ASSESSMENT OF THE CONTRIBUTION OF PENSION FUNDS IN INDUSTRIAL DEVELOPMENT IN TANZANIA:
A CASE OF NATIONAL SOCIAL SECURITY FUND

By
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A Dissertation Submitted in Partial Fulfillment of the Requirements for the Award
of the Degree of Master of Applied Economics and Business of Mzumbe University.

2019
CERTIFICATION

The undersigned certifies that she has red and hereby recommends for acceptance by the University of Mzumbe a dissertation entitled “Assessment of the Contribution of Pension Funds in Industrial Development in Tanzania: A Case of National Social Security Fund, Headquarters, Dar es Salaam” in partial fulfillment of the requirement of the Degree of Master of Applied economics and Business of Mzumbe University.

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DEDICATION

I dedicate this research work to my family for their heartfelt support, financial support and encouragement, in accomplishing various undertakings related to the study; to my friends and work colleagues who also helped me to finish this project, and more than that I would like to give thanks to Almighty God for his mercy and blessing on my health while doing this.
LIST OF ABBREVIATIONS

ALM - Assets Liability Management
BOT - Bank of Tanzania
DSE - Dar Es Salaam Stock Exchange
ERP - Economic Recovery Policy
ESAP - Economic and Social Action Program
GDP - Gross Domestic Product
ILO - International Labour Organization
IPO - Initial Public Officer
ISI - Import Substitution Industrialization
NMB - National Microfinance Bank
NPF - National Provident Fund
NSSF - National Social Security Fund
OECD - Organization for Economic Co-operation and Development
SDP - Sustainable Industrial Development Policy
SIDO - Small Industries Development Organization
SMEs - Small and Medium Enterprises
SSRA - Social Security Regulatory Authority
TDV - Tanzania Development Vision
ABSTRACT

A research was carried out to assess the contribution of pension funds in industrial sector development in Tanzania was done at NSSF headquarters, whereby 60 respondents participated. The general objective of the study includes determining the role of the pension funds in industrial sector development. Whereas, specifically the study identified the contribution given out by those pension funds to develop industries, look out the techniques and strategies applied by pension funds in developing the industrial sectors and to check out challenges faced by the pension funds in performing the development functions to support the industrial development in the country. The research methodology used was case study design. Data collection methods and instruments used were questionnaire, interview and documentary review. Analysis of data was done using Statistical Package for the Social Sciences (SPSS) and Stata.

The study applied descriptive statistics technique and inferential statistics through Probit regression. Findings revealed that, NSSF provides different types of contributions. These include issuing of loans for the expansion of companies which existed, buying shares for those industries listed under the DSM Stock Exchange, through owning industry by NSSF, NSSF with other partners to support Small and Medium Enterprises (SMEs) industrialization and buying materials/products produced internally so as to expand market. Moreover, the study findings unveiled that, NSSF uses asset liability management strategy (ALM) to enhance the industrial sector progress at large. In the same vein, it was showed that, political influence, low return on those investments, lack of accountability, efficiency and prudent investment decisions, lack of financial sustainability were identified to constrain NSSF in the contribution of industrial development in Tanzania. The study therefore establishes that NSSF play important role in the contribution of industrial sector development in Tanzania. The findings showed that, almost NSSF has invested more than 50 billion to support industrial sector development.
It is therefore recommended that, the government should provide more support to ensure that these pension funds, (NSSF included) achieve the vision of Tanzania to be among semi-industrialized countries in Africa.
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CHAPTER ONE

INTRODUCTION AND BACKGROUND TO THE PROBLEM

1.0 Introduction
This part portrays general layout and information. It gives out the general picture of the nature of the problem and the background to the problem. It describes research objectives which are subjected into general objective and other specific objectives. It also includes research questions, importance of the study and its scope.

1.1 Background to the Problem
Pension funds in particular are currently being recognized by governments in both the developing and developed world as a realistic strategy to accelerate socioeconomic progress (Butare and Kaseke, 2015). “Since the 1980s, the role of pensions in socioeconomic development has gained importance in discussion and debates in economic and social spheres (Bailey and Turner, 2011)”. Pension funds being a sector all together lead to what so called social security funds sectors. In a way social security funds provide services it contains categories which are known as schemes, collectively called social security schemes which are provided in order to safeguard the contract between the parties so as to maintain the benefits and provided services. Through their schemes social security funds institutions can generate funds which they can use for further investment to generate more funds. Often the money obtained can add up to services and benefits provided by those particular institutions, say NSSF for this study “As experience has shown, the investment of these funds can make a critical contribution to the financial sustainability of social security systems (Msalangi, 2009)”. Social security schemes, particularly pension funds tend to make an investment on funds according to a set of investment objectives in securities (i.e investment related to treasury bonds, investment related to corporate stocks and investment related to bonds), real estate, fixed deposits, and equities (Chitembwe, 2010).
Different countries took initiative measures to establish what is known as pension fund since those who were working reached time when it was impossible to continue working and it was difficult for such workers to afford their expenses due to the fact that, they were at the stage of retirement and hence they had no any other means of generating and become productive (Mkilalu, 2013). Kanywanyi (2007) these social funds intended to provide pension benefits to the people who attained the age of retirement.

However, in many of African countries, including Tanzania, the beginning of what is called social security scheme (pension fund scheme) can be looked at even before the colonialism whereby during that time it is believed that the system was operated under a certain form of social protection. “This system as similar to social protection was guided and organized by customary laws and norms of that particular society or community (Semango, 2015)”. Normally, this system as others call it informal or traditional social protection was performed based on the family and assistance of that particular community. “During that period of time, the community was assisting each other in the time of famine issues, diseases issues and death whereby the aged men were encouraged and supported as well. In a nutshell, it can be said that the society, that is to say, people were dependent on family as well as clan members for communal assistance”. The dependence was based on food, cash and sort of a kind. Therefore, the traditional or informal social protection was the reflection of formal social security scheme of recent time (Barbone and Sanchez, 2009).

In Africa and other developing countries formal social security system is a colonialism product. “During the colonial era, social security coverage in Tanzania was extended to the few people who were in the colonial employment. Many people were excluded from any type of public social security scheme. Most of the Tanzanian people were depended for their protection upon the traditional social security system, which to date is still the case, though difficult economic environment and effects of urbanization have weakened the same (Kaisi, 2013)”. By January 2003, the ministry of labour, youth development and sports in Tanzania,
formed the national social security with a policy statement “there shall be regulated mechanisms established to enable portability of benefit rights when a member moves from one scheme to another (Kyando, 2014).

The regulated mechanism of protecting citizens against social contingencies is a social security, this system has been in Tanzania well before independence; in which various policy statements have been made through Acts passed in favor protection of the population against contingencies like loss of employment, injury and old age. “These include the Provident Fund (Government Employees) Ordinance Cap 51, Master and Native Ordinance Cap 78 which amended by Cap. 371, , Workmen’s Compensation Ordinance Cap 262 and Provident Fund (Local Authorities) Ordinance Cap 53 (Raymond, 2009)” New legislations and others amended were enacted after independence. “These include Act No. 57 of 1962 of the Severance Allowance; Act No. 36 of 1964 of the National Provident Fund which amended by Act No. 2 of 1975later was repealed and replaced by the Act No. 28 of 1997 of National Social Security Fund; Act No. 14 of 1978 of the Parastatal Pensions, Act of 1999 of the Public Service Retirement Benefits, Act No. 8 of 1999 of the National Health Insurance Fund and Act. No. 6 of 2000 of Local Authorities Provident Fund (Mtunda, 2011)"

In the present time, the social security funds are ought to comply with the policy of investing in industrial sector since the new government Tanzania has the vision of making its country to be a country of industrialization. Therefore, it is a directive of the government that pension funds should make investments in industrial sector. The issue of investment is among the activities done by social security funds. These activities are registering new members, collecting pensionable’ contributors and paying some benefits. Among other key priorities of the new power, the pension fund schemes are considered to be one of the key stakeholders in promoting industrial sector through investment (Gaya, 2016). There is an ongoing debate on the development of industrial sector in Tanzania as the policy manifestation of the new government progressing.
The pension fund schemes are now directed to take initiative measures to make investment in industrial sector. Among other activities, pension fund schemes are also engaged in industrial sector investment.

1.2 Statement of the Problem
Since it came into power, the new government has made a clear concern about its priority in industrial sector. The purpose is to see that Tanzania becomes an industrial country in the alignment of Tanzania Development Vision, 2025 (TDV) which emphasizes on strong and competitive economy and Five Years Development Plan (2016-2017-2020/2021). It is the fifth government’s plan for the country’s economic transformation. To support that, the new government has directed social security providers to invest in the industrial sector (Gaya, 2016). Pension fund schemes have number of activities, among these activities including making investments. Section 26 (4) of the Social Security Regulatory Authority Act allow pension schemes to invest in any viable investment. It was found that, despite pension funds to be among investors in industrial sector, there is lack of adequate scholarly papers which investigated the contributions of these pension fund schemes in boosting country economy through industrial sector development.

Most scholars who made investigation in this field were confined to the role of pension fund schemes in enhancing people’s welfare and not on how pension fund schemes can play a significant role in industrial sector development. For instance, Chitembwe (2010) explored on how NSSF tends to play important role in supporting Kenyan society and not how pension fund schemes make contribution to the industrial sector development in Tanzania. Ntungi (2015) assessed on how NSSF plays a vital role in social and economic progress of Tanzania and not how pension fund schemes make contribution to the industrial sector development in Tanzania. Another study was by Kyando (2014) who carried out the study on pension fund schemes on making contribution to the development of capital markets in Tanzania.
and not how pension fund schemes make contribution to the industrialization development in Tanzania.

Therefore, aim of this research was to assess the contribution of pension fund schemes in industrialization development particularly by looking how pension fund schemes make contribution to the industrialization development and the techniques applied by pension fund schemes in making contribution to the industrial development in Tanzania.

1.3 Research Objectives
1.3.1 General Objective
The main objective of the study was to assess the contribution of pension funds in industrial development in Tanzania.

1.3.2 Specific Objectives
The following are specific objectives which were guiding the study:
  i. To find out the contribution of social security funds in industrial development
  ii. To investigate the strategies used by social security funds in contributing to the industrial development
  iii. To find out challenges facing social security funds to the contribution of industrial development

1.4 Research Questions
The following are research questions which were guiding the study:
  i. What are the contributions given by social security funds in industrial development?
  ii. What are the strategies used by social security funds in contributing to the industrial development?
  iii. What are the challenges facing social security funds to the contribution of industrial development?
1.5 Significance of the Study
The findings from this study will contribute to the understanding and establishing the relationship which exist between social security sectors and development, and especially industrial development. Just to clear doubt about the strategies, techniques and ways through the country can develop better living standard with the use of pension funds sectors or institutions. Social security funds and industrial development prospective is also believed to also broaden the understanding on financial roles and investments techniques which may lead to country development. Controls factors and management of funds in public sector which are essential for policy and planning. Moreover, the concepts of industrial development is significant and of great importance when it’s done in various perspective in such a way policy makers and planners can have ground to obtain many more ideas and heuristic approach for various problems in the country.

1.6 Study Limitations
The study expected to be faced by some challenges such as:

Financial constraints: the dissertation involved some expenses due to transport and even incurring some expenses. As it is known that fund is not always enough since carrying out the study needs a lot of money to facilitate the project. Making the calls for respondents to find out if they have finished filling in questionnaires and stationery services are costly. To solve the challenge the researcher positioned himself in savings and prepared a sufficient budget that enabled the proper data collection in the field.

Accessibility: accessibility to people and information on time, this study was based on having access to people, data, organizations, or documents and, for whatsoever reason, if access is limited in some way or another, the study would lose the scope and focus. Also, some officials especially high in ranks were also not easy to reach them. Mostly, the researcher expected to receive reliable information from all level of staff, however, high in ranks it would be highly recommended to share their information.
Busy and tight schedule: Since the organization has busy and tight work schedules, this could affect data collection because the staff could have the excuse that they are busy, and hence cannot answer the questionnaires or be conducted with an interview. In order to solve this expected challenges, the researcher decided to make earlier communication to inform them, also the researcher asked for their mobile phone so that to enable interview through phone when they are not around.

1.7 Scope of the Study
Pension fund schemes have a number of functions which are member’s registrations, contributions collections and benefits payments. But this study was confined only to the function of investment, particularly on how pension fund schemes make contribution in investing in industrial sector. The study was conducted at the headquarters of NSSF which is located at Dar Es Salaam, Tanzania.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction
This chapter provides concepts and perspective cognate to the subject matter. It establishes the theoretical literature review as well as empirical studies from various scholars and journals cognate to the subject matter. Furthermore, it also explains and disseminate about the conceptual framework and synthesis.

2.2 Definition of Key Terms
2.2.1 Pension Fund
Pension fund is the institution dealing with social security and entitled to be the economic accelerator. Thus, the position of the social security funds can be able also to determine industrialization which then reflects the development through the economic growth and social well-being (Raymond, 2009).

2.2.2 Industrial Sector
Industrial sector is the sum total of all the manufacturing unit within the country, that means sum of all total economic sector such as forestry, mining, construction activities and manufacturing itself. Industrialization becomes important when the target of the public is met including availability of social well-being and jobs. More often the industrialization can be determined when there is increase of quality, output and utility. if all the materials produced develop proper circle of finance among individual households so as to meet people demand (Ayeyemi, 2013).

2.2.3 Industrial Sector Development
Industrial sector development is the advance use of mechanized system of production in order to increase production output so as to attain certain macroeconomic objectives such as stability in foreign exchange, favourable of payment, improved standard of living of the populace, strong global economic presence, and so on
(Asuako, 2015). “A nation does not just achieve industrial development; it takes the nation to deliberately design strategies that will put its economy on the path of achieving its objectives. For an economy to reach industrial development there is need for its manufacturing production output to have a positive effect on its Gross Domestic Product (GDP) (Adeoye, 2013)”.

2.3 Theoretical Literature Review

2.2.1 Investment Theory

Raymond (2009) postulates that investment involves making what is called a sacrifice that is made in the present with the expectation of getting benefits in the future. There are two crucial issues in the investment, which are the present or current sacrifice and expected benefit or future benefit. Investment is regarded as the commitment and sacrifice of certain present value for the future world which is uncertain. It involves the issue of making decision of investing fund in any financial or physical form with the expectation of getting additional return in the future. This is what is called economic investment.

In selecting the project to be invested, the investment manager employs mechanisms which are used to measure the value of the project concerned at the economic perspective. The logic of doing that is to increase the wealth of the investor at large. Ngugi (2009) provides features which are regarded to play important role in making criteria evaluation of the investment. These include: (a) It has to put into consideration all issues related to the cash flows for determining the benefits of the project involved (b) It should be capable of differentiating the projects which sound good from the projects which sound bad (c) It should be capable to rank the projects by looking at the profits or benefits they can make (that is to prioritize according to the profits) and (d) It has to realize that, cash flows are higher than the ones which are smaller are preferred by many.

