

**ASSESSMENT OF SOCIAL SECURITY COVERAGE AMONG
INFORMAL SECTORS:
A CASE OF INFORMAL SECTORS OPERATING
IN KINONDONI DISTRICT**

**BY
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**A Dissertation Submitted in Partial Fulfillment of the Requirements for the Degree of
Master of Business Administration in Corporate Management (MBA-CM) of
Mzumbe University.**

2019

CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for the acceptance by Mzumbe University a dissertation entitled, "**Assessment of Social Security Coverage among Informal Sectors-Focusing on Informal Sectors that operate in Kinondoni District,**" in partial fulfillment of the award of award of the degree of Master of Business Administration (MBA) of Mzumbe University.



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DEDICATION

This report is dedicated to my lovely family who inspired me very much in my academic pursuit and tolerated my absence till accomplishment of my studies. It is highly dedicated to my son whom was born in February 2018 as well as my Husband as they missed my attention during this whole period just to ensure I accomplish my masters' education.

LIST OF ABBREVIATIONS

GEPF	-	The Government Employee Pension Fund
ILO	-	International Labor Organization
LAPF	-	Local Authority Provident Fund
NHIF	-	National health insurance fund
NSSF	-	National Social Security Fund
OECD	-	The Organization for Economic Co-operation and Development
PPF	-	PPF Pensions Fund
PSPF	-	Public Service Pensions fund
SACCOS	-	Savings and Credit Cooperative Society
SSRA	-	Social Security Regulatory Authorities
UMASIDA	-	A Mutual Health Insurance in Dar es Salaam
VSRS	-	Voluntary Savings Retirement Scheme

ABSTRACT

This study aimed at assessing the social security coverage among the informal sectors by focusing on the informal sectors operating in Kinondoni District. The objectives of the study were to assess the social security policy in Tanzania; to identify the efforts taken by pension fund to reach those who are undertaking the informal sector activities; and to assess the benefits offered by pension fund, if at all, they cover the interest of those who are in the informal sector. PPF was selected as a case of this study to represent other social security funds in Tanzania.

The study involved a sample size of 220 respondents who were selected through purposive and simple random sampling techniques. Data was collected by using questionnaires, interviews and documentary review methods. Secondary data was analysed qualitatively through content analysis and primary data was analysed quantitatively by using statistical measures and methods including percentages and tables.

The study found that there are many efforts undertaken by the social security staffs on making the informal sector participants be members of the social security funds. It is also the finding of this study that the policies available do favor the informal sector people. However, the study indicates that there is no enough awareness and customer satisfaction with the benefits offered by social security funds to the informal sector. The study has discover several setbacks which hinder informal sectors to joining the pension funds including the low level of income, uncertainty in regular cash, as well as lack of awareness on the importance of social protection. It is the recommendation of this study that Social security funds should invest in provision of education to the informal sector on the advantages of being members of social security funds as well as the disadvantages of not being members so as to enable members of the informal sector to join social security funds.

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CHAPTER ONE

AN OVERVIEW OF THE STUDY

1.1 Introduction

Under this first chapter of the research paper, the researcher introduces the study by providing the background of the topic at hand. Afterwards, the researcher focuses on the problem of the study where the research gap is explained. The other items covered in this chapter include research objectives, research questions, significance of the study and scope of the study.

1.2 Background to the Study

The majority of Tanzanians have been self-employed in a number of sectors which are not incorporated like agriculture: farming and livestock; mining; trade like retailers, hawkers; transport sector like drivers and conductors; restaurants and hotels just to mention but a few. All these groups which comprise more than 75% of the population are not covered by social security protection. The main aim of social security is to help individuals to maintain a reasonable standard of living when faced with unforeseen contingencies beyond their control, without discrimination whether they are in formal or informal sectors of the economy. Formal social security schemes is said to cover only 5% of the labour force and 6% of the population. Most of those covered are working in urban formal sectors and these schemes are said to provide very few benefits (Mchomvu, Tungaraza, & Maghimbi, 2002).

