"/> ከፍተኛ ደረጃ ሌላ ካለ ይግለጹ _____
5.	የሰራ ድርሻ	ይገለጽ _____
6.	የሚከፈሉት ወርሀዊ ክፍያ	<input type="checkbox"/> 500 እና በታች <input type="checkbox"/> 501_1000 <input type="checkbox"/> 1001_1500 <input type="checkbox"/> 1501_2000 <input type="checkbox"/> 2001 እና በላይ

ክፍል ሁለት:- የግል ድርጅት ሠራተኞች ማህበራዊ ዋስትና የጡረታ አቅድ ትግበራ

- ስለ ግል ድርጅት ሠራተኞች ማህበራዊ ዋስትና የጡረታ አቅድ ስምተዋል?  
☐ አዎ ☐ አልሰማውም
  - ስለ ግል ድርጅት ሠራተኞች ማህበራዊ ዋስትና የጡረታ አቅድ በተመለከተ በእርግጥ የሰሙትን ይግለጹ? \_\_\_\_\_
  - የግል ድርጅት ሠራተኞች ማህበራዊ ዋስትና የጡረታ አቅድ የሠራተኞችን ፍላጎት ያስጠብቃል ይላሉ?  
☐ በጣም እስማማለሁ ☐ እስማማለሁ ☐ አላወቅም ☐ አልሰማማም ☐ በጣም አልሰማማም
  - በተራ ቁጥር 3 ላይ ላለው ጥያቄ የእርስ መልስ "አልሰማማም" ከሆነ ምክንያት ይገለጽ? \_\_\_\_\_
  - በግል ድርጅት ሠራተኞች ማህበራዊ ዋስትና የጡረታ አቅድ መታቀፍ በፍቃደኝነት ላይ የተመሰረተ ቢሆንስ?  
☐ በጣም እስማማለሁ ☐ እስማማለሁ ☐ አላወቅም ☐ አልሰማማም ☐ በጣም አልሰማማም  
ለምን ምክንያት ይገለጽ \_\_\_\_\_
  - በ2003 ዓ.ም ተግባራዊ የተደረገው የግል ድርጅት ሠራተኞች ማህበራዊ ዋስትና የጡረታ አቅድ በቀላሉ መረዳት ይቻላል?  
አዎ ☐ ☐ አይቻልም
  - በተራ ቁጥር 6 ላይ ላለው ጥያቄ የእርስ መልስ "አይቻልም" ከሆነ ምክንያት ይገለጽ? \_\_\_\_\_
  - የግል ድርጅት ሠራተኞች ማህበራዊ ዋስትና አዋጅ ከፍተኛ አለበት፣ ለከፍተኛ ማስተካከያ ያስፈልገዋል ይላሉ?  
☐ አዎ ☐ የለም
- የእርስ መልስ "አዎ" ከሆነ ምክንያት ይገለጽ \_\_\_\_\_
- የግል ድርጅት ሠራተኞች ማህበራዊ ዋስትና ኤጀንሲ ስለ ግል ድርጅት ሠራተኞች ማህበራዊ ዋስትና የጡረታ አዋጅ በግል ድርጅት ሠራተኞች ዘንድ ግንዛቤ አስጨብጥዋል ብለው ያስባሉ?

☐ አዎ ☐ አይ

10. በተራ ቁጥር 9 ላይ ላለው ጥያቄ የእርሶ መልስ “አዎ” ከሆነ የተሰጠው የግንዛቤ ማሰጫ በቂ ነው ይላሉ?

☐ አዎ ☐ አይ

11. በተራ ቁጥር 9 ላይ ላለው ጥያቄ የእርሶ መልስ “አይ” ከሆነ ምክንያት ይገለጽ \_\_\_\_\_

12. የግል ድርጅት ሠራተኞች ማህበራዊ ዋስትና ኤጀንሲ ስለ አዋጁ ግንዛቤ ለማሰጫ በጥ ምን አይነት የግንዛቤ ማሰጫዎችን ነው የተጠቀመው? \_\_\_\_\_

13. በቂ የግንዛቤ ማሰጫ መድረክ በግል ድርጅት ሠራተኞች ማህበራዊ ዋስትና ኤጀንሲ ተዘጋጅቶ ቀርቶ በቀረበው ይላሉ?

☐ አዎ ☐ አይ

14. በኤጀንሲው በሚዘጋጁ ግንዛቤ ማሰጫ መደረኮች ላይ ተላትፈዋል?

☐ አዎ ☐ አልተላተፍኩም

15. በተራ ቁጥር 14 ላይ ላለው ጥያቄ የእርሶ መልስ “አልተላተፍኩም” ከሆነ ምክንያቱን ቢገልጹ \_\_\_\_\_

16. ስለ ማህበራዊ ዋስትና የጡረታ አቅድ መብት እና ጠቀሜታ በአግባቡ ያዉቃሉ?