2.3.2 Relevance of Investment Theory
Since it came into power, the new government has made a clear concern about its priority in industrial sector. The purpose is to see that by end of 2025 Tanzania becomes semi industrialized with the middle income. It is the fifth government’s plan for the country’s economic transformation. Therefore, this theory is regarded to be useful as the guiding post in enhancing pension funds to invest effectively in industrial sector.

2.3.3 Systems Theory View of Pension Funds

Since it came into power, the new government has made a clear concern about its priority in industrial sector. The purpose is to see that; Tanzania becomes semi industrialized with the middle income by the end of 2025. It is the fifth government’s plan for the country’s economic transformation. Therefore, this theory is regarded to be useful as the guiding post in enhancing pension funds to invest in industrial sector effectively. Since it came into power, the new government has made a clear concern about its priority in industrial sector. The purpose is to see that; Tanzania becomes semi industrialized with the middle income by the end of 2025. It is the fifth government’s plan for the country’s economic transformation. Therefore, this theory is regarded to be useful as the guiding post in enhancing pension funds to invest in industrial sector effectively

The systems approach can be found in the OECD’s (2004) description of efficiency. The latter tends to define efficiency as controlling spending, using budgets prudently, which tends to accomplish more with lesser financial resources, commissioning long term investments to save financial resources in the long term.

2.3.4 Relevance of Systems Theory View of Pension Funds

In agreement with the systems approach, pension fund efficiency in the current research is explained as the ability of a pension fund through investment to maximize its financial capability and benefits.

2.3.5 Emergency of Pension Fund System at Global Context
Despite of national social security programs to be developed more widely around the globe, the first social security programs based on compulsory insurance were established in Europe in the late-19th century, it was during the 20th century. Different and various international conventions together with instruments have been supporting and recognizing social security which is regarded as the basic human right. Thus it was embedded in the Universal Declaration of Human Rights of 1948. Some of the nations such as Brazil and Germany social security is a right which is enshrined their constitutions. Nowadays, majority of developed and least developed nations have embedded social security system for socio-economic development. Across the world, the major common social security programs are program related to the disability, program related to old age, program related to survivors’ pensions, program related to benefits for work injuries together with occupational diseases, benefit related to sickness, benefit related to unemployment, benefit related to maternity as well as family allowances (Msalangi, 2009).

According to Harrison (2014), in Africa, the development of social security started with inadequate programs which were initiated by the imperial governments between the two world wars, though many schemes were started after the Second World War. Civil service pension, though were designed for provision of expatriate colonial administrators who were expected to retire in metropolitan countries and required levels of benefits adequate for maintaining them in relative comfort in these respective nations. Upon agreement to freedom, original governments of supreme African countries sustained with the prevailing schemes that remained practiced and presented beforehand liberation, and altered them somewhat so as to appropriate the demands of innovative people”.

2.3.6 Pension Fund System in Tanzania

The beginning of what is called social security system (pension fund system) can be looked at even before the coming of white men whereby during that time it is believed that the system was operated under a certain form of social protection. “This system as similar to social protection was guided and organized by customary laws
and norms of that particular society or community (Semango, 2013)”. Normally, this system as others call it informal or traditional social protection was performed based on the family and assistance of that particular community. “During that period of time, the community was assisting each other in the time of famine issues, diseases issues and death whereby the aged men were encouraged and supported as well”. In a nutshell, it can be said that the society, that is to say, people were dependent on family as well as clan members for communal assistance. The dependence was based on food, cash and sort of a kind”. Therefore, traditional or informal social protection was the reflection of formal social security scheme of recent time (Barbone and Sanchez, 2009).

2.3.7 The Policy Guiding Pension Fund System in Tanzania

The National Social Policy of 2003 covers all issues related to the pension fund system in Tanzania. It aims at addressing all issues related to the political, social and economic changes that occurs in our country. This policy aimed at to realizing the goals and objectives set out in the vision 2025 through extension of social security services to the majority of the Tanzanians country wide. The general objective of the policy are to guarantee that each individual is safeguarded against economic and social suffering which can result from significant loss in income as a result of different possibility. Social security funds are based on preventing poverty, alleviating poverty, making social compensation and income distribution. However, many issues which are related to social security are very sensitive since they touch on the material interests of organized workers and the unorganized poor as well as insurance industry and employer organizations”.

2.4 The Trend of Industrial Sector in Tanzania

2.4.1 Industrial Development (1961–85)

In the beginning of 1960s years, the country agenda based on issues related to the economy took little concentration to what was called structural change. There was what was called the import substitution industrialization (ISI) which continued to operate and this began in the time of colonialism. The law governing the protection
of foreign investment was enacted for the purpose of attracting the foreigners to invest in our country so as to fill the existing gap. However, there was no a good response. Therefore, the government decided to start what was called Arusha declaration based on the policy of self-reliance and socialism which was started in the year of 1967.

2.4.2 Industrial Development (1986-1995) under Structural Adjustment
In 1986, the government introduced what is Economic Recovery Policy (ERP) which transformed the country’s economy from the total state-owned to the involvement of private sector in the matters related to the production. The government employed this system to restore the stability of the economy and to facilitate the reforms so as to sustain the country in a position that will enable to pay, correct the deficits of the budget, cut down all issues related to the inflation, reform the policy governing microeconomic issues and increase incentives to the agriculture. The government mainly concentrated on connecting agriculture and the private sector making improvement to the production of agriculture and provides encouragement so that the private sector may participate in agricultural marketing for the purpose of increasing reliance on market forces so to make improvement of agriculture investment. In order to support the significant role of ERP for reaching the intended goals, the Tanzania Industrial Research Development Organization (TIRDO) was introduced in the year of 1987 so as to conduct the research related to the industrial issues and offer the consultation services to industries. The government established TIRDO for the purpose of promoting the effective utilization of technology and effective use of resources which are found in Tanzania. The reform of the trade sector focused to adjust the exchange rate for the purpose of promoting all issues related to the exports, to make adjustments to the tariffs and to liberalize local or internal trade, soon followed under ERP.

An easy way of exchange and foreign exchange control may lead to increase access by importation, where as if there are dying industries the pension funds sector can create an environment to allow the inflow of investments. Due to availability of raw
materials and spare parts important for improving the ability and capacity of utilization and production. In ERP, there were various reform packages so as to promote output and facilitate trade. These involved policy reform based on agriculture, policy reform based on monetary, policy reform based on financial matters, reform based on civil servants’ services, reform based on social services such as water, health, education etc, restructuring or parastatals and privatization. In the course of implementing these programs, the government employed a regime of crawling peg exchange rate in the year of 1986 for the purpose of depreciating our local currency which was overvalued (Ndulu, 1987). This resulted in the depreciation of nominal exchange rate over the future years. A slackening of exchange controls led to the increase of accessibility by importation of what was called starved manufactures through raw materials obtainability and spare parts which were important for the improvement of capacity utilization.

Despite the fact these reforms were known and understood to majority number of people, there were some critics against them. Some people argued that these reforms were threatening various activities that were performed by the government as well as to their workers. There was a belief that, only few people were getting benefits to these reforms (those who were regarded as capitalist). This created a big gap or difference between the poor and the rich in the community. In the year of 1989, the World Bank carried out Formal Sector Industrial Survey for the purpose of evaluating the effect of the reforms. This based on the output and stricture industrial sector growth in the middle of 1980’s. The results indicated that, there was an improvement on how industrial sector was performing in the time of ERP program. There was a decline of manufacturing GDP between 1979 by seven percent and in the year of 1989 was overturned whereby there was growth of five percent between the year 1986 -- 1989 (World Bank, 1991).

There was an increase trend in the capacity usage of the private sector basically in the industries specialized in textile production. This was a marking trend of ERP program. This trend of the capacity utilization was followed by reducing the level of
works that were supported by the government. This gives explanation of the fact that, the country’s economy was moving from the government which is public investment to the private sector which is private investment. There was a replacement of the ERP by what was called Economic and Social Action Program (ESAP) in the year of 1990. The ESAP program put an emphasis on what was known as adjustment of social costs. For the purpose of facilitating the level of private sector to invest in the country, the government prioritized, aimed at removing some constraints and cumbersome that were existing in the trade.

The logic behind was done to make an acceleration of economic activities for the purpose of widening the tax base. In order to influence the investors, there was an accord of tax holidays to the new entities while on the other hand, the government reduced taxes on corporate profit and dividends.

Skarstein and Wangwe (1986) there was a shift of industrial sub-strategies from customer to the intermediate and capital goods. In that particular time, there was a job creation which reached 596,000 to SSRS and EAS, the was a job creation of 296,000 jobs to MGS, 243,000 jobs to MS and 193,000 jobs to BIS. Between the year 1984 and the year 189, there was a stability of labour productivity and the increase of value added in Gross Domestic Product (GDP). The changes/alterations were successful in undervaluing the country currency from Tanzanian Shillings 16 in the year of 1986 to Tanzanian Shillings 230 in the year of 1991. The government made an effort to cultivate more land which led to the increase of annual Gross Domestic Product growth as well as the production based on agriculture and industry as well in the year between 1986-1992. These transformations or reforms package was done in the year beginning of 1990 are which led to the reduction of distortive blocks to the production. There was a decline in the level capacity of the manufacturing industries by five percent in the end of 1980’s while there was an increase by 34% in the year of 1994.
However, there was a failure of the country’s strategy on industrial sector to make some improvements on matters related to the export performance. In the year of 1990, there was an increase on the export trade, however, at a decrease rate which was to some extent below that of the year 1981. Furthermore, number of people of was unemployed and at that particular of time, still the country had a mandate control of the economy. Level of Gross Domestic Product (GDP) dropped per capital by six percent in the year of 1976 (RPED, 1994). The logic behind for such failure was due to the fact that, the textile industry performed poorly. Deindustrialization in Tanzania was caused by several factors which are matters based on the macroeconomic reforms, matters based on the privatization and issues related to the liberalization. With regard to the technology advancement and growth of industrial sector, there were reversal issues which led to the failure some industries. For example, some industries were producing grey material instead of producing printed products.

Moreover, the program failed to reduce the supply of money as it was intended, due to the loans which were not paid to some cooperative unions and marketing boards for financing the purchase or buying of crops. As a consequence, there was a decline of inflation from thirty-two point four in the year of 1986 to twenty-nine percent in the year of 1989. However, there was a decline of it between the year 1990 and 1994. This affected local purchasing power and resulted to the higher nominal interest. This has impacted the local manufacturers’ market.

In the year of 1996, there was an implementation of 25 years Sustainable Industrial Development Policy (SDP 2020). The logic behind of this policy intended to enhance the sustainable progress or advancement of the industrial sector.

2.4.3 The Industrial Sector under Current Regime
The fifth phase Government of the United Republic of Tanzania has committed to focus on industrialization, as part of a broader agenda for creation of employment opportunities and considerably reducing poverty. This renewed commitment to promoting industrial development is timely. “Various scholars state that economic
development needs structural change from low to high-productivity activities and that the industrial sector is considered as the key engine that can be used for growth in the development process”. “Almost all country cases of high, rapid and sustained economic growth have been associated with industrialization, mainly growth in manufacturing production

2.4.4 Investment Policies of the Pension Funds Schemes

Szimari (2013) the pension funds are governed by policies of investment in the course of deciding to make investment. The investment policies are prepared under the supervision of management of fund. The Board of Trustees of the fund concerned has the mandate to review and approve these polices before any further action to be taken. The core issues that are considered when the investment policies are prepared including: safety, yield, liquidity, prudence of diversification and socio-economy utilization. The committee of finance and investment of the board has the mandate to supervise and oversee decision concerned investment which is made by the respective fund. In all issues related to the investment, the fund’s management at least meets at once per week to make discussion concerning the investment and whether there is adequate fund to support the investment.

It was noted that, the Director General have mandate to make investment in various matters such as issue related to the securities of the government, making fixed deposits and commercial paper. It was further noted that, in the course of investment, social security schemes were instructed not to go beyond the investment policies. It should be noted that, all new proposals that are prepared so that the pension funds may invest should get permission or approval before further action for the investment. In order to investment, these pension funds need to follow or abide with some basic rules which are rules based on matter of protection and security, rules based on the matter of on how issues are diversified, rules based on the matter of liquidness and other related principles. It was noted that, there is a restriction for any investment to be carried beyond our borders. It is strictly prohibited by the law.
2.5 The NSSF Profile
According to Mkilalu (2013), in 1967 the government started the National Provident fund (NPF) as a compulsory individual saving scheme, with understanding that it would be a good foundation to establish an international accepted social security scheme. In 1990/91, ILO and UNDP granted the government through the project URT/90/003, which intended to transform the provident fund into NSSF which was enacted by the National Social Security Act No. 28 of 1997 and made operational in 1998. The contribution rates are 10% for the employer and 10% for the employee, which makes a total of 20%.

The NSSF covers the private sector, some government ministries and departments whose employees have non-pensionable terms and informal sector. The funds administer benefits like; maternity, old age, invalidity, health care, survivors and employment injuries/occupational diseases benefits. Investment policies used to guide investment of the fund that defines clearly the investment avenues and limits. In the second half of the 1990s, the National Social Security Fund of Tanzania was making investment in huge residential and commercial building and personal loans in spite of financial guidelines from the Bank of Tanzania requiring that social security funds to be used to purchase liquid assets (Impavido, 2012).

2.6 Empirical Literature Review
The research carried out by Donkor (2016) in Ghana who investigated defined contribution and defined benefits according to the risk which is inherent and transfer of risks in social security schemes of Ghana. On methodology, the study used 10,000 simulations of risks type in his study. The study findings indicated that, a pension plan of defined contribution may make the promise to earn high profits or benefits which are relative to what is called a benchmark of defined benefit. Also, it was observed that, the mechanism or strategy of asset allocation which is used by managers who are responsible with the fund of organization tends to influence the provision of pension.
The research by Donkor (2016) mainly based on contribution which are defined and benefits which are defined according to inherent risk and transfer of risk, but did not discuss how pension funds contributes in promoting industrial development. Furthermore, the study by Donor was carried out in Ghana while this current study was carried out in Tanzania.

Chitembwe (2010) assessed on how Kenyan Social Security Funds has important role in promotion of the living standard in Kenya. It was unveiled that; the payments made by NSSF have become very useful in assisting the contributors in various ways. It was revealed that, the money which is collected in every month from the workers is used for mobilization of savings. The pension fund makes the investment again through that money which at the end of the day leads to socio-economic development of the Kenyan community. When making comparison between these studies is that, both scholars deal with pension funds and how these pension funds have significant roles in the respective countries. But these studies differ from one another in some issues. For example, the previous one was conducted in the focus of Kenyan community specifically in promoting social and economic welfare of Kenyan society. The current study is not based on welfare of the community rather than on how pension funds can play important role in development of the industrial sector.