According to Article 22 of the Universal Declaration of Human Rights, 1948, every member of the society has the right to social security. The state has the core responsibility to ensure a minimum standard of minimum welfare to all its citizens. The state is required to prepare an environment and to come up with laws which will protect all citizens. For example, the Constitution of the United Republic of Tanzania of 1977, as amended from time to time, provides clearly the need to cover its citizens with social security like social welfare at times of old age, sickness and disability. Tungaraza and Mapunda argued that the reason this right is not conferred upon

citizens is due to shortage of financial resources, lack of accountability, lack of prioritization as well as deficiencies in enforcement of these rights. There has been increasing recognition of the need to understand the adequacy of the benefits covered by the schemes.

Many researches on social security in Tanzania have defined social security as the protection provided by the society to its members through public measures against the economic and social distress arising from contingencies causing either temporary or permanent loss of income (Unni & Rani, 2003). However, this definition seems not to be appropriate in Tanzanian environment since majority of insecurity that face the majority of persons in Tanzania arise mainly from insufficient economic development. The fundamental social security needs of the poor in Tanzania are a result of chronic or structural poverty and only secondarily of conventional social insecurity.

According to Holzmann and Jorgensen (2000), social security consists of public interventions to assist individuals, households and communities to be in a position to manage risk and to better provide support to the critically poor. Therefore, this definition considers individuals, households and communities vulnerable to multiple risk from different sources both man made as well as naturally. There are several social security issues but again some of the social security issues which can be identified in Tanzania are poverty, inequity and lack of the right to social security.

A number of studies on informal social security systems have shown that informal social security systems have failed to promote equitable economic growth and therefore these programs are based in favor of the rich. Therefore, poverty alleviation programs have failed to identify the needs of the real poor who are to a great extent in informal sectors. Some of the studies conducted around 1980 seem to be important in addressing the unfair and unnecessary social gaps in social security in Tanzania.

Social Security schemes have a number of shortcomings like small interest rate offered to beneficiary annually, nonpayment of premiums by employers, lack of transparency as well as delaying in benefits and the disparity of risk covered. In Tanzania we have five social security schemes namely the NSSF, PPF, PSPF, GEPF and LAPF. These schemes operate a traditional scheme (Defined Benefit Scheme) alongside a deposit administration scheme. Under the traditional scheme there are multiple benefits offered by the above schemes and they include: old age benefits, disability benefits, death benefits, gratuities as well as education benefits.

As it is known, informal sectors are the sectors which perform their social and economic activities without considering all proper procedures. They do tend to have basic characteristics which happen to be similar from sector to sector under the informal industry. The following are some of the characteristics of informal sectors in Tanzania: unregistered or unincorporated; not recorded in government official statistics and therefore not recognised by the government; mostly owned by households particularly family members; and have low start up capital.

On top of the above characteristics, other characteristics include: limited access to credit markets and institutions; limited access to formal education and training; use of very poor production technologies as well as poor working conditions. This sector is dominated by informal food vendors usually women. Therefore, informal sector is defined as a group of production units which form part of the household sector. To a great extent they take place in authorized areas or on premises at which the authorities can reach the entrepreneur for inspection and at which legal standards for safety, hygiene, employment and production are respected. Examples of sectors in which people have been self employed in informal sectors include markets and street sellers, food vendors, food processing, mat making, carpentry, cloth making, fishing, firewood and charcoal, brick and tiles making, casual construction, and small scale mining. In urban areas, this sector employs more than 75% of the urban population.

1.3 Statement of the Problem

In Tanzania, informal sector employs more than 75% of the labor force, which is the source of employment together with government revenue. We need to have a way forward of including this group in social protection as per the United Nations Human Rights Convention and the Constitution of the United Republic of Tanzania 1977 (Mchomvu et al., 2002). There is a need to understand the social security needs for those who are poor and are in informal Sectors depending on the risk encountered by them. Therefore, the government needs to play a role to contribute to the pension funds by using the Government budget and raising funds from donor agencies and profit from Government Investment. The government through pension funds need to make sure that everyone in informal sectors is covered by designing contribution rate that is affordable for workers and enterprises in the informal economy (International Labour Organization (ILO), 2000).