☐ አዎ ☐ አላዉቅም

17. በተራ ቁጥር 16 ላይ ላለው ጥያቄ የእርሶ መልስ “አላዉቅም” ከሆነ ምክንያቱን ቢገልጹ \_\_\_\_\_

18. በአሁኑ ሰዓት በጡረታ አቅዱ በመታቀፍ የጡረታ መዋጮ በመከፈል ላይ ነው የሚገኙት?

☐ አዎ ☐ አይደለም

19. በተራ ቁጥር 18 ላይ ላለው ጥያቄ የእርሶ መልስ “አይደለም” ከሆነ ምክንያቱን ቢገልጹ \_\_\_\_\_

20. ድርጅታችሁ ፕሮጀክቶችን ፈንድ አለው? ☐ አዎ ☐ የለውም

21. በተራ ቁጥር 20 ላይ መልስዎ “አዎ” ከሆነ አዲሱ የጡረታ አቅድን ድርጅታችሁ ከነበረው የፕሮጀክት ፈንድ ጋር ሲነፃፀር እንዴት ያዩታል?

☐ በጣም ጥሩ ☐ ጥሩ ☐ ልዩነት የለውም ☐ መጥፎ ነው ☐ በጣም መጥፎ

ለምን \_\_\_\_\_

ከፍል ሶስት:- የግል ድርጅት ሠራተኞች ማህበራዊ ዋስትና ያስገኘው ጠቀሜታ

22. ከስራ ዓለም በጡረታ በሚገለሉበት ጊዜ የግል ድርጅት ሠራተኞች ማህበራዊ ዋስትና የጡረታ አቅድ ይጠቅመኛል ብለው ያስባሉ?

☐ አዎ ☐ አይ

23. በተራ ቁጥር 22 ላይ ላለው ጥያቄ የእርሶ መልስ “አይ” ከሆነ ምክንያቱን ቢገልጹ? \_\_\_\_\_

24. የግል ድርጅት ሠራተኞች ማህበራዊ ዋስትና የጡረታ አቅድ ያስገኘው ዉጤት ምንድናቸው ይገለጽ? \_\_\_\_\_

ከፍል አራት:- የማህበራዊ ዋስትና የጡረታ አቅድ ለግል ድርጅት ሠራተኞች ተፈጻሚ ሲደረግ ያጋጠሙ ችግሮች

25. በጡረታ መዋጮ ላይ የአሰር ድርጅቱ ሀሳብ ምንድን ነው?

☐ ይደግፋሉ ☐ ይቃወማሉ ☐ አላዉቅም ሌላ ካለ ይገለጽ \_\_\_\_\_

26. በተራ ቁጥር 25 ላይ ላለው ጥያቄ የእርሶ መልስ “ይቃወማሉ” ከሆነ ለምን ምክንያቱ ቢገለጽ? \_\_\_\_\_

27. በግል ድርጅት ሠራተኞች ማህበራዊ ዋስትና የጡረታ አቅድ ምክንያት የከፈሉት መሰዋትነት አለ ?

☐

አዎ

☐

የለም

28. በተራ ቁጥር 27 ላይ ላለው ጥያቄ የእርሶ መልስ "አዎ" ከሆነ ምንድናቸው ይገልጽ? \_\_\_\_\_

29. የግል ድርጅት ማህበራዊ ዋስትና የጡረታ አቅድ ተግባራዊ በመደረጉ ከአጋጣሚዎች ችግር ዋናዎችን ቢገልጽ? \_\_\_\_\_

30. የግል ድርጅት ማህበራዊ ዋስትና የጡረታ አቅድ ተግባራዊነቱን ውጤታማ ለማድረግ ለውጥ ያስፈልጋል ብለው ያስባሉ? ☐ አዎ ☐ አያስፈልግም

31. በተራ ቁጥር 30 ላይ ላለው ጥያቄ የእርሶ መልስ "አዎ" ከሆነ ምን አይነት ለውጥ ወይም ማስተካከያ ያስፈልጋል ይላሉ? \_\_\_\_\_

32. የጡረታ አቅዱን ውጤታማነት ለማሳደግ የእርሶ ተሳትፎ ምንድን ነው? \_\_\_\_\_

33. ችግሮቹን ለመቅረፍ ምን መደረግ አለበት ይላሉ ይገለጻል? \_\_\_\_\_

## DECLARATION

### DECLARATION

I, the undersigned, declare that this thesis is my original work, has not been presented for a degree in this or any other university and that all sources of materials used for the thesis have been fully acknowledged.

Name: **Rahel Assefa**

Signature:

Name of the institution: **Jimma University**

Date of submission: \_\_\_\_\_

This thesis will be submitted for examination with my approval as University advisor

Name and Signature of the first advisor

\_\_\_\_\_  
\_\_\_\_\_

Name and Signature of the second advisor

\_\_\_\_\_  
\_\_\_\_\_