Ngugi (2009) conducted the research concerning the role of social security funds in supplying houses in Kenya. The study applied primary data in collecting information (Interview and questionnaire). Textual description was employed to analyze data with the tables, charts and aid of frequency as well. The results indicated that, the pension funds were not effective in housing supply despite the fact that they have adequate funds.

Moreover, the research showed that the members of social security funds would wish to see that their contributions can be detected through investing in housing sector so that they may get the houses even before their time of retiring from their jobs. On
recommendation, it was suggested that, the amendment should be done in Retirement Benefits Act to include provision which will direct the pension funds to provide a portion of its members’ contributions to invest in housing sector so that upon their retirement would be capable to get those houses. The researcher also recommended that, funds investment should be under the investment consultants so as to stop or prevent unnecessary loss of money that can be lost through bad investments.

The main issue for Ngugi (2009) research was to investigate role of social security funds in supplying houses in Kenya which is not similar to this current study. The current research intended to find out the continuation of pension funds in the industrial sector development that is on how these funds are important in enhancing the country’s economy through their investments in industrial sector.

The study by Mkilalu (2013) explored the practice of corporate governance and the performance of investments the study used case study research design in selected in Tanzania. Both type data was applied. Report of financial performance and related information obtained from respective social funds sectors. It was found that there is a correlation between the corporate governance best practice and investment performance. The study also found that, Social Security Regulatory Authority (SSRA) has the role of controlling and monitoring all issues related to the investment in pension funds. On recommendation, it was suggested that, this SSRA should not prevent these pension funds to make their investments abroad, because this is taken as the option of diversification of the local risks. It was further recommended that, the investors and staff as well need to be keenly engaged to efficient strategic management of government as it will enhance pension funds to perform effectively and efficiently.

The study by Mkilalu (2013) was confined to show the correlation between investment performs and corporate management best practice. The study was about to investigate on how good corporate governance practice is important in the pursuance of social security funds in Tanzania. The study did not look at the issue
related to industrial sector and by what means pension funds can promote the development of this sector.

Kyado (2014) made an investigation on the social security schemes’s influence in the improvement of share buying and selling market in Tanzania. The researcher got information from selected social security office practicing social security funds and share investors.

The researcher analyzed data through spreadsheet computer software. It was reported that, the contribution of various nature could harm, such that policy is not satisfied with, meaning that, there is low response on the participation of pension funds. Pension funds tend to hold a small portion or fraction of DSE’s market capitalization. These pension funds tend to buy and hold securities for terms which are longer. Moreover, findings showed that, portfolio of PFs are mainly made up by Government bonds, bank deposits and loans. Inclusively, results from the research work implied that the contribution of PFs in the development of capital markets in Tanzania, mainly the DSE is not significant at all. It was recommended that for significant contribution of PFs towards future development of capital markets in Tanzania, there should be professional fund managers, variety of products in the market (more listed companies from different sectors of economy) and adoption of the enforcement of the Social Security Regulatory Authority investment guidelines.

These studies are similar in the context of entity which is pension funds. However, the study by Kyando (2014) was aim to explore the role of pension funds in the development of capital markets.

Ntungi (2015) made an investigation on how NSSF has a vital role in the socio-economy development in the country. The data analysis was done through multinomial logistic regression tools and frequencies. Also SPSS software was used in data analysis. “The data used were gathered through questionnaires. The major findings showed that, NSSF has significant impact in various aspects. These include
improving people’s lives, employment, and the government gets money, provision of loans, provision of various assistances to the government projects. For instance, NSSF’s contribution includes construction of University of Dodoma and construction of Kigamboni Bridge. All these are the significant impacts of the NSSF in Tanzania. On the recommendation, it was suggested that, the government should make sure that rules and regulations are implemented to support NSSF activities and operations as it will ensure that the loans are repaid on due time”.

Furthermore, NSSF should make sure that community members are encouraged to join pension funds for their benefits as it will put them in the safe side at the time of their retirements.

The study by Ntungi (2015) attempted to find out on how NSSF plays a significant role in the economic and social development of Tanzania while this dissertation is centered on evaluation of the influence of pension funds lead to industrialization development.

Harrison (2014) assessed factors which influence the late payments in Pension’s Scheme. The data was collected using questionnaires, documentary review, semi-structured and unstructured interviews”. The data collected was analyzed and presented in tables, numerical figures, narrative notes and percentages. “The study showed that the delay in benefit payment is mainly caused by failure or inability of the organization to decentralize some of its decisions and functions, keep members records properly, computerize benefit payment functions, and evasion of contribution. From the findings, a number of recommendations were put forward”. These are based on how to improve records management, delegate some decisions and functions in order to reduce and keep cost in line and ensuring timely benefit payment to beneficiaries, improve customer care, and therefore findings and recommendations advanced can be employed for improving the situation. While Harrison (2014) assessed factors which influence the delay in member’s benefits payments in pension’s scheme.
The study findings by Gaya (2016) said that, among other activities, pension fund schemes are also engaged in industrial sector investment. Recently, the pension fund schemes are considered one of the key stakeholders in promoting industrial sector through investment.

The gap that was left by Gaya (2016) is that, the study focused on the pension funds generally and not the specific one as this study did. Hence, the study covered the gap left by Gaya (2016) study.

2.7 Existing Gap
There is no doubt that, a lot of studies have been done similar to this current study. Majority of these studies analyzed number of cases pertaining to pension funds. These include how pension funds perform various roles, the challenges and success in their respective countries. However, when going through these reviewed literatures thoroughly, it may be noticed that, there are very few studies which explored on pension funds influence to the industrialization sector. This justifies the necessity of carrying out the new study so as to address the identified existing gap in the academic realm of Tanzania.

2.8 Conceptual Framework
Sekaran (2003) the concept of conceptual frame work comes when the theory is put a meaningful logical expression, that ones can establish the meaningful of the certain concept, one makes logical meaningful idea of relationship among the various factors that could be the dependent or independent to certain independent factors.
2.8.1 Fund provision

Any sector needs fund so that it may grow and reach the intended goals. The growth of industrial sector depends on investment, and this investment needs money. In this particular case, the fund is given out by the social security funds by starting their own industry so as to boost industrial sector. Therefore, pension fund acts as local investors in industrial sector.

2.8.2 Loan Provision

As it is well known that, in any sector, loan is considered to be one of the important factors to support the growth of that particular sector. Loan is very important for enhancement of industrial sector because some investors may fail to invest or make further investment due to lack of credit facilities. Therefore, pension funds act as the provider of credit facilities to other industries so as to make their business expansion or establishing new industries. In the course of doing this, pension funds are guided by investment policy and for the case of NSSF, there is NSSF Act which came into
operation in the year of 1997. These investment policy and NSSF Act, 1997 are treated as moderating variables for the purpose of facilitating the operation of NSSF.

2.9 Measurement of Variables
2.9.1 Dependent Variable
Industrial sector development stands as dependent variable and were measured by the following key variables/factors: number of investments on industries made by NSSF, number of industries received loans/credit facilities from NSSF, amount of money set aside by NSSF for industrial sector together with the fund/loans that used by NSSF to offer support to other industries. In order to get this information, the study participants were asked questions related to the key variables/factors that have been disused above.

2.9.2 Independent Variables
2.9.2.1 Provision of Funds
The study measured provision of funds by looking at the allocation of fund set by NSSF to establish their industries to support industrial sector and the extent these funds have been used for industrial sector development. Furthermore, there was the calculation of the percentage.

2.9.2.2 Provision of Loans
The study measured this variable by looking at the amount of credit or loan that has been given by NSSF to other industries, the qualifications that have been set up by NSSF for the purpose of supporting other industries and the manner these loans help to support the industries. There was calculation of the frequency score and percentage to measure provision of loans.

2.10 Variables Relationship
Provision of Funds: The study measured provision of funds by looking at the allocation of fund set by NSSF to establish their industries to support industrial sector and the extent these funds have been used for industrial sector development. Furthermore, there was the calculation of the percentage.
Fund provision: Any sector needs fund so that it may grow and reach the intended goals. The growth of industrial sector depends on investment, and this investment needs money. In this particular case, the fund is given out by the social security funds by starting their own industry so as to boost industrial sector. Therefore, in industrial sector pension fund acts as local investors.

Loan provision: In many sectors, loan is considered to be one of the important factors to support the growth of that particular sector. Loan is very important for enhancement of industrial sector because some investors may fail to invest or make further investment due to lack of credit facilities. Therefore, pension funds act as the provider of credit facilities to other industries so as to make their business expansion or establishing new industries.

Buying Shares: When pension funds sectors buy shares say NSSF if it buy shares from companies and from SME’s it enables them to expand leverages and value maximization. It is the source of capital to those industries to expand their business and manufacturing activities.

Partnering with other Financial institution: This is when the institution among pension funds sectors and others come together to establish industries and arrange for funding SME’s, establishing investment and support the economy.
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction
This part puts forward the methods and techniques used throughout the process of collecting data and information in relation to the study. This section covers research design, area of the study, study population and sampling technique. Data analysis procedure, data validity and reliability and the study research ethics.

3.2 Research Design
Research design clearly stipulates methods used for data collection, the type of data needed and procedure for obtaining data including data analysis (Kothari, 2004). The study therefore used case study design. According to Burnham et al. (2004), a case study design enabled the researcher to focus on a single individual, group, community, event, policy area or institution, and study it in depth.

This design was employed because it allowed an in-depth data gathering as it focused on a single area which helped the researcher to have adequate time in making a thorough data collection through various methods.

3.3 Area of the Study
The research was carried out at Dar Es Salaam at National Social Security Fund. This is an institution which is government owned for the objective of giving social security services. The logic behind of selecting NSSF was due to the fact that, NSSF is one of the pension funds which has enough experience in industrial sector. Investment is one of the functions of NSSF fund. NSSF has been engaged in industrial sector through providing loans to the established industries which needed to expand business. In recent days, the fifth government has compelled social
security funds to make direct investments to the industrial sector. This gave a room for a researcher to use NSSF’s experience in in industrial sector to get relevant information relating to the subject matter.

3.4 Population of the Study
Population of the study gives out sample of the study, which is the actual set of units from which a sample will be drawn for the currently study (Kothari, 2004). Since this study focus on the assessment of social security funds contribution toward industrialization development. The data will be extracted based on the objectives of the study.

According to Rewgoshaora (2006), population is a total population that the researcher want to go for when collecting the information. Basically, population comprises the potential respondents, objects and event to whom the study want to generate and find the general information. The population with which researcher conducted the study is 250 employees who work from different departments. In that case, it can be said that, the population target involved all employees of NSSF headquarters.

3.5 Sample and Sampling Procedures
3.5.1 Study Sample
This is a subset or a part of larger population. Sampling is a state or procedural designing with which a researcher applies to pick the sample for entire population for study generalization. (Adam and Kamuzora, 2008). The researcher distributed 60 questionnaires to the study participants. Only 10 staff were picked from management, 25 staff from the department of planning, project and investment and 25 from each unit employees were taken to make a sample because this is a justifiable number for researcher to get what it is required. Furthermore, this number of the sample is reasonable for the researcher’s time and budget as well.
Table 3.1: Sample Distribution

<table>
<thead>
<tr>
<th>Category</th>
<th>Sample size</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>10</td>
<td>16.7</td>
</tr>
<tr>
<td>Planning, Project and investment</td>
<td>25</td>
<td>41.7</td>
</tr>
<tr>
<td>Other employees</td>
<td>25</td>
<td>41.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>60</td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Field Data (2018)*

3.5.2 Sampling Procedure

This is a process used to select a group of people, events or behavior as well as elements with which to conduct a study (Saunders et al., 2009). The researcher used one type of sampling technique to get relevant sample size; which is purposive sampling as non-probability sampling technique.

With purposive sampling the decision regarding to which/what element of sampled population should be included or excluded. Purposive sampling is also referred as judgmental sampling when researcher picks only the sampled element which he/she perceive to obtain the relevant data. Through this style of sampling it allows researcher to exclude and include some of the element of the sample of individuals who are likely to be information rich with respect to researcher’s purposes.

3.6 Data Collection Methods

These refer to methods that a researcher employs to gather information which is reliable and valid data from area where the research is carried out. There are two methods of data collection, secondary and primary data collection methods. Secondary data normally are data which are collected by someone. The primary data are regarded to be firsthand information and in most cases, they are collected from the field area. For example, data were collected by way of interview and questionnaire (Kothari; 2003).
3.6.1 Questionnaire
Is a set of questions through which the study participants tend to record their answers. Usually, questionnaires are presented in printed paper with questions ready to be addressed by the respondents. Questionnaires can be set in the form of open-ended questions and closed questions, depending on the needs of the researcher and nature of the study as well (Adam and Kamuzora, 2008). A well designed questionnaire with open and close ended questions will be formulated and distributed to respondents to be filled and latter to be collected for recording and analysis as a way of obtaining primary data/information. All respondents were distributed with questionnaires whereby the task was performed in the working days depending on the time, date and day that was agreed by the researcher and respondents. In order to get reliable and accurate information, the researcher provided one week for the respondents to finish filling in the questionnaires. The study participants were asked to provide their numbers so that it was easy to access them and remind them about filling in the questionnaires. But also it was one method of reaching the respondents in case they are absent from the office (See Appendix I and Appendix II). This method was used because it helped the researcher to obtain relevant data from participants because they had a wider chance of giving detailed explanations regarding to the issue being investigated.

3.6.2 Interview
Interviews also called verbal communication is a technique that involve facial or through media of communication such as mobile phone to exchange of information or ideas on certain issue, say subject matter in relation to this study. This study also involved interviews in some little ways to add up to the findings of the study (Kothari, 2004). Interview is a research instrument which is used to collect information or data. This refers to data collection through direct verbal interaction between the one who conducts the research and study participants. The interview method was employed due to the fact that, the selection of the research method normally depends on the purpose and aim of the research and the research questions as well. The study participants who were considered under interview
approach were the management of the organization. This method was used to the management due to the fact that, the management has the mandate in everything, including investment issues at NSSF (See Appendix III).

Interview session took place in the working days. However, this depended on the time, date and day that were agreed by the researcher and respondents. The questions that were asked during interview were:- for how long NSSF has been involved in industrial sector? To what extent NSSF has gone far in supporting industrial sector? How much has been invested by NSSF in industrial sector? How many industries have been supported by NSSF through loan?. How much of money as loans have been initiated by NSSF to support other industries? and what are the conditions established by NSSF in providing loans to support other industries?. This method helped the researcher to enter into respondent’s world to know the respondents’ inner perspective and its flexibility enabled the researcher to capture rich information as much as possible.