This study therefore, aims at evaluating the challenge of including those who are engaged in informal economy in Tanzania in social security and to come up with suggestions and recommendations to pension funds and policy makers. Due to existence of the informal sector group in the country and lack of their information towards social security fund, this study aims at covering the gap resulting from lack of information as it is observed that there is inadequate information related to the informal sector industry and its relationship with the social security funds.

Sebete (2011), Ainooson (2011), Ackson and Massabo (2016) are some of the scholars who have discussed the issues of informal sector and the social security funds but still there is lack of information to the public and, the available literature has not discussed the possible solutions to the problem facing the involvement of the informal sector in social security protection. This study will therefore not only add literature to the public but also will solicit information and views from members of the informal sector about their requests and wishes from the social security funds.

1.4 Objectives of the Study

This study had one general objective and three specific objectives as explained below.

1.4.1 General Objective

The general objective of this study was to assess the coverage of social security to those people in the informal sectors in Tanzania specifically in Kinondoni District. As the aim is to see and observe on the operations as well as outcomes brought by the existence of the social security funds mostly on helping the members of informal sector.

1.4.2. Specific Objectives:

- i. To assess the social security policy in Tanzania.
- ii. To identify efforts taken by pension funds to reach those who are in informal sectors in Kinondoni District.
- iii. To assess the types of benefits offered to members by pension funds (if any) in the informal sectors in Kinondoni District in Tanzania Mainland.

1.5 Research Questions

- i. Are the guiding policies of the social security funds consider the informal sector?
- ii. What efforts have been taken by social security funds to reach individuals involved in the informal sectors in Kinondoni District?
- iii. What types of benefits are offered by pension funds to members (if any) in the informal sectors in Kinondoni District?

1.6 Significance of the Study

First and foremost, this study adds knowledge to the management of social security funds on how to cater the informal sector group through improving their services and offering the required services to them.

The study adds theoretical and practical knowledge of the researcher in the field of social security coverage for those who are engaged in informal sectors. The research is intended to find out what actually causes those in the informal sectors not to be covered risks pension funds for unforeseen contingencies. If covered, the research explores they covered when they face large risk like sickness, permanent loss of income and employment injury as well as loss from their investments.

Since those who have been employed in informal sectors do not have conventional income, this research will help pension funds to design packages which are friendly to such groups so as to increase the number of members, as well as to come up with the kind of benefits recommended by these groups. The study further helps the country to alleviate poverty so as to attain the nation vision of 2025. The research helps the policy makers to understand the importance of including those in the informal sectors in the social security so as to comply with the convention of human rights of 1948, as well as the constitution of the united Republic of Tanzania of 1977.

The study poses a challenge to researchers to carry out similar researches in the future. Findings of the study will be a good challenge to Pension funds to overcome the obstacles which exclude those in the informal sectors and to come up with a friendly contribution approach. The study will result into easy access to social security membership without discrimination by those individuals in the informal sectors and therefore be in a position to be protected once they face risk which is otherwise difficult to overcome without pooling risk to pension funds.

1.7 Scope of the Study

The study has been conducted at PPF as the selected case study to represent all the other pension funds operating in Tanzania like NSSF, GEPF, LAPF together with PSPF located in Tanzania. Dar es Salaam region, particularly Kinondoni District, was the selected study area. The study evaluated the strategies of including people in the informal sectors in social security protection. The study focused on how those in informal sectors perceive the benefits available in pension funds.

The study made analysis on the performance of those in the informal sectors like food vendors, carpentry, family shops, mini markets, commuter bus transport like daladala, fuel filling stations' operators, small construction, Dealers in second hand clothes like Machinga around Kinondoni Markets, those employed in hotels, Carving industry around Mwenge just to mention but a few.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The aim of this chapter is to present literatures relevant to this research and to provide a theoretical framework. This part has helped the researcher to demonstrate awareness of the current situation of the problem and to help the researcher to generate and refine research ideas. The chapter begins with a review of definitions and some of the issues related to social security, pension funds both defined benefit and defined contribution, and the meaning of informal Sectors.

2.2 Definitions of Key Concepts

2.2.1 Pension

The term pension refers to a series of periodic payments, usually for life, payable monthly or at least other specified intervals. The term is frequently used to describe the part of the retirement allowances financed by employer's contributions.

2.2.2 Social Security

Social security is defined as a protection against future unforeseen events. It covers individuals against future risk which are not possible to know in advance like loss of work, incapacity to work or old age, disability and death. Access to social security is a major challenge in Tanzania due to presence of deeply segmented labour Market.

2.2.3 Social Security Coverage

Social security coverage includes those who are covered by social protection either employed or voluntarily as well as both in informal sectors and formal sectors.

2.2.4 Informal Sectors

Informal sectors can be broadly be defined as comprising all workers both wage earners and self employed who are not covered by social protection. In sub-Saharan Africa most of them have been employed in agriculture and mining industry. Social protection is far less established for this group. It is 74% in Sub Saharan Africa, 65%

in Asia, 57% in Latin America, 48% in Middle East and North Africa. People working in informal economy often hold several jobs at the same time.

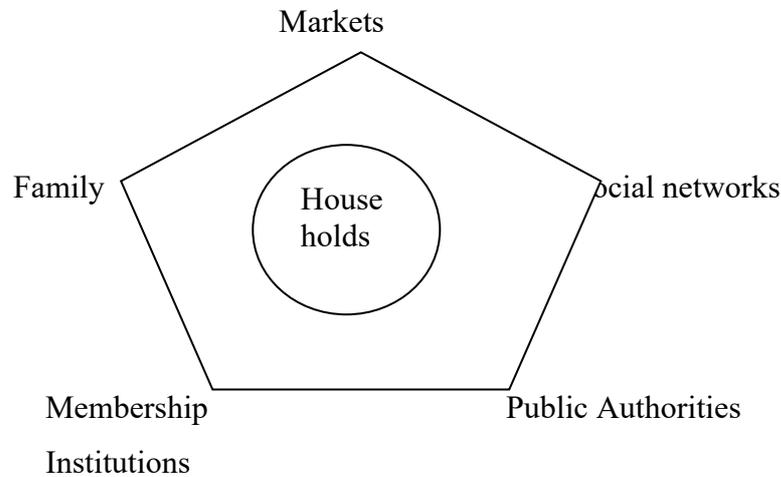
2.3 Theoretical Literature Review

This section of the literature review focuses on the existing theories that have been raised by several scholars and academicians regarding the social security fund, hence some major theories are demonstrated below.

2.3.1 The Livelihoods Portfolio Theory of Social Protection

According to de Neubourg (2002), the theory makes use of basic economic assumption that individuals and households maximize income under constraints. Furthermore, we assume that all individuals face the risk of future. In other words, households are assumed to face the Risk that they are not able to fulfill the needs of their individual members today as well as to morrow. To prevent this Risk from materializing households, smooth their consumption overtime setting aside part of their resources to finance future consumption. He further added that, when it comes clear that income does not suffice, households can seek alternative funding for expenditure. The welfare pentagon Represents, the five core institutions that households used to satisfy current and future needs of a given society, family markets, social networks membership institutions and public Authorities.

Figure 2. 1: Livelihood Portfolio



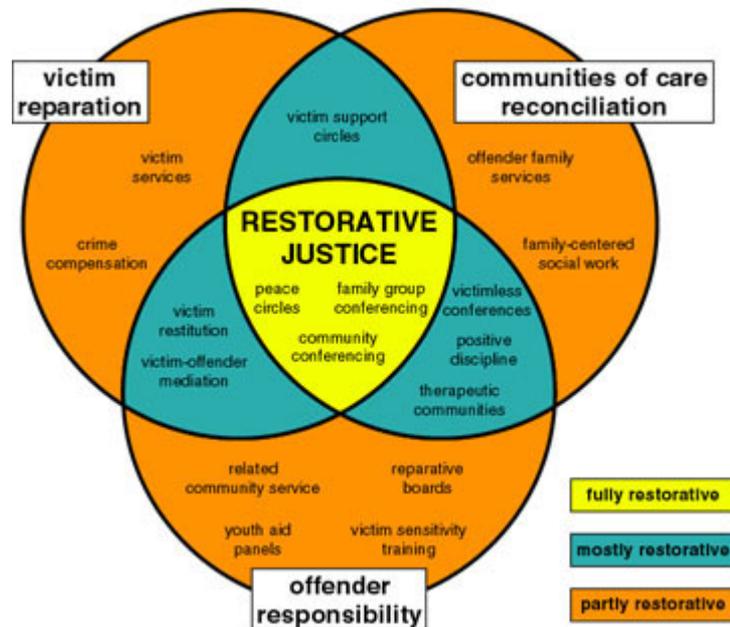
Source: de Neubourge (2002)