3.6.3 Documentary Review
As far as the documentary review is concerned, it is important for a researcher to employ multiple sources of data to get a wider spectrum of information of the study. In that way, therefore published and unpublished materials were used in collecting information to supplement the primary data. Data from NSSF were used to substantiate the study.

3.7.1 Data Analysis
Riemer et al (2011) describes that, It should be taken into consideration that, make a research to the similar issue (problem), but by employing various approaches is important and it may lead to the good result to the problem which is being studied. Therefore, in the light of that context, both qualitative and quantitative methods of data analysis were employed so as to keep the information reliable and interpretable which the result into proper recommendations and conclusion.
Data analysis is a very significant stage on the way to discover the findings to bring the solution for a particular subject matter under the study. Moreover, data analysis is a proper step partaking the function with data, arranging them and split them into a small and manageable unit. It include other synthesis of information or data in order to reach to the consensus as to which type of data is right or nit needed. More importantly what to tell the stake holders. So the appropriateness of data analysis is a base for the right generalization for information to the target unit or stakeholders or any other group of people with which the study will be a basis for the knowledge generation or recommendations.

3.7.2 Models Specification

As indicated from the above section, this study was carried out using three triple models in separation. According to the objectives such as type of contribution, strategies and challenges which then put together to generalize the contribution for pension funds on the productivity of industrial sector on relation to industrial development in Tanzania.. The variables used were transformed into SPSS and then STATA 14, the data was treated as dichotomous which means (1=yes, 0=No).

Model 1

\[ Contr = \beta_0 + \beta_1\ln + \beta_2 Sh + \beta_3 Ind + \beta_4 Part + \beta_5 Mater + \mu \]

Model 2

\[ Strat = \beta_0 + \beta_1 Ass + \beta_2 Hed + \beta_3 Bprof + \beta_4 Ris + + \mu \]

Model 3

\[ Chall = \beta_0 + \beta_1 Pol + \beta_2 Ret + \beta_3 Dec + \beta_4 Sus + \beta_5 OE + + \mu \]

Where \( \beta_1\ln \) is the variable of Issuing of Loan
\( \beta_2 \) is the variable of Buying Shares from listed companies
\( \beta_3 \) is the variable of owning own industries
\( \beta_4 \) is the variable of partnering with other security funds companies
\( \beta_5 \) is the variable of buying materials and products
\( \beta_6 \) is the variable of strategic asset mix to its liability
\( \beta_7 \) is the variable of using adjustment
\( \beta_8 \) is the variable of balancing between liquidity and profitability
\( \beta_9 \) is the variable of risk assessment of investment
\( \beta_{10} \) is the variable of political influence
\( \beta_{11} \) is the variable of low return in investment
\( \beta_{12} \) is the variable of lack of efficiency investment decision
\( \beta_4 \) is the variable of lack of financial sustainability
\( \beta_{12} \) is the variable of change in operating environment
\( \mu \) is the error term
Table 3.2: Expected Relationship Between Variables

<table>
<thead>
<tr>
<th>Variables</th>
<th>Symbol</th>
<th>Operational Definition</th>
<th>Source</th>
<th>Expected sign</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dependent</strong></td>
<td>InD</td>
<td>Industrial Development</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Independent</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issuing Loans</td>
<td>In</td>
<td>Issuing Loans for the Expansion of Company</td>
<td>Questionnaire</td>
<td>-ve</td>
</tr>
<tr>
<td>Buying Share</td>
<td>Sh</td>
<td>Buying Share from the listed Companies</td>
<td>Questionnaire</td>
<td>+ve</td>
</tr>
<tr>
<td>Own Industry</td>
<td>Ind</td>
<td>Through Owning it’s Industry</td>
<td>Questionnaire</td>
<td>+ve</td>
</tr>
<tr>
<td>Buying Material</td>
<td>Mat</td>
<td>Through Buying Materials and Services</td>
<td>Questionnaire</td>
<td>-ve</td>
</tr>
<tr>
<td>Asset Mix</td>
<td>Ass</td>
<td>By linking Fund’s Strategic Asset Mix to it’s Liabilities</td>
<td>Questionnaire</td>
<td>+ve</td>
</tr>
<tr>
<td>Balance of Liquidity Profitability</td>
<td>BProf</td>
<td>Striking balance btn Liquidity Profitability of the Investment</td>
<td>Questionnaire</td>
<td>+ve</td>
</tr>
<tr>
<td>Periodic Measurement</td>
<td>PM</td>
<td>Periodic Measurements</td>
<td>Questionnaire</td>
<td>+ve</td>
</tr>
<tr>
<td>Political Influence</td>
<td>Pol</td>
<td>Political Influence</td>
<td>Questionnaire</td>
<td>-ve</td>
</tr>
<tr>
<td>Return</td>
<td>Ret</td>
<td>Low Return on Investment</td>
<td>Questionnaire</td>
<td>-ve</td>
</tr>
<tr>
<td>Efficiency, Accountability on Decision</td>
<td>Dec</td>
<td>Lack of Accountability, Efficiency and Prudent Investment Decision</td>
<td>Questionnaire</td>
<td>-ve</td>
</tr>
<tr>
<td>Financial Sustainability</td>
<td>Sus</td>
<td>Lack of financial Sustainability</td>
<td>Questionnaire</td>
<td>-ve</td>
</tr>
<tr>
<td>Changes of Operating Env</td>
<td>OE</td>
<td>Change of Operating Environment</td>
<td>Questionnaire</td>
<td>-ve</td>
</tr>
</tbody>
</table>

**Source:** Own Researcher Developed (2018)
3.7.3 Data Analysis Method

The information were gathered in two steps, whereby the first step describe about the variables in relation to objectives, which known as the descriptive statistics. Thus, each objective was carried out on the basis on the study about the subject matter. It involved the calculation of frequency and percentages. The aim of the first phase was to give out the details of the data and thus obtain the summary of the study concerning the objectives. The descriptive part was important to give prior point of view of the study subject matter in a detailed form about the study which is the assessment of the contribution of pension funds in industrial development in Tanzania.

The another stage which is the second stage was carried out to determine the effect of independent variable which stand as the determinant of the level of industrial development in the country. This involved cording all variables into SPSS so as to transform into STATA. It was designed in form of variable such as:-Types of contribution given by social security funds, strategies and challenges. The variables were then computed to generate results for regression analysis using STATA through probit regression and marginal effect model. This was done using SPSS and STATA 14 software package fir data analysis.

3.7.4 Probit Regression Model

A probit model is a process whereby the regression is performed, it is also called probit regression. The regression is performed in way of binary outcomes. Whereas, the variables are binary such that dependent variable can be determined by two possibilities, can be either 1 or 0, yes or no, positive test result or negative test result, and single or nit single(Long and Scott, 1997).

This study wanted to know if social security funds can contribute to industrial development. The response variable is either 0 = It influences industrial development or 1 = don’t influence industrial development.
Probit regression was chosen for multiple-equation systems including qualitative dependent variables, because the model will fit better. Also, the aim of the model is to estimate the probability that an observation with a certain characteristics if it will fall into a specific one of the categories (0= It does not influence industrial development, 1= it influence industrial development). Moreover, classifying observations based on their predicted probabilities is a type of binary classification model (Ibid).

3.8 Data Validity and Data Reliability
Validity means the establishment of causal relationship where by the results in the study are validated. This is to ensure that the inference made exactly reflect the stated causal factors. For the purpose of ensuring that there is data validity, the supervisor made discussion with the researcher to the sampled questionnaires that the researcher constructed so as to ascertain if there is any error that is needed to be corrected before going to the field for data collection. From that point of view, before going to the field the researcher took just a small sample from the targeted population. The logic behind is to make an assessment on the validity, relevance and clarity of the questions which have been set.

More than that reliability spotted when if the population is measured in more than one time the result could be the same. However, obtaining the reliability is highly supported by how concise and efficient the instrument of data collection is, through better preparation and formulation of hypothesis and instrument for data collection. Thus, this study formulated a pilot study before visiting the field for data collection so as to increase the extent of reliability, clarity and relevance of information as per the reliability.

3.9 Ethical Consideration
In order to ensure that, researcher adheres to ethical issues, all respondents were allowed to participate voluntarily. The researcher informed the respondents the reason of conducting the study and also assured the fact that, the information that
was shared were treated confidential and their names were not disclosed. The researcher gave assurance to the study participants that, the data that were collected were for the academic purpose only and not otherwise. The researcher did that to ensure that the rights to privacy and protection of the study participants are observed at all.
CHAPTER FOUR

PRESENTATION OF FINDINGS

4.1 Introduction
This chapter provides presentation of findings as obtained from the field. This presentation is based on the specific research objectives namely type of contribution given by Social Security Funds Sectors in industrialization development, strategic nature and hindrances of contribution to industrialization in Tanzania in supporting industrial sector development. The chapter is categorized into four sections which are response rate of the questionnaires, demographic profile of the respondents and discussion of major findings based on objective of the study.

4.2 Response Rate of Questionnaires
The researcher distributed 70 questionnaires to the. Study participants, out 70 questionnaires, 64 questionnaires were returned, and out 64 questionnaires, 4 questionnaires were not well filled in. In that regard, the researcher used only 60 questionnaires.

4.3 Distribution of the Respondent’s Attributes
The study prior to findings and analysis first assessed the attributes of respondents which were based on demographic attributes such as gender, age, education and working experience of the respondents. Therefore, to achieve the demographic profile of the respondents the following discussion below was carried out:

4.3.1 Gender of Respondents
Population analyzed in term of their gender to just find out distribution of their interactions as per working experience and division of labor between male ad females plus their participation to the study. Consider the table below:
Table 4.1: Distribution of Respondents by Gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>26</td>
<td>43.3</td>
</tr>
<tr>
<td>Female</td>
<td>34</td>
<td>56.67</td>
</tr>
</tbody>
</table>

Source: Field Data, 2018

About 26(56.7%) of the respondents were male while 34 (43.3%) of the respondents were female. Study shows that majority of the respondents were female. This indicates that, most of the staff at NSSF are female as compared to male.

Ideally, the study shows that in most of public organizations the number of female is bigger than the number of male. Women may now seem to be aggressive to grab opportunity in economic pattern in Tanzania.

4.3.2 Age of Respondents

There was a need to identify the ages of each respondents in the population to find out different age categories population in relation to working experience. Consider the Table below:-

Table 4.2: Distribution of Respondents by Age

<table>
<thead>
<tr>
<th>Age of Respondents</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-30</td>
<td>8</td>
<td>13.33</td>
</tr>
<tr>
<td>31-40</td>
<td>23</td>
<td>38.3</td>
</tr>
<tr>
<td>41-55</td>
<td>29</td>
<td>48.3</td>
</tr>
</tbody>
</table>

Source: Field Data, 2018

As indicated in Table 4.2 above about 13% of participants were of the age between (20-30) of years. Followed by 23% between (31-40) of years. Majority of the population aged between (41-55) were many presented by 29%. This tends to imply that most of staff at NSSF headquarters are at matured, Grown-ups and adults and
hence are capable to ensure that they deliver the best for NSSF’s contribution towards the development of the industrial sector in Tanzania.

4.3.3 Education Level of Respondents
This was also taken into consideration so as to find out whether the respondents possess adequate education which is very important for any organization to excel as well as NSSF to do the best and hence become capable to support the development of industrial sector in Tanzania. Consider the table below:

Table 4.3: Distribution of Respondents by Level of Education

<table>
<thead>
<tr>
<th>Education</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Degree</td>
<td>36</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Diploma</td>
<td>7</td>
<td>11.67</td>
<td>71.67</td>
</tr>
<tr>
<td>Master’s Degree</td>
<td>14</td>
<td>23.33</td>
<td>95</td>
</tr>
<tr>
<td>PhD</td>
<td>3</td>
<td>5</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field Data, 2018

About 36 (60%) of participants had degree level of education followed by master’s level of education 14 (23.33%), 7 (11.67%) diploma level of education and 3 (5%) PhD level of education. Therefore, majority of the respondents were found to have degree and master’s level of education. The findings indicated that, most of study participants have adequate level of education.

Observably results revealed that people in Tanzania are engaging in learning at a high extent that the number of educated people may increase in some future years to come. Thus supporting industrialization may be easier and strategic.
4.3.4 Working Experience of Respondents

Working experience of staff has significant impact in any organization. The more the staff is experienced, the more they perform better. In this regard, working experience of respondents was determined. Consider the table below:

<table>
<thead>
<tr>
<th>Working Experience</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>3-6</td>
<td>22</td>
<td>36.67%</td>
</tr>
<tr>
<td>7-9</td>
<td>15</td>
<td>25%</td>
</tr>
<tr>
<td>10-15</td>
<td>23</td>
<td>38.33%</td>
</tr>
</tbody>
</table>

Source: Field Data, 2018

Table 4.4 above shows that about 23 (38.33%) of participants had working experience between (10-15) of years, followed by 22 (36.67%) presented by age interval of (7-9) and 15 (25%) had working experience between (3-6) of years. Thus, most of NSSF who participated in the study are experienced and hence capable giving adequate information concerning subject matter of the study.

4.4 Major Findings

This part presents finding as per general objective of the study regarding the specific objective to address the subject matter on social security organization’s contribution in industrialization advancement in Tanzania, taking National Social Security Funds (NSSF). The discussion and findings were discussed below as follows:

4.4.1 Pension Funds’s Contribution in Industrial Sector Development in Tanzania

The study wanted to establish which type of contribution provided by social security funds toward the advancement of industrialization development in Tanzania. The data tools that were used to collect information were questionnaire and interview.
Thus, to find out whether industrial sector is among the priorities of social security funds sectors. Therefore, study findings were addressed to the management and staff from both industrial sectors and NSSF which comprised 60 respondents. The study findings below revealed as follows:

Table 4.5: Contribution Given by Social Security Funds toward Industrial Sector Development

<table>
<thead>
<tr>
<th>Types of Contribution given by NSSF in Industrial Sector Development</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuing Loans for The Expansion of Company</td>
<td>20</td>
<td>33.33%</td>
</tr>
<tr>
<td>Buying Shares from The Listed Companies</td>
<td>15</td>
<td>25</td>
</tr>
<tr>
<td>Through Owning Its Own Industry</td>
<td>10</td>
<td>16.67%</td>
</tr>
<tr>
<td>NSSF Partnering with other Social Security Funds Companies</td>
<td>8</td>
<td>13.33%</td>
</tr>
<tr>
<td>Through Buying Materials/Product and Services</td>
<td>7</td>
<td>11.67%</td>
</tr>
</tbody>
</table>

Source: Field Data, 2018

From Table 4.5, it was established that there various contribution of given by Social security funds sectors in supporting industrial growth in Tanzania such that: - Issuing Loans 20 (33.33%), Buying shares from those industries 15 (25%), Through owning industry 10 (16.67%), Partnering with other partners and industries 8(13%) and Through buying materials and products 7 (11.67%).

The study shows that social security funds sectors say NSSF support industrialization largely by offering loans and buying shares from the listed companies. The rest of contribution being suggested by respondents may not mean they are insignificant perhaps they are not preferable when considering the industrial development in
Tanzania as per nature of economic pattern. The data were also summarized in pie chart graph as indicate below:

**Figure 4.1: Social Security Funds’s Contribution to Support Industrial Sectors in Tanzania**

| Contribution of Social Security Funds to support Industrial Sector in Tanzania |
|---------------------------------|-----------------|
| issue loan                      | 33%             |
| Buying shares                   | 17%             |
| Owning industry                 | 13%             |
| Support to SME’s                | 12%             |
| Buying materials                | 25%             |

Source: Field Data, 2018

The findings confirm to the study by Storms (2017) on how the pension funds influence the capital market in Tanzania, the study the established that among the sectors which decelerate the growth for the market is inactive and slow strategic move taken by pension funds in initial public offer. The study establishes that among types of market primary and secondary. However, both secondary and primary market operations are limited interns of players, instruments, turnover and liquidity.

The study also, discovered that the development of capital market in an economy give pension funds greater opportunities for portfolio diversification in local market. However many pension funds in Tanzania face some elements of dissertation and hindrances from the board of trustees and lack of efficient system for carrying out transactions and custody services.
Ntungi (2015) in his study on the role of national social security fund in the socio-economic development of Tanzania found that social security funds play roles in the economic development of the country through investments, projects related to development, services provided to the public, social responsibility, matter based on employment creation and strategic planning, poverty mitigation, credit facility and education whereas, the combination of variable above will lead to total economic development of Tanzania.

Studart (2000) on the pension funds and the financing of productive investments, the study found that if investment is poorly organized then the pension funds may lag behind the development of economy as well industrial sector in the country will prefer investment with higher liquidity. So, the investment of pension funds will also need to be conscious on how wealthier and the degree of returns among the investment portfolio in the country. Furthermore, the investments portfolio may hinder pension funds in making effective and practicable investment decision in developing SME’s and Industrial sector.

4.4.2 The Strategies Used by Pension Funds Sectors to Develop Industrial Sector

The study aimed at investigating the Pension Funds’s strategies used to develop industrial sectors, This is another specific objectives of the study, The data tolls applied were questionnaire and interview as shown below :-

**Table 4. 6: Strategies used by Pension Funds Sectors**

<table>
<thead>
<tr>
<th>Strategies used by Social Pension Funds Sectors to Develop Industries</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>By Linking Fund’s Strategic Asset Mix to Its Liabilities</td>
<td>9</td>
<td>15</td>
</tr>
<tr>
<td>Make Decision Using Adjusted Or Hedging</td>
<td>20</td>
<td>33.33</td>
</tr>
<tr>
<td>By Striking Balance Between Liquidity Profitability of The Investment</td>
<td>10</td>
<td>16.67</td>
</tr>
<tr>
<td>Periodic Measurement</td>
<td>15</td>
<td>25</td>
</tr>
</tbody>
</table>
Through Risk Assessment of Investment

Source: Field Data (2018)

From Table 4.6, about 20 (33.33%) of the respondents portrayed that among the strategies is through making decision using risk adjusted, Periodic measurement of investment performance 15 (25%). Followed by 10 (16%) 10% by striking balance between liquidity and profitability of investment and by considering risk and reward of any investment, 9 (15%) by linking fund’s strategic asset mix to its liabilities and 6 (10%) through risk assessment of investments.

Generally, the findings show that making decision using risk adjusted and periodic measurement were the main strategies applied by social security funds in supporting industrial development in Tanzania. Moreover, the study show even distribution of respondents and hence this could mean that all strategies are significant in supporting industrial development by social security funds in Tanzania. The study findings on strategies applied by social security funds were also summarized by bar chart below:-
Also, Duhu and Ameh (2017) on the impact of contributory pension strategic scheme on economic growth. The study was embarked on empirical evidence on how pension fund contribute to economic growth scheme. The study implied that authorities have been not able to utilize pension funds asset and saving mobilized to boost domestic products (GDP). It was established that regardless of the strategic move to develop economy pension funds asset and pension fund contribution/savings mobilized over the year have positive but insignificant impact on the economic growth.

Moreover, the study found the gap of which reconciliation between pension funds administration and pension funds custodians. This will bring transparency and accountability to the system. Moreover, the study discovered the weakness which should be addressed through pension funds effective monitoring, supervision and
enforcement of the provision which are inevitable ingredient in the contributory pension scheme toward gross domestic products (GDP).

Viceria (2015) on pension funds design and developing economics. The study found that trustee skills, best practices and legal standards are important; they are not only considerations that matter. The promise of pension is a shared responsibility that involves and intergenerational agreement with important implication for the society and economy at large. The study came up with some strategies based on pension funds sectors to improve their performance toward economy growth and hence industrial development such as: - Selection of governing board member with relevant skills and knowledge on country economic development, insulation from conflicting political or third party agendas, Development of a board self-improvement culture, Sufficient size to allow cost effective management of assets, Clear understanding of the board missions and investment beliefs.

4.4.3 Challenges Faced by Social Pension Funds in Contribution of Industrial Development

The study aimed at finding out challenges in contribution of industrial development that face pension funds a case of NSSF. Based on the specific objective the respondents were asked to provide their opinions regarding challenges facing NSSF to the contribution of development of industrial sector. The result for this objectives are presented in Table 4.7 and Figure 4.3.
Table 4.7: Challenges faced by Pension Funds Sectors in Supporting Industrial Development in Tanzania

<table>
<thead>
<tr>
<th>Challenges Facing NSSF to the Contribution of Industrial Development</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political Influence</td>
<td>20</td>
<td>33.33</td>
</tr>
<tr>
<td>Low Return on Investment</td>
<td>9</td>
<td>15</td>
</tr>
<tr>
<td>Lack of Accountability, Efficiency and Prudent Investment Decision</td>
<td>8</td>
<td>13</td>
</tr>
<tr>
<td>Lack of Financial Sustainability</td>
<td>14</td>
<td>23</td>
</tr>
<tr>
<td>Changes of Operating Environment</td>
<td>9</td>
<td>15</td>
</tr>
</tbody>
</table>

Source: Field Data (2018)

From Table 4.7, the study stipulates that among the challenges faced by pension funds are such that: 20 (33.33%) suggested that political influence is one among the critical challenges facing pension funds in supporting industrial development, followed by lack of financial sustainability by 14 (23.33%). Moreover, 9 (15%) suggested low return and changing of operating environment challenges and 8 (13%) lack of accountability, efficiency and prudent investment decision.

The study findings on challenges faced by pension funds sectors in supporting industrial sectors were also summarized in the bar chart below:-
Table 4. 4: Challenges Facing Pension Funds Sectors in Supporting Industrial Sectors

Onyango (2010) in his study found that pension funds sectors suffer from a series of significant weaknesses reflecting deficiencies in their design in the financing and administration, aggravated by the economic crises and the radical measures necessary to face structural causes. The most pertinent concerns were lack of adequate legal and regulatory framework, the low coverage with marginalization of informal sectors, lack of institutional capacity to deliver the social assistance program effectively, imprudent investment that lead to negative rates of returns on overall investment, Excessive government control and interference in the activities of pension funds.
Sheng (2013) found that the main impediment to investment is high risks which are not compensated. In that regard, the best way to increase more investment is to create the possibilities of reducing such risks. Although risks cannot be the same to each investment, in general, risk profiles can be dissected into several factors including: risk based on idiosyncratic credit, risk based on governance and political issues such as weak rule of law, poor property rights and weak regulatory framework as well as uncertainty regarding government policy, risk based on settlement and operating policy and systematic market such as risks of market volatility and credit crises as well.

However the study discovered additional structural factors which can impede industrial sectors investment including: Limited or asymmetric information, e.g. about credit quality of the borrower which can lead to credit constraints, Incomplete markets such as lack of insurance market, high cost such as bureaucratic red tape or high transaction costs which lower expected returns, lack of private market demand which is particularly important from public goods such as green technology and limit in local projects preparation, Implementation and monitoring capacities, particularly from project finance (ibid).

### 4.5 Regression Results

The study to test variable relationship applied linear regression model based on STATA tool of analysis, this used to establish the extent of relationship between independent and dependent variable. Independent variable was industrial development in Tanzania. While the independent variables are Loans, Buying Shares, Own Industries, and Partnering with others, Buying Materials, political influence, returns on investment, accountability and efficiency, financial sustainability and operating environment as it is shown below

#### 4.5.2 Probit Regression

Probit regression, also called a probit model, is used to model dichotomous or binary outcome variables. In the probit model, the inverse standard normal distribution of
the probability is modeled as a linear combination of the predictors. The probit regression have variables element such as Log likelihood, Number of obs, Prob > chi2 and Pseudo R2. The probit regression. Thus, probit regression model computes the parameters which determine a predicted probability of dependent variable to occur based on independent variable as presented below:

Table 4.8: Probit Regression

| Variables      | coefficient | Robust | Z   | P>|Z| | [95% conf.Interval] |
|----------------|-------------|--------|-----|-----|----------------------|
|                | Standard Error |        |     |     |                      |
| Age            | -0.219      | 0.059  | -3.68| 0.000| -0.335 -0.102        |
| Marital Status | 1.128       | 0.611  | 1.85 | 0.065| -0.069 2.326         |
| Education      | 0.380       | 0.329  | 1.16 | 0.248| -0.264 1.025         |
| Loans          | 3.874       | 1.453  | 2.67 | 0.0076| 1.025 6.722          |
| Shares         | 1.687       | 0.848  | 1.99 | 0.0778| 0.025 3.349          |
| Industry       | -4.504      | 1.036  | -4.35| 0.051| -6.534 -2.474        |
| Partner        | 3.208       | 0.582  | 5.52 | 0.038| 2.068 4.347          |
| Materials      | 3.244       | 1.219  | 2.66 | 0.000| 0.855 5.633          |
| Politics       | -2.164      | 0.879  | -2.46| 0.015| -3.888 -0.439        |
| Low Returns    | 1.595       | 0.818  | 1.95 | 0.0750| -0.008 3.198         |
| Lack of Finance| 1.617       | 0.641  | 2.52 | 0.0564| 0.361 2.873          |
| Change of Environment | 3.263 | 1.236  | 2.64 | 0.048| 0.841 5.686          |
| -cons          | -49.187     | 17.819 | -2.76| 0.006| -84.114 -14.261      |

Source: Field Data (2018)

Table 4.8 above shows that, among the data give out significant level output which show that the model is correctly since the variables such as Loans, Buying Shares, Own Industries, Partnering with others, Buying Materials, at 0.001 significance level
with the probabilities of 0.0076, 0.0778, 0.051, 0.038, 0.000. While political influence, returns on investment, accountability and efficiency, financial sustainability and operating environment significant at 5 percent acceptable probability parameter/set standard were: - 0.015, 0.750, 0.0564 and 0.048 correspondingly. This implies that dependent and independents have significant relationship thus: Loans, Buying Shares, Own Industries, partnering with others, Buying Materials, political influence, returns on investment, accountability and efficiency, financial sustainability and operating environment have influence on industrial development in Tanzania and vice-versa is true.

4.5.2 Goodness of Fit Test
This is the linear model which determines the relationship of variable depending on how well one fact fit the other between dependent and independent variables. Thus, Goodness of fit is statistical model establishing how good the model fit the data and information provided. It contains element which altogether measure how well model fit the data, namely: - Correctness percentage, Pseudo R-square. While Log Likelihood chis-square was applied to test the fitness of the model if its statistically significant. After the thorough analysis of the study established that the model is statically significant with probability of 0.0055. Thus, more than one variable in the model fit or significant.

4.5.3 Marginal Effect Model
Marginal effect and its coefficient are also explained below under probit model to determine the influence of independent variable to the dependent variable. Say industrial development with its independent factors such as: Loans, Buying Shares, Own Industries, partnering with others, Buying Materials, political influence, returns on investment, accountability and efficiency, financial sustainability and operating environment. Consider the table below:-
Table 4.9: Results from Probit Model

<table>
<thead>
<tr>
<th>Explanatory variables</th>
<th>Coefficient</th>
<th>Marginal Effect (dy/dx)</th>
<th>Effect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>-49.187</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>[17.819]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>0.6587*</td>
<td>-0.033***</td>
<td></td>
</tr>
<tr>
<td></td>
<td>[0.4206]</td>
<td>[0.013]</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>0.0191*</td>
<td>-0.2203*</td>
<td></td>
</tr>
<tr>
<td></td>
<td>[0.4084]</td>
<td>[0.1947]</td>
<td></td>
</tr>
<tr>
<td>W. Experience</td>
<td>-1.3587</td>
<td>-0.03556</td>
<td></td>
</tr>
<tr>
<td></td>
<td>[0.4673]</td>
<td>[0.2354]</td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>-0.1928*</td>
<td>0.1017**</td>
<td></td>
</tr>
<tr>
<td></td>
<td>[0.3828]</td>
<td>[0.191]</td>
<td></td>
</tr>
<tr>
<td>Shares</td>
<td>0.7466</td>
<td>0.0287**</td>
<td></td>
</tr>
<tr>
<td></td>
<td>[0.3828]</td>
<td>[0.184]</td>
<td></td>
</tr>
<tr>
<td>Industry</td>
<td>0.8027****</td>
<td>0.653*</td>
<td></td>
</tr>
<tr>
<td></td>
<td>[0.3830]</td>
<td>[0.199]</td>
<td></td>
</tr>
<tr>
<td>Partnering</td>
<td>0.3251***</td>
<td>0.649***</td>
<td></td>
</tr>
<tr>
<td></td>
<td>[0.582]</td>
<td>[0.227]</td>
<td></td>
</tr>
<tr>
<td>Buying Materials</td>
<td>0.8160***</td>
<td>0.588***</td>
<td></td>
</tr>
<tr>
<td></td>
<td>[0.4224]</td>
<td>[0.198]</td>
<td></td>
</tr>
<tr>
<td>Politics</td>
<td>0.9734**</td>
<td>-0.309**</td>
<td></td>
</tr>
<tr>
<td></td>
<td>[0.4949]</td>
<td>[0.192]</td>
<td></td>
</tr>
<tr>
<td>Returns factors</td>
<td>-0.1976*</td>
<td>0.422*</td>
<td></td>
</tr>
<tr>
<td></td>
<td>[0.4211]</td>
<td>[0.316]</td>
<td></td>
</tr>
<tr>
<td>Financial factors</td>
<td>0.3291**</td>
<td>0.451**</td>
<td></td>
</tr>
<tr>
<td></td>
<td>[0.641]</td>
<td>[0.272]</td>
<td></td>
</tr>
</tbody>
</table>

Number of observations 60
Log Pseudo likelihood 0.3195
Wald Chi2 (13) 26.49
Prob > Chi2 0.0055
Pseudo R2 0.3195
Obs. P 0.4667
Pred. P 0.4287 (at X-bar)

Source: Field Data (2018)

Note: Robust standard errors in brackets, * Significant at 10%, ** Significant at 5%, *** Significant at 1%, (#) dy/ dx is discrete change of dummy variable from 0 to 1.