Households use the institutions of the welfare pentagon in their live hood strategy in order to generate income but also to smooth consumption labour market, product market and capital market allow households to trade and exchange in order to score resources in satisfying the main needs at a certain moment (de Neubourge, 2002). The importance of this theory in this area of study is that it recognizes unforeseen future risks to people in informal sectors like sickness, loss of income, and incapacity to generate income. There is a need to protect this group by social security, since it is difficult for an individual to protect himself without pooling up risk through contribution of premiums.

2.3.2 Theory of Justice

Rawls (1999) argues on a veil for ignorance in which once makes moral and policy judgments without knowledge of one's own position in society. This hypothetical construct leads to Arguments for the redistribution of the worst – off members of society. The importance of this theory is that it recognizes the importance of government involvement in supporting those who are unable to protect themselves. There is a need to protect this group through government budget.

Figure 2. 2: Theory of Justice also known as the John Rawls



Source; Rawls (1999)

2.4 The Informal Sector Participation on the Social Security Funds

Various research have demonstrated that, non-conventional social security arrangements which include macro-economic policies and programmers to promote the growth of investment and employment, as well as the development of social infrastructure such as health, education, and water supply. It includes that programs aim at reducing massive poverty as well as integrating formal sectors (Mundy). Mtatifikolo (1994) argued that non-conventional social security techniques have totally failed to promote the equitable economic growth which affects the productive capacity of those unemployed and those employed in informal sectors. The state lack of financial resources and the absence of political will are among the factors caused the failure to provide social protection to those who are poor and self-employed in informal sectors (WIEGO, 2016). Tungaraza shows that Tanzanians social security expenditure quota which shows the proportion of social security expenditure on GDP has been remarkably low indicating the low priority it has given.

According to Bossert, in the past, there was mutual assistance and economic cooperation among the domestic groups which live, produce and consume together and every member was obliged to help the other in case of difficulties. During the colonial era chiefs guaranteed the survival of his subjects in case of hardships

Even a family as an agent of social security protection is increasingly failing to provide sufficient protection against family members against unforeseen events. I have noticed there are emergencies of social protection based on denomination, tribal, associations and community based organizations, and therefore these informal security systems which currently operate among informal sectors have been criticized for failing to deliver long term cover against various risks to their members, the reason behind is the fact that coverage depend on ones' ability to contribute to the scheme. Therefore those who are unable to contribute are automatically disqualified from membership.

2.5 Relationship between Social Security and Informal Sectors

The International Labour Organization has always attached considerable importance to social security issues. With the emphasis placed firmly on the principles of social insurance, the earliest standards ILO Convention No. 102 of 1952, which covers social security and lays down minimum standards in the nine branches of social security, provides a basic reference text in this area for member states. With consideration to (Casey & Dostal, 2007), the first, essential, reason for these standards comes from the observation that social security is vital to the well-being of workers and their families and to society as a whole.

According to Jenkins (1993), it is estimated that over two billion people in the world are not covered by any type of formal social security protection, i.e. neither by a contribution based social insurance scheme nor by a tax financed social assistance. If one takes the number of covered persons as a percentage of the number of persons of working age. He further estimated that in Africa some 90% of the population are

without any formal protection whatsoever, while in the more developed parts of the world only 20% remains outside the scope of social security protection.

Access to social security to the population in informal sectors in developing countries like Tanzania is still a challenge. According to Tulia Ackson and Juliana Masebo (WIEGO, 2016), this is caused by the presence of deeply segmented labour market characterised mainly by steep increase of formal employment. The research done by integrated labour force surveys (ILFS) around 2005 and 2006, shows that 94% of the labour forces in Tanzania were working in informal sectors, and the agriculture sector is by far the main sector of employment, with a share of 74.2% of the total employment.