The probit regression results above describe variables in relation to their significance level toward the industrial development in Tanzania.
Age, Education and Work Experience The results from Table 4.9 above show that, the coefficient of age, education and work experience is negative with statistically significant at 1% significance level. The marginal effect showed that, age has nothing to do with industrial development in Tanzania.

Loans: the findings indicate positive coefficient on loans provision is with acceptable parameter of 0.001. Thus, this suggests that loan has positive relationship with the industrial development. Therefore, as the capital of the industries and provision of loans increase the occurrence of industrial development also increase by 13%. This may be because of role of loans it play to the investors and SME’s business ventures.

Again, the study establishes that buying shares has acceptable parameter at 0.005 and positive correlated coefficient (positive coefficient). Thus, it suggests that buying share as its role on adding up leverage to the companies and SME’s which are listed in Dar es Salaam stock exchange has influence on industrial development.

Owning industry: as it is shown in the Table 4.9 above, the coefficient of the independent variable labeled owning industry is positive and statistically significant at 1 percent significance level. Buying or establishing new industries in the country will add up to the number of industries and encourage many other investors to establish more industries. All mentioned results merged from the owning industry factor are encountered as essence of industrial development. Thus, Owning of industry pension funds has significant role in developing industry in Tanzania. That is to say, establishment of one industry in the country may lead to existence one more industry and hence industrial development.

Partnering with other financial institutions: The finding indicate that the coefficient of the independent variable labelled Partnering with other financial institutions is valid with acceptable standard level of set parameter 0.001.
Ideally, financial institution in the country become together in achieving a particular target such as industrial development sound great and determined rather than only one sector. When pension funds unite with banks, and ministries to build more industries in the country then it’s a sure sign of industrial development in a particular area.

Buying Materials, Returns and Financial Factors: Have positive coefficient under significance level of 1%. Despite their contribution on industrial development but it depend on the situation of the factor such as if returns are positive then pension funds will increase to investment. Also, financial factors if available then pension funds will be in a position to invest more unlikely when there is enough funds to finance industrial development.
CHAPTER FIVE

DISCUSSION OF THE FINDINGS

5.1 Introduction
This section explains and gives more argument and discussion that were generated through analysis of findings in previous chapter. Through the discussion of what has been presented in the previous chapter in relation to the subject matter based on the objectives of the study. The discussion focused on the industrial sector development in Tanzania. The study specifically wanted to assess the contribution mechanism toward industrialization in Tanzania by social security funds sectors, investigation of strategic nature of those social security funds sectors and determine challenges faced by pension fund in contribution in industrial sector development.

5.1 Objective 1: To find out the contribution given by pension funds in development of industrial sector in Tanzania
The study used the variables namely issuing loans for the companies’s expansion, buying shares from the listed companies, through owning its own industry, NSSF partnering with other social security, funds companies, through buying materials/product and services. The study summarized as per the findings as presented in the prior chapter: -

Issuing Loans for the Expansion of Companies; was most predictable to be the most variable to impact the industrial development in the country as opined by the respondents, followed by buying shares, industry ownership. However, partnering and materials buying seemed to be lesser supportive from the respondent’s points of views. Issuing of loans, I see to be most preferential point of view and perception of the industrial development as it concentrates upon enabling various people from various background to stabilize in business and become great business people in the industry. It includes many people who have firm’s ideas but lacking initiatives and creditability from various financial institutions to launch business in the perspectives
and level they want it to be. Many people observably pointed out loan to be the factor as it caters across various angle of entrepreneurship in the developing countries. Thus, it becomes an issues for a household to establish the firm with which can stand as a platform for many people at the particular place including youths and women. The findings show that many firms are at risk of lacking loan for supporting their business capital base and hence to meet their business expectations. It could be due to such a tiresome and prolonged process of obtaining loans as a business to enroll the business. Also, due to unified form government structure most of the business most of the government organization including NSSF has now been positioned under a very bureaucracy process to assign loan to firms which have all the credibility to move on with business. However, despite the loan difficulties conceptions the study findings show that if the loan availability is accessible and easy then the industrialization is inevitable to the country and many dying industries can be brought to life.

The study by Storm (2017) postulated that there is a need of the country to invest money on what called industrialization and rapid technological progress economy. Think about: robotization which makes industrialization more capital-intensive and rather than labour intensive and accelerating climate change will make it more difficult for late-industrializing countries to successfully industrialize now and in the future, mainly because the adverse distributional consequences of manufacturing growth will strain political power balances. Though, industrialization is needed more than ever. The problem is how to organize the structural transformation towards manufacturing in a politically feasible manner and fair socially responsive.

The issues analyzed in this virtual issue will continue to trouble us for a long time to come. Moreover, the study by Ugwany (2017) on industrialization drivers and economic growth revealed that industrialization has been identified as a definite strategy for developing an economy. It involves using country most significant resources for the establishment of industries and factories which turn raw materials or semi processed products into finished goods. In most African countries economic
growth is on a positive path and the global perception of the continent have evolved to that of sheer optimism. Alongside, economic management is becoming prudent, a middle class is emerging, and social indicators are rapidly improving. Empirical findings tells that overdependence of commodity exports exposes an economy to volatility in international prices, dwindling prospects for long term growth, hence, external shocks are normally beyond the control of most countries and they are disastrous. Establishing a vibrant manufacturing sector is a powerful engine of growth and development. In actual fact, virtually all developed countries are industrialized. This shows that they have reallocated their physical, financial and human resources towards more productive sectors such as manufacturing. Hence, economy will need to follow suit.

Also, the study findings again show that buying share and raw materials can contribute to industrialization at high extent. This can be inversely perceived since many Tanzanians have not yet put themselves in shares business. That’s why DSE started to conducting students’ competition on share buying games or demos. Therefore, if the motives for people who are both government and privately employed to buy share may still lag behind Tanzania economy and hence poor industrial growth in the country. Buying materials has been less preferred by respondents in the industrialization in the country. This could be due to the argument which questions the quality the internal available raw materials to be applied by other firms as reliable and valid sources of inputs for a desired output. It has been observed that most of the raw materials applied in the firm industry as source of input are from abroad. Hence, the country has enacted some rules for manufacturers in Tanzania to consume the internal available resources for their productivity if any. Again the concept of buying shares is indicated to be much preferable. However, it can be favorable and appropriate when the particular industry is at peak unlikely to growing up industries.

The idea of buying share from the companies is rather positioned at profit orientation and well established industries which need capital add up or some sort of financial
games for net income increase. Buying shares is related with growth of industries in such a way that those industries exhibiting consistent and quickly growing sales figures and inflow of investment. Thus, growth of industries tends to be composed of relatively volatile and risky stocks/shares and often investors are willing to accept increased risk so as to take part in the potential large gain. If the gain is not obtained as expected by investors say NSSF it may lead to confusion between these two units of economics. Buying shares can instead bring pressure to industries which need to grow and the same time need to sell shares so as to expand capital. Moreover, buying shares can stand as a concept and not tangible opinion for industrial improvement if product and services by those are perfect consumed by Tanzanians and other many beneficiaries reported by Biyan (2012). In Tanzania the public is largely unaware about the essence, functions and benefit of capital market. This brings in and idea that stock exchange and market regulators need to make sure that the education and awareness is impacted to the public and not only experienced buyers and sellers of shares.

Again, through owning it is industry as the strategy by pension funds to stimulate the industrialization in the country. Again the idea of owning industries seems to be necessary for companies to exist. However, the most pension funds sectors in the country like NSSF has been spending a lot its resources in making fixed assets mainly building of houses in different part of the country whereas, instead of owning industries it put much capital on building for which employment creation and many circulation in the economy would be either not growing or decelerating. However, Gaya (2016) found that pension fund schemes are also engaged in industrial sector investment. Recently, the pension fund schemes are considered one of the key stakeholders in promoting industrial sector through investment. While, Ntungi (2015) identified various social development by pension funds such as improving peoples’ lives, employment, and the government gets money, provision of loans, and provision of various assistances to the government projects. Similar study carried out by Cridland (2014) further postulates that financial sectors including pension funds in the country can have a significant voice on the development of industrial sectors
by critically proposing new industrial policies allowing more foreign investments, opening up and asking from government more land for more areas for private domestic and foreign investment, Part disinvestment of government equity in profitable public sector enterprises which are profitable.

The study furthermore brings in an idea that pension funds can also attempt to incorporate those financial sectors by allowing both public private banks. e.g NMB and CRDB by allowing liberal import and export policy of transactions through the banks registered in the country to allow easy movement of funds for development. However, it has been observed that in Tanzania most of the private sector is indeed a major actor for creating economic opportunities for people living in poverty, through investment, generating employment, creating innovation and generating revenue for social sectors. But not all such investments have been yet insisted and promoted to bring impact on reducing poverty and growing socio-economic inequalities in many regions especially in villages where they experience strong economic growth.

The study further is related to the point of view that private sector involvement in brining development can be more effective as development actor by improving its performance on promoting democratic ownership and human rights as for Tanzania, it has been currently un stable in term of human right and democracy whereas, it seem like one part has power of another group of people in the country. Private sector involvement in development is afflicted with human rights challenges across Asia Pacific region, ranging from exclusive decision making, mis prioritization, misinformation, limited impacts appraisal impacts, lack of accountability etc and cases abound. The development principles of private sector, i.e to seek profit and associated practice is often incompatible with the development priorities of many marginalized communities and which maintained inseparable relationship with their land for survival, and this impinge on development results. Tisimia (2014) on his study on the industrial development by both private and domestic sectors in the country discovered that industries can not only be promoted by shares and capital. As it is known that the Tanzania economy backbone is
agriculture. Thus, agriculture must also be included. This can be determined by encouraging agriculture which can later lead to availability of raw materials. Moreover, agriculture produces backward employment connections by creating markets for raw materials from agriculture. The study further suggests that in addition to generating employment and cash income, agriculture can make the best use of land resources while reducing poverty and improving industrialization in the country.

Ideally, Pension sector involvement in agriculture development will be more effective if the people are aware of agriculture that it can produce appropriately and hence high output which lead to marketing of Tanzanian’s product outside the Tanzania boundaries. For development purpose private and domestic sectors to be a true partners in development in way that the agriculture improve the social and economic rights of marginalized populations, focus on the economic empowerment of women, create conditions for decent work, and fund to promote socio-economic inclusion and social protection.

5.2 The strategies used by Social Security Funds Sectors
The study objective was to identify the strategies used by social security funds in developing the industrial aspect in the country. The study then set strategies which were tested such as :- Fund’s Strategic Asset Mix to its Liabilities, Adjustment Or Hedging, By Balancing Liquidity and Profitability of the Investment, Periodic Measurement and Risk Assessment of Investment. The study pointed out that among the strategies, the strategy of making decision by adjustment or by hedging and periodic measurements are the most preferable strategies for social security funds to support industrialization in the country. Below the strategies are presented such as;
Making decision using adjustment or hedging perceived to be the most strategy to be applied social security funds in investing as to support industrial growth in the country. Hedging or Adjustment always go with the flow of the business environment as to which direction and what expectation from the business. It determines the pay back, Breakeven, or return in an assured manner. Study shows that most social security sectors invest strategically and hence they have hedging policies in place, normally stipulating the types of instruments and intention, and possible styles of hedging which can be applied as a part of organization hedging activities.

However, the organization can decide to have floating (fluctuating) or a fixed interest payment in a loan book involves a view that can be strategic or tactical. Thus, the social security sectors such as NSSF takes time to find additional value in being more precise in determining when to adjust hedging and when to use various hedging instruments at different times.

Hedging is however observed to weigh more the share investments kind of investments whereas NSSF will investigate the prices situation of the industries in the country and invest in. This could bring some sort of controversy when the economy is still at growing stage. When the nation is stabilizing the economy the hedging adjustments may seem to be irrelevant since many industries are also stabilizing and capitalizing and many of them are at maturity stage. So, hedging adjustment being the most opined strategy by the social security in making investment is still questionable as to which level of impact it can instill in the country’s industrial development. Some companies at some point of time they cannot buy or sell share and hence hedging becomes useless.

A study by Peng et al., (2016) on discretion of dynamic position adjustment in hedging strategy stipulated that, unlikely the static hedging strategy managers believe that in investment of shares portfolios hedging reduces price volatility and portfolio risk. Sometimes hedging means adjusting positions in real time. However, as a result
of the findings focus on hedging has become the debate on the pros and cons of developing industries. Furthermore, the study shows that hedging adjustment is more centered on stock business with which the prospected investors will have to weigh the risk of the business based on cost and price of that particular company shares. Hedging being most preferred by investors it portrays the sense of profit and ownership rather than supportive measure to make other many industries to grow in the country and hence stable economy. Again, Deford (2014) on how hedging poses a systematic risk to the economy, the study revealed that hedge funds are investments pools open to high-asset individuals and institutions have been exempt from many of the reporting and regularity requirements that govern investment pools to other investors. The study showed that hedge strategy don’t play pivotal role compared with other strategies in the organizations.

Moreover, the study found that periodic measurement is another strategy applied by pension funds to manage investments and industrial development. Periodic measurement is applied by NSSF to maintain the competency and consistency of the business invested.

It was observed that in order to keep the same nature of the business within its planning and target boundaries, social security funds practices the periodic measurements to assess the projects positions and performance flows. Rather, the study do not dig deep to find out how periodic measurement is carried out by NSSF, because when there is periodic measurement therefore it is so easy for the NSSF to find out what are hindrances possible sources of projects/industry poor performance. Ideally, some periodic measurement can be performed based on assessing the managers of organization prospected growth industries instead of looking at the activity and its output. Saman et al (2014) reported that the benefit of implementing periodic measurement is to promote quality management system in the various industrial development projects.
The study found that implementing periodic measurements can improve communication problems, minimize mistakes, rework, and material wastage. Thus, the quality of the projects invested, industrial operations finally bring in productivity, profitability and market share to increase and also enable the development progress to meet its target. However, the periodic measurement needs to focus on time, cost and quality and not just looking at progress. Some start up industries without well periodic measurement may end up failing. Looking at progress only may not be sufficient, so the periodic measurement also need to reflect the time, costs and quality.