According to this study, the majority of those in informal sector were the uneducated ones and mainly were women. This group is not protected with social security. On the other hand the system of social security framework is by large Modelled in the ILO traditional concept, thus that International standards contribute to social progress and the development of security and democracy through citizen participation, (Davis & Hu, 2004). On the other hand Social Insurance in the form of premiums payment through contribution by Members and employers is provided by statute like NSSF, PPF, PSPF, LAPF, NHIF and GEPF. Only these pension funds cover less than 10% of the total labour force, as a result the majority of the working was not covered by these schemes and the major reason behind this fact is the restrictive legislation which defines the person's scope of coverage for the social security schemes in Tanzania.

2.6 Challenges for Pensions Funds to Reach those in the Informal Sectors in Tanzania

Subrahmanya (2002) argued that the main challenge of extending coverage of contributory social insurance schemes to workers in the unorganized sector is the lack of capacity of the workers to contribute to the scheme. Chen (2008) stated that

workers in the informal sector could not afford to save for pension funds as most of them do not have disposable income to commit to a contributory pension scheme.

The challenges of high administrative cost of extending coverage, a high rate of financial illiteracy among informal sector workers and a lack of contribution capacity as most workers in the informal sector are among low income earners (Sarkar, 2004). Most of the workers in informal employment earn a low income and could not afford pension insurance premium (Samson, 2009). Extending mandatory pension schemes to informal sector workers in developing countries is a formidable task as the sector is unorganized (Van Ginneken 2009).

Kpessah (2011) argued that consumer ignorance and/or information overload could limit the effectiveness of defined contributory schemes in less developed countries such as Ghana and Nigeria where financial literacy is low. The publication issued by the research network and support facilities, a project financed by European Commission that provides support to enhance livelihood of people dependent on the informal economy and include social inclusion of marginalized and vulnerable persons (International Labour Organization (ILO), 2000). Estimates that only 27% of the world's working age population and their families have access to social security, and it is 4.2% found in sub-Saharan Africa. Workers in informal economy are poorly saved by social protection.

The sustainable development goals set in the 2030 agenda (UN 2015) emphasize the role of social protection in reducing poverty and inequality. Informal sectors employers are unwilling to make premiums to the pension funds because making contributions increases their labour cost, Since there is no any law that compel such employers in informal sector to make such contributions on behalf of their employees, therefore there is a neither a carrot nor a stick to induce them to register with social security schemes.

On the other hand, workers in informal sector are reluctant to allow the employer to deduct portion of their salaries as premiums to pension funds, as they would receive a lower pay. This is due to the fact that since this sector is engaged more by people

with low level of education and therefore their wage rate is very minimal. They are grouped as a source of cheap labour. For example, the minimum wage rate in Tanzania is TZS 170,000 per month, if you deduct premiums to pension funds to such a person, how will be able to meet his or her basic needs.

Another Challenge is the irregularities, uncertainties and seasonality of income in the informal sector. These are also a reason accelerating exclusion of informal sectors from the existing social security schemes. This is because uncertainty and unreliability of income may impair their membership and qualifications for benefits for those who are willing to join the schemes. Inadequate benefits offered by the existing schemes is among of the reason which falters the extension of social security coverage to the informal sector, since most of those in the informal sectors seems to be blind on the core functions and operations of the schemes.

The journal on the informal sector protection in Tanzania (WIEGO, 2016), pinpointed out that the considerable differences exist between what the social security schemes offer to members and what the informal sector actually wants. For example retirement benefits, Survivors, seems not to be much needed by population in the informal sectors. They need benefits like education benefits to their family members, agricultural benefits, and seasonal unemployment benefits. Pension funds should go deep and understand the need of this group.

Social Security institution in Tanzania presupposes the employer and employee relationship particularly for their members which make it difficult for members in the informal sectors who do not necessarily have employers. At times workers in the informal sector may be working on their own account or under somebody who they do not consider to be an employer such a relative. (Mundy, n.d.)