The nature of pension funds practices has a wide platform of developing Tanzania industrial sectors. Thus strategies are highly needed in every stage of its implementation. Periodic measurements strategies, liquidity management strategies, risk adjustment and assessment may not only be the required strategies. Whereas, the strategies such as strategic human resources for all organizations which support entire country development through efficient and effective management, strategic management among the organizations, financial strategies and entrepreneurial strategies.

Similar study carried out by Maliehe (2011) on the analysis of community participation developing of hand crafts industries, put forward that industrial strategies in Africa is a term that generally refers to any attempt by government, any sectors within the country to apply a coherent and consistent set of policies that are designed to improve the performance of the economy. The policies must be frequently directed at the manufacturing sector, but an industrial strategy could also center on the performance of a number of other sectors in the economy, ranging from resource production to services. The study further explains that industrial strategies are oriented towards correcting imbalances in the economy's performance and involve the assumption by government of a prominent role in facilitating or effecting economic change.
Nevertheless, striking balance between liquidity and profitability of the investment is among the strategy applied by social security funds sectors in supporting industrial growth. The NSSF believe that the financials invested in a project/industrial growth development must bring back the profit. However, this could sound significant if the striking of liquidity and profitability is in industrial development rather than fixed assets. e.g NSSF apartment projects. Profitability and liquidity are believed to be the effective indicators for NSSF to measure the corporate health of those performances of the invested unit under NSSF toward industrialization. These performance indicators used are very important that even stakeholders and management can check the state of liquidity and profitability the study observed that a firm who is required to maintain the balance between liquidity and profitability while conducting its daily operations. Whereby the liquidity determine pre condition to ensure that firms are able to meet their short term obligation which in long term makes firm become profitable and vice versa is true. Again, the NSSF prefer the strategy to measure the performance capability of the industries and output by taking total income minus excesses minus original savings.

Similar study carried out by Akhwale (2011) on relationship between liquidity and profitability of companies. The study postulated that firm is required to maintain the balance between the liquidity and profitability while conducting daily industry operations. The study further states that maintaining a proper liquidity indicates that funds are confined to liquid assets thereby making them unavailable for operational use or for investment purpose for higher returns. Moreover, Niresh (2012) put forward that there is an opportunity cost associated with maintenance of those liquidity asset and it might affect the overall profitability of the firm. In other words, increasing profitability would tend to reduce firm’s liquidity and too much attention on liquidity would tend to affect profitability. Also, few respondents recommended on the asset mix to liability strategy on the industrial development whereas, the breakdown of all invested firm project’s assets within a fund or portfolio is taken, Thereafter, assets can be assigned to one of the core asset classes depending on the liabilities such as stocks, bonds, cash and real estate. An asset mix breakdown helps
investors understand the composition of a portfolio. Veira (2010) states that asset mix breakdowns are one aspect of regular investment reporting. Fund managers provide investors with detailed percentages invested by each asset category in the portfolio in relation to its liability. The market value of investments from each asset category is represented as a percentage of the total portfolio. Thus, the comprehensive mix of assets will equal 100% and show the breakdown of investments across the entire portfolio.

The asset mix of a portfolio is an important consideration for investors. It can be a key determinant of the risk/reward profile of the fund. It can also provide insight on the long-term performance expectations. Again Ibrahim (2013) on the factors influencing performance of insurance sectors observed that there is a need to identify the opportunities to unlock growth sectors that will be a key feature in the development of industrial strategies with sector deals being done at the national level and places being encouraged to identify their distinctive comparative advantage or leading sectors in Tanzania. Unlikely to some past strategies which have succeeded to greater and lesser degrees in identifying areas distinctive strengths and assets but this alone is not sufficient justification for public sector intervention or in identifying the most effective ways to unlock growth, that is having a large number of firms in the creative industries.

The study further places an idea that instead of pension funds sectors to support industrial growth there is a need to get under the skin of firm-level decisions and develop a more granular level understanding of sectors and crucially where the assets and barriers to growth lie. Assets may include universities and other local institutions, local partnerships, specific expertise or concentrations of activity, while barriers may include skills shortages, lack of appropriate business space and lack of coordination between complementary businesses. Whereas, Pension funds should seek to support new activity and growth, responding to changes in the global market, rather than trying to revive shrinking sectors.
This is more likely to support growth over the longer term. For example, while there may be justification for supporting growth of specific activities within manufacturing, the sector as a whole has been declining in employment terms over the longer term.

The last but not least strategy recommended was risk assessment of investments. Few respondents recommended on the strategy of risk assessment being one among the strategy for social security funds to develop industries. It involves assessing the riskiness of the business before investments. In another words, it determines which is the best alternative among the investment portfolios or groups of investment available. Implementing the investments projects is vulnerable to risks that affect project objectives and hence poor investment returns. Some internal or external risk factors may affect project targets. Project risk can be sourced from resource factors, which includes labor, materials, financials and equipment. The risk is the probability of unexpected conditions and all of consequences possibility for project delays or project failures. To growth industries risks are the variable of activities or factors and, if they occur, will decrease the achievement level of project objectives, i.e., cost and perform. From the above definition, it can be concluded that the risk is an occurrence of uncertainty with an absolute chance of a condition that leads to unfavorable consequences of affected the security and safety.

Similar study by Mihajlovic et al.(2016) the risk assessment process involves use of contemporary methods and techniques required to achieve efficient management of the strategic projects. In practice, strategic investment projects most frequently apply the following techniques for their evaluation and monitoring: the net present value, the return on investment, the internal rate of return, the cost benefit analysis, the repayment period, the sensitivity analysis, the risk analysis, the decision tree, the forecasting methods, the simulation, the game theory.. The study further postulated that selection process of the techniques and methods to be used in the strategic project management process includes prior analysis and assessment to which extend certain methods and techniques would be applied, if applicable at all.
The evaluation and the forecasting of future undertakings, activities and processes are accompanied by risk and uncertainty. Some future project settings might bear risk that could lead to negative and in rare cases positive impact on the project implementation. This is the reason that the project management process involves appropriate project risk management. Kerzner (2014) the risk management is an action or an exercise for dealing with risk. The project risk management includes several related actions, such as the risk planning, the development of strategies for risk handling and monitoring, the identification and analysis of risk events, all oriented towards the project success. Successful risk control and management in the strategic investment projects may lead towards the successful implementation of the projects.

Ideally, for the development county like Tanzania application of strategies like periodic measurement need to be put with very high emphasis to avoid scandals of money laundering, corruptions and unethical funds usage especially government parastatals. Thus Mkilalu (2013) argued that those authorities such as Regulatory Authority (SSRA), Ministry of finance and planning (MoFP), Bank of Tanzania and government treasury through investment policy has the role of controlling, planning, organizing and emphasizing decision and monitoring all issues related to the investment in pension funds. However, it was noted that one of the investment which most pension funds do is through industrial sector. Moreover, pension funds contains several schemes and planning frame which need strategic nature in every stage of its implementation and decisions as it is stated by BOT and BOA (2009) that among the pension funds sectors in Tanzania such as PSPF is a partially funded scheme for employees of central government, PPF A pension fund covering employees of central government, LAPF:-A pension fund for employees of local government, GEPF: is a provident fund for government employees mostly police force and NSSF which is based on private members while WCF is for workers compensation who are mainly government employees and private employees.
The study however positioned on the concept that industrial strategy is fairly recent, the concept of using the powers of government and private sectors to shape the economy is not new in Tanzania. For example, major efforts in Canada to build industries were to establish an integrated national economy through tariff protection, the construction of the transcontinental railway and the encouragement of immigration to settle the west (UNDP, 2015). From the argument above like many economic strategies, the pension funds sectors are recommended to root out the difficulties facing the manufacturing sectors lay in tariff protection and advocate a steady reduction in the level of tariff protection enjoyed by firms of near countries such as Kenya, Uganda, Rwanda and so many and ensure integration of the Tanzanian economy into the international economic system, eg, pension funds to establish a forum on active government support for international agreements and institutions that promotes the liberalization of world trade, such as the general agreement on tariffs and trade (GATT). An increase in competition, generated by an increase in imported products, and wider export opportunities for domestic producers.

Also, the concept can be stressed on the improvement of structural problems of the industrial sector such as the relatively small size of most firms, excessive concentration on domestic as opposed to export markets, and a failure to give sufficient emphasis to industrial design and innovation. Moreover, the pension funds should not rely on domestic industrialization but also by allowing sufficient number of foreigners to invest in Tanzania or being given loan by those pension funds to start their ownership in Tanzania. It can increase innovations from abroad, and to minimize export competition with the parent firm or its other foreign subsidiaries in Tanzania.

Economic Research Advisory Network (ERAN) (2016) depicts that more than the strategies suggested also particular emphasis can now be placed on ensuring that the regulatory and legislative frameworks that governments put in place to manage economic activity are sensitively designed to encourage competition and innovation.
of industrialization and that firms are able to cope with more open domestic markets and are able to perform well in domestic and foreign markets. The idea of exercising support on preparing leadership on the future direction of the country's industrial development still seems to have some attraction to governments when they deal with those parts of the economy where innovation and industrial change have been very rapid.

5.3 Challenges faced by Pension Funds in Contribution of Industrial Sectors Development

The study wanted to determine the challenges faced by pension funds sectors in developing industrial sectors in Tanzania. He study set up the following challenges namely:- Political challenges, Low return on investment, lack of accountability, efficiency and prudent investment decision, lack of financial sustainability and changes of operating environment.

However, Political influence and lack of financial sustainability are the main challenges facing the pension funds in Tanzania in developing industrial sectors in Tanzania. Political challenges have been recently identified by various misuses understanding among government official and opposing parties, government policies which may or may not favor some group of people which later affect the decision of government in various sectors. From the study findings it has been revealed that political influence has been a huge challenge on industrial development such that the political consensus on industrial policy slowly implemented comparing to world economic expansion as days go on. This result when there are some element of abuse of power and corruption that some industries could exist in the business due to favor of some leaders in the authorities and power.

The operation manger NSSF (2018) put it clear that “because of high levels of corruption and market distortions. Along with many other developing countries, the answer that was adopted by Tanzania was to reduce industrial policy rents and withdraw state ownership in the industrial sector.” Ideally, currently industrial
policy is the official strategic effort to develop the industrial sectors in Tanzania. Because if the policy is implemented and set strong it is easy for leaders and other role players to just adopt it and develop industries. This establishes unfavorable environment for most of investors say social security funds to develop industries unsteadily. (Mihajlovic (2016). However, Politics in practice impact industrial growth in a number of different policy areas and institutions for promoting investment and technology acquisition. Existence of poor industrial policy under dismantled democratic government much of the formal framework of state support to industry that had been constructed started to fall down, this can be observed through the shifting of foreign direct investment in the country for the fear of being grabbed their properties in different ways.

On top of that the study opined lack of finance being one of the challenges for industrial growth through social security sectors in Tanzania. Despite the cash flow being fine, it seems that most industries at growth point never have enough skills and efficiency in their budget to market to market their companies to its full potential. This creates a doubtful support that every industry struggles with their budget. So sometimes they come up with either under budget or over budget, mostly likely under budget will decline their production capacity and even quality, while over budget create a situation for excess money in which most of projects may not plan to opt to bring it back.

According to Floristeanu (2013), in essence the economic factor reflected is insufficient income from which pension systems pay pensions payable. Due to low rate of collection, the limited spheres of tax payers. Moreover, if social security funds schemes are not performing well say the collection if it’s poor will hinder those pension funds institutions to contribute properly in development of industries in Tanzania. Similar study carried by Okumus (2003) found that the main barriers to the implementation of strategies include lack of coordination and support from other levels of management and resistance from, lower and lack of or poor planning activities. Freedman (2003) added that the number of implementation pitfalls by
pension funds such as isolation, lack of stakeholder’s commitment, strategic drift, dilution, strategic isolation, failure to understand progress and initiative fatigue.

Another challenge is low return on investment, which was less significant challenge as the prior challenges listed above which seemed to have huge impact to industrial growth. Public investment projects with low returns (e.g. resource intensive public investment projects that do not target the most binding constraint) could be tiresome and discouraging. The study shows that most of industries prospected to be financed by NSSF show the absence of more detailed information on the returns on public investment. This makes NSSF to send time finding out feasible approach to avoid the risk of unsustainable debt accumulation due to overestimation of the returns on public investment in situations when the economic consequences of a higher unsustainable stock of debt are rising.

Ideally, if financial returns on public investment (Social security funds sectors) are not enough to enhance growth and to generate additional revenue of the public, the debt burden even increases. Then returns on public investment are relatively low compared to other countries or compared to expectations (for instance due to low investments project completion rates) so that financial returns are likely insufficient to service the debt. The study shows that that quantitative measures of the returns on industrial investment are very difficult or even impossible to calculate in practice. The reasons are far-ranging benefits and costs that are difficult to estimate and to trace. Ndulu (2015) the challenge of industry construction is also facing Africa notwithstanding it being the fastest developing continent in which the construction of industries is an area of focus. If both private and domestic sectors put positive attention to help challenges whereas both small and big companies are still struggling to counter the challenges and here we realize some five of the top challenges facing the construction industry in Africa. The continuous rising of project costs: This is one of the problems that are facing Africa’s industrialization, there is a constant increase in project costs.
This is almost due to the increase in prices of oil and steel caused by the weakening of local currency contrary to the dollar. Most companies provide a quote for a project simply to realize the project has cost extra than they budgeted for.

Corruption in developing countries is a term that seem as a factor which is causing development to lag behind. Also, corruption plays a role like the rest of the world and has suffered a lot at the hands of corrupt individuals and organized crime. Some companies for instance are allegedly paying top African government officials to receive tenders which have brought the construction industry in to disrepute. Lack of skilled labour cannot be underestimated when talking about the problems facing the African industrialization, for instance When construction opportunities rise in African countries some contractors are forced to go looking for skilled labour from other countries who always demand too high salary wages. Currently, the continent is unable to make available enough skilled labor or professionals who have the knowledge and ability to handle the job.

Additionally, the study portrayed on challenge of operating environment such as business environment in Tanzania which have insufficient dimensions of business environment that influences the performance of many firm’s growths such as poor economic environment, poor social environment, unsatisfactory technological environment, unbalanced political environment and legal environment. The study indicated these parts of general environment which influences the performance of many firms in Tanzania are still the hindrances to liberate the country from slow growth industrial plan and implementation. Ideally, in Tanzania one can say there is a need for more improved arrangement of manufacturing activities such that proper flow of economic activities to be arranged in a proper way. It also includes proper manufacturing areas as per type of products and services produced. It is sometimes weird to find all the economic activities congested at one area, say Posta and Kariakoo leaving plenty of land in Morogoro and other many unutilized areas in Tanzania.
Similar to study carried out by Waren (2016) explained that any business whether it is service institution, manufacturing or any type of business. The owners need to consider many operational factors when renovating or building a facility for maximum layout effectiveness. The study mentioned the following criteria which are:

- **Flow of movement**: the facility design should allow recognition of the importance of smooth process flow. 
- **Ease of future change or expansion**: Facilities should be designed so that they can be easily adjusted or expanded to meet changing needs of production. 
- **Space utilization**: this aspect of facility design includes everything from making sure that traffic lanes are wide enough to making certain that inventory storage warehouses or rooms utilize as much vertical space as possible. 
- **Impact on job satisfaction and employee morale**: employee morale has a major impact on productivity. 
- **Ease of communication and support**: Facilities should be placed out so that communication within various areas of the business and interactions with vendors and customers can be done in an easy and effective manner. Similarly, support areas should be stationed in areas that help them to serve operating areas.