2.7 Ways to Resolve Exclusion of Informal Employees in the Social Security Protection

Social security helps to ensure that the importance of economic and social rights as an integral element of human rights has been acknowledged. Standard-setting

activities necessarily depend on the participation of member states in accordance with its constitution. International social security standards will therefore be most effective within an organized system. It is essential therefore to provide thorough and accurate information about the social security system, as well as decentralizing some areas of decision-making and making social security services more personalized (Help Aid International, 2002) The need to include informal sectors in social security seems to be of paramount importance to both community and the public at large, as the following strategies may help on widening the coverage.

According to Olivier et al (2012) increasing the universal insurance coverage for those in informal sectors, thus some countries offer universal coverage that is not based on contributions, as in Cape Verde and Mauritius. Some countries have been introduced Universal Coverage that aim to cover the whole population. Insurance Scheme have covered large parts of the population in Ghana and Rwanda. (Mchomvu et al., 2002) also it is through designing schemes which target workers in the whole informal sectors. It is possible by creating schemes that are flexible and adopted to the requirement and interest of informal workers. For example in Ghana informal sector fund allows informal workers to contribute voluntarily to a retirement fund.

Mchomvu et al (2002) discussed on the incentives as are important on encouraging informal workers to sign up such schemes voluntarily by educating them on the importance of being a member in pension funds. Also through extending Social protection on a wider Scale such as making premiums by using mobile phones like M pesa, Tigo Pesa, Airtel Money, Halotel pesa.

2.8 Empirical Literature Review

Hardy (2010) made a study on social protection contributions on development, the study found Social protection programmes can be a powerful tool in the battle against poverty and inequality as they can tackle multiple dimensions of poverty and exclusion. Social protection should ensure that all people have access to essential goods and services, removing social and economic barriers to access, and therefore it

is an important means to foster equality and social solidarity in a society. Social protection can play a fundamental role in creating more inclusive and sustainable development pathways by liberating people from the fear of poverty and privations and by helping to break the inter generational cycle of poverty. Social protection is an essential investment that contributes to economic growth and makes growth more pro poor while directly reducing poverty.

The study concluded show that that only if people have access to educational opportunities, quality and affordable health care, adequate and nutritious food, secure shelter and basic income security, they will be able to become or remain productive members of the workforce, or remain dignified members of a society that are not dependent on accidental charitable support even if no longer active in the labour market, and only then will societies be able to sustainably reduce poverty, inequality and to ensure social peace and inclusive development. The study is not absolutely relevant to the research as it only focuses on elimination and reduction of poverty with respect to the work done by the social security funds but has not devoted to explain on how the social security funds focus on the informal sectors through improving their social welfare.

Ackson and Masabo (2016) conducted a research based on the Social Protection for the Informal sector in Tanzania. Through the study they focused on observing the participation of the social security funds in the country on supporting the social and economic welfare of the members who undertake their activities on the informal sectors. The study focused on the social security funds which do exist in the country, NSSF, PPF, PSPF and LAPF are some to be mentioned.

Conclusively as the study aimed at investigating on the social protection for the informal sectors which do exist in the country, the researchers observed that there do exist the relationship in the country based on the social security funds with the members of informal sector but relationship is said to be improperly coordinated so its effects happen to be unrecognized. They further observed that the informal sector

face difficulties in accessing the social protection due to the existing improper conducts but apart from the misconducts, the demands for security, forming groups as well as other hurdles leads to complication to access the social protection by the members of informal sectors in the country (Kumah et al 2017).

Furthermore, they undertook a study based on the Assessment of Pension Coverage among the Informal Sector Workers in Ghana, through undertaking this study survey design was employed and data was collected through primary and secondary means, a total of 450 respondents from various working fields were selected by the help of simple random sampling method. The primary data was collected by interview questions while the secondary was extracted from the journals, magazines, seminar papers and other documents and reports as well. The analytical tools were as well used in analyzing the data that has been collected and SPSS was used to provide the descriptive statistical results for the study.

From the study, the results revealed that the coverage of informal sector members in the social security fund schemes is low as due to low level of awareness and unavailability of pension fund institutions leading to low level of participation as demonstrated by the analysis hence concludes that there is likelihood of no viability and suitability of the pension schemes especially among the informal sector workforce. The study further recommended government participation on ensuring the participation of the informal sectors on the social security schemes but also provision of intensive national wide education to the members of informal sectors on matters related to social security funds and their benefits.