Nevertheless, the study also found challenge on lack of accountability, efficiency and prudent investment. However, this seems to be the factors caused by the challenges from the above discussions which create unfavorable environment for democracy, economy, technology and finance. Usually, poor governance brings about doubts in accountability which ends into low pace of economic development. Due to poverty the country may be in a danger of poverty and greedy when people instead focusing at professionalism, integrity and quality, they first prefer nepotism during industrial support (giving chance of support and capital to relatives instead of qualified people), Corruption if not well controlled may lead to poor performance and disaster of integrity. It can also be observed when most of students and professionals centered on employee instead of self-employment, social security funds may be reluctant to support group people with no courage to excel and expand industries for further employment and industrial expansion.
Mudacumura and Morçöl (2014) argued that investors and donors have invested a lot of resources in Africa’s industrial development and hitherto there is little improvement to show for it. This could be partly due to poor and unproductive public policies coupled with unstable governance. Debatably, poor governance, corruption and undemocratic values, are the most important systemic factors that contribute to poverty and underdevelopment in many countries. Because of corruption and poor governance, public funds are misappropriated, the institutional foundations of most developing countries are weakened, and programs and policies aimed at reducing poverty and promoting sustainable economic development are undermined. It appears that while other nationals in other states are stabilizing politically, economically and governance wise others are locked in political deadlock, poverty, and massive corruption, and this affect them economically and politically. The long years of political mishandling and of course bad governance exemplified by personalized political regimes and ruthless dictatorships left most African states politically demobilized and economically and hence poor industrialization regime.
CHAPTER SIX

SUMMARY, CONCLUSION AND RECOMMENDATIONS

6.1 Introduction
This chapter presents summary, conclusion and recommendations of the study findings which were discussed in Chapter Five.

6.2 Summary of the Study
The study revealed that industrial sector can be supported and emphasized by pension funds such as NSSF and other various financial institutions in Tanzania.

Study identified vital mechanisms of developing industries in Tanzania by pension funds such as owning their industries, buying shares, issuing of loans and partnering with other financial institution to support Small and Medium Enterprises (SMEs) industrialization. The study also revealed various methods used to implement strategy to support industrial sectors such as risk assessment of such investment and periodic measurement of investment performance, periodic measurement of present value of promised return benefit, by striking balance between liquidity and profitability of investment and by considering risk and rrd of any investment. All strategies are important but it needs to incorporate the entire country and not only one sector. Pension funds sector have to develop the entire country industrialization. Lastly, the study determined some challenges facing pension funds to support industrial growth and development in Tanzania including political influence, low return on those investments, lack of accountability, efficiency and prudent investment decisions, and lack of financial sustainability. Findings from each objective are summarized as follows:-

The study found that issuing loans for the expansion of companies, buying shares from the listed companies, through owning its own industry, NSSF partnering with other social security, funds companies, through buying materials/product and
services are the profound ways to support industrial growth in the country. Issuing Loans for the Expansion of Companies has impact to the industrial development in the country and buying shares, Findings depicts a substantial need of the country to invest money on of industrialization, rapid technological progress economy. Support to industrial growth is interchangeably with economic growth. Again, owning industry by pension funds can also stimulate the industrialization in the country

Again, the study identified the strategies used by social security funds in developing the industrial aspect in the country such as:- Fund’s Strategic Asset Mix to its Liabilities, Adjustment Or Hedging, By Balancing Liquidity and Profitability of the Investment, Periodic Measurement and Risk Assessment of Investment. Strategies were almost variable but very technical that the social security funds can just employ other many generic strategies to support industrial growth. Strategies must not be technical and in style but any strategy contribute on the opportunities to unlock growth sectors that will be a key feature in the development of industrial strategies with sector deals.

The last objective was to determine the challenges faced by pension funds sectors in developing industrial sectors in Tanzania. The study revealed that political challenges have huge impact on industrial development. It includes number of different policy areas and institutions for promoting industrialization. Existence of poor industrial policy under democratic environment lead to poor industrialization and backward economic growth. Also another challenge which indicated huge impact is lack of finance as the challenge for industrial growth most industries at growth point never have enough skills in financial matters, borrowings, collaterals and so forth. Another challenge is low return on investment, which could be due to poor marketing of products and services manufactured by those growth companies. Insufficient finance discourages industrial growth and the construction of industries
6.3 Policy Implications
The study suggests some policy implications on how the social security funds and other sectors can emphasize industrialization, also for the managers and prospective investors in the country. It is emerging that the Tanzania level of investment is influenced by the level of various strategies by sectors regarding the millennium goals and country policy to solve some economic issues in improving economy and living standard of the people. It is important therefore that social security funds services and other sectors to establish the required level of economic performance and hence industrial performance.

Social security funds sectors have room to change the way the economy is operating in the country due to the position they have in holding precautions or assurance funds. Hence, investment is inevitable, thus government can allow or establish a way through which the social security funds can invest highly and strategically to support the industrial growth which will support and solve unemployment issues and hence social well-being.

6.4 To other Researchers
More than that the study is providing useful information to other researchers, and other stakeholders spending public funds on how to take working measures to emphasize industrial growth and minimize factors which hinders the economic growth including jobs vacancy and highly productivity by the country. Also, the findings through this study will contribute to the knowledge base that is helpful for further researcher scholars and professionals of this field and for future references.

6.5 Conclusion
There is no doubt that pension funds specifically NSSF plays a significant role in the contribution of industrial sector development in Tanzania. The findings showed that pension funds have courage to invest money to support industrial sector development in Tanzania despite the challenges.
Now the contribution would be meaningful if the entire economy within the country is aware on significance of supporting industrial growth through the mentioned mechanism above. Not only pension funds but also other ministries, private sectors and many other groups to feel free to join any constructive movement toward industrial growth and development in Tanzania.

6.6 Recommendations
From the analysis of findings, discussion of findings and summary of the study, the study recommends the following suggestions for better improvement and addressing of problems in relation to subject matter.

The study found that ways through which industrial growth can be impacted are through issuing loans for the expansion of companies, buying shares from the listed companies, through owning its own industry, NSSF partnering with other social security, funds companies, through buying materials/product and services are the profound ways to support industrial growth in the country. The study suggests that if there is possibility to provide education and seminars for all people especially youths who have working ideas on industries and other many innovative developments. Training should base on management, entrepreneurial and manufacturing systems. Social security funds sectors can establish awareness events to motivate other many government parastatals to make sure that they support certain group of people or individuals who have capacity and ideas to provide products or services. Also, the social security funds can design a system to make sure in every college there are group of students who are supported to reach their self-employment dream, with little financial support and technicalities.

Again, the study identified the strategies used by social security funds in industrial developing aspect in the country namely:- Fund’s Strategic Asset Mix to its Liabilities, Adjustment Or Hedging, By Balancing Liquidity and Profitability of the Investment, Periodic Measurement and Risk Assessment of Investment. The strategies seem to be more technical and financial based, the social security funds
need to incorporate any convenient strategy to support the industrial sectors. Example: - looking for big market share outside the country, inviting other entrepreneurs to come and cooperate with the domestic entrepreneurs. The policy needs to include industrial growth in every government for certain financial government period, and also school syllabus need to change to adopt the total practical business knowledge to students.

The government should provide more support to ensure that these pension funds sectors achieve the vision of Tanzania to be among semi-industrialized countries in Africa. However, that cannot be achieved if the government does not pay back funds borrowed from pension funds sectors. Also, it is recommended that the policy makers should ensure it comes up with various reforms that are necessary for the pension funds to support industrial sector development at large. Despite that, investment may be one of the roles or priorities of these pension funds, the policy governing these institutions need not to be silent regarding the pension funds and other many financial sectors to invest in the industrial sectors.

Upon addressing the challenges faced by pension funds sectors in developing industrial sectors in Tanzania. The study recommends that the success of one’s country to a greater extent depends on the quality of leadership ones has. Industrial and economic revolution needs rulers that are committed to the improvement of the welfare of their citizens. Leadership as an institution in the country needs a major reform. It includes giving citizens the right to express their views and this will give the government the chance to know the problems and the ways of solve them Also, it encourages scrutiny of leaders and the way public wealth is distributed. Vibrant economic policies alongside with democratic policies that are based on industrial socio-economic development in Tanzania. On top of that the institutions are to be taken into consideration to go with the vision of the fifth government which intends to make this country to be semi-industrialized country. However, this can be achieved if there is good financial sustainability, enough budget as well as the good strategic plans and good investment policies to support the process.
6.7 Areas for Further Studies

The study attempted to identify the contribution mechanism of social security funds sectors on the industrialization in Tanzania. Using one organization among the available social security sectors in Tanzania, namely NSSF headquarters Dar Es Salaam. The study recommended for further studies which are:-

Factors Hindering Pension Funds to expand their Investments in Tanzania: To identify the factors that hinder the performance of the pension fund’s activities and investments. The study would practically consider the factors caused by society, economically and politically toward the social funds’ performance. The study findings and results will attempt to solve and address some issues in various organizations especially social sectors organizations, policy makers and responsible ministries.

To assess the relationship between economy pattern and pension funds’ investments in Tanzania: The study will address some pattern and status of economy versus the performance of pension funds sectors. To identify if the economy has an influence on people behavior to enroll into social funds sectors including various schemes. Also, to finds out if the vise-versa could work that is to say if social funds sectors can influence the economy when other factors remain constant. The study will not only add up to the knowledge and information about the economic trend situations but also the social security funds sectors, industrial sectors and economy itself, and to

To assess the roles of governance in improving pension funds’ performance in Tanzania: This may be positioned to which extent the government can change the economy of the country through various sectors in the country, say Social security funds sectors in Tanzania. Since, if the government support them it indirectly supports the industrialization and any other relevant unit in the country. Thus, the study will focus on the government nature, strategies, policy and governance style toward the economic development using social security funds.
REFERENCES


Kaisi, M (2013) *The Effects of Pension Mobility on Civil Servants in Tanzania: The Case of Morogoro Municipality*: A Dissertation Report Submitted to School of Business in Fulfillment of the Requirements for Award of the Degree of Master of Science in Accounting and Finance (MSc A&F) of Mzumbe University


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APPENDICES

Appendix I: Questionnaire to the management

Part A: Personal Details
Please put a tick where befitting

  i. Gender
     a) Female [  ]
     Male [  ]

  ii. Age
Please specify…………………………..

  iii. Education level
     Please specify……………………..

  iv. Your working experience
     Please specify …………………

Part B: Specific Research Questions

1. Are industrial sector matters among your priorities?
   a) Yes
   b) No

2. Does NSSF own its industries?
   a) Yes
   b) No

3. Since the government provided a guideline compelling pension funds to be engaged in industrial sector officially, as among the pension funds, how far have you gone?
a) Large expanse
b) Moderate expanse
c) Low expanse

4. What type of contribution does NSSF provide in industrial development?
Key: 1 = very often, 2 = often, 3 = a few times, 4 = rarely, 5 = none

<table>
<thead>
<tr>
<th>S/N</th>
<th>Type of contribution</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Issuing loans for the expansion of companies which were existed</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Buying shares for those industries Listed under the DSM Stock Exchange which help in capital formation of such industry</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Through owning its own industry</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>NSSF with other partners (5 institutions, ie NMB, SIDO, AZANIA BANK, VETA &amp; UDSM) to support Small and Medium Enterprises (SMEs) industrialization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Through buying materials/product produced internally so as to expand market</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

5. What could be the impact of these contributions to the industrial sector?
5. What strategy (ie) used by NSSF in contributing industrial sector?
7. How is it implemented?


8. Are there any rules/regulations used in the implementation of these strategies?
   a) Yes
   b) No

9. If Yes, what are they?


10. Are these strategies similar to other pension funds?
    a) Yes
    b) No

11. What are the challenges facing NSSF in supporting industrial sector?

    Key: 1 = very often, 2 = often, 3 = a few times, 4 = rarely, 5 = none

    | S/N | Challenges                                      | 1 | 2 | 3 | 4 | 5 |
    |-----|------------------------------------------------|---|---|---|---|---|
    | 1   | Political influence                             |   |   |   |   |   |
    | 2   | Low return on those investments                 |   |   |   |   |   |
    | 3   | Lack of accountability, efficiency              |   |   |   |   |   |
    |     | and prudent investment decisions                |   |   |   |   |   |
    | 4   | Lack of financial sustainability                |   |   |   |   |   |
    | 5   | Changes of operating environments, ie social,   |   |   |   |   |   |
    |     | economic changes                                |   |   |   |   |   |

12. In your opinion, what should be done to improve industrial sector in Tanzania?


THANKS
Appendix II: Questionnaire to the NSSF Staff headquarters

Part A: Personal Particulars

Please put a tick where appropriate

v. Gender
   b) Female [    ]
   c) Male [    ]

vi. Age
Please specify……………………………

vii. Education level
   Please specify…………………………

viii. Your working experience
   Please specify …………………

Part B: Specific Research Questions

1. What type of contribution does NSSF provide in industrial development?
Key: 1 = very often, 2 = often, 3 = a few times, 4 = rarely, 5 = none

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</tr>
<tr>
<td>5</td>
<td>Through buying materials/product produced internally so as to expand market</td>
</tr>
</tbody>
</table>

2. What could be the impact of these contributions to the industrial sector?

………………………………………………………………………………………………………………

………………………………………………………………………………………………………………

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3. What are the challenges facing NSSF in supporting industrial sector?

Key: 1 = very often, 2 = often, 3 = a few times, 4 = rarely, 5 = none

<table>
<thead>
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<th>Challenges</th>
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<th>2</th>
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12. In your opinion, what should be done to improve industrial sector in Tanzania?

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........................................................................................................................................

THANKS
Appendix III: Interview Guide to the Management

1. For how long NSSF has been involved in industrial sector?
2. To what extent NSSF has gone far in supporting industrial sector?
3. How much has been invested by NSSF in industrial sector?
4. How many industries have been supported by NSSF through loan?
5. What are the qualifications set up by NSSF in providing loans to support other industries?

THANK YOU