The study related to Emerging New Patterns in Social Security in the Informal Economy was conducted in Accra Ghana. Among the listed objectives of the study to study the nature of informal social security arrangements that informal economy workers participate in and to determine how pricing, benefits, services and other factors affect the workers choice of social security systems available. The researcher employed quantitative research method through survey design to ensure the results

are obtained. A total of 150 respondents were selected to participate in providing the primary data that was required by the study, the respondents were from different occupation categories such as mechanics, shoe makers, carpenters as well as tailors just to mention a few (Akor, Ama Abogyewaa 2013).

The study found out 15 years to 49 years of age are the majority of workforce in the informal sector; hence, it is realistic as most of the works in the informal sector require energy and so the mentioned age is considered to be energetic and perfect for undertaking the informal sector. On the case of knowledge, the researcher found out that the informal workers know about the social security funds but lack the proper knowledge about them that involves the activities that these organizations undertake or qualifications for a person to be a member or even requirements and duties of a member. Due to lack of knowledge, the respondents had little or no information related to the benefits they should expect if they happen to be members of the social security funds and as a result, a huge number of the study respondents were not members of the social security funds and had no interests of even joining the social security funds in the near future.

Setebe (2011) undertook a study on Informal Labour Market in Tanzania with a major case of Kinondoni District in Dar es Salaam. Through the study, the main question that needed answers was the reasons that led people to engage themselves in the informal labor market in Dar es Salaam, hence the results towards this question will help to realize if at all there is a need for the informal workers to be motivated to join the social security funds but will as well enable us to know the extent in percentage that the informal sector has employed people mostly in the Kinondoni District in Dar es Salaam.

The research was qualitatively conducted and the researcher observed that most of the informal workers in the country basically Dar es Salaam region on the Kinondoni District are migrants from the rural areas of the country and hence due to lack of education and experience they are forced to participate on the informal activities. The

study as well observed that these informal workers do not invest on other activities hence they are even not interested at contributing to the social security funds as they are only undertaking the petty activities to support their day to day lives and living costs. But lack of education related to the importance of the social security funds to these people was as well observed and as a result they cannot be expected to join the social security funds while they have poor education and information about them.

According to Rwanda Civil Society Platform (2013) a study was conducted based on the Social Security in the Informal Sector in Rwanda. The study aimed to investigate and highlight the risks faced by the working poor in the informal economy, and particularly the risks faced by women and children by investigating how common contingencies affect informal workers in particular, how systemic shocks affect informal workers in particular, and how the nature of informal work creates shocks and risks specific to informal workers and the impacts on family and children.

From the study, the following were revealed; the informal sector employees earn little for them to engage in contributing to the social security funds, the informal workers are willing to contribute if the mechanism of the security funds are improved for them, the informal sectors are aware of the shocks may hamper their working. Hence it is upon the government to improve the conditions and welfare of the informal workers so as they can take part in the security funds for their future.

From the sample of the few considered studies, it has therefore observed that the informal sector workers are the working group who earn less on their day to day economic activities and due to that, they fail to join and be members of the social security funds as their income support their day to day living and nothing extra. Apart from the income level that these group of people earn, the informal sector workers also happen to lack information related to social security funds, these people are somehow segregated by the social security funds hence the little they know about the social security funds does not motivate them to join them and be members of the funds. Therefore, most of the informal sector workers happen to require more

knowledge on the social security funds and motivation on what they would receive if they join the organizations as the members. But the studies have as well revealed that most of the informal sector members lack education as they are migrants from rural to urban areas.

2.9 Research Gap

Empirically, there have been several studies which have been conducted with respect to the relationship that exist between the social security funds and their customers but less concern have been on the informal sector as among the customers of the social security funds.

Due to scarcity of studies which have basically focused on the relationship that exist between the social security funds and the informal sector specifically in Tanzania, on issues related to informal sector as well as recruiting to the group to become part of social security fund members.

That is to say, this study aims at increasing the awareness on the relationship that exist between the social security funds and the informal sector as well as investigating the level of relationship that exist in Tanzania between the social security fund and the informal sectors for the sake of improving the living standard of the informal sector participants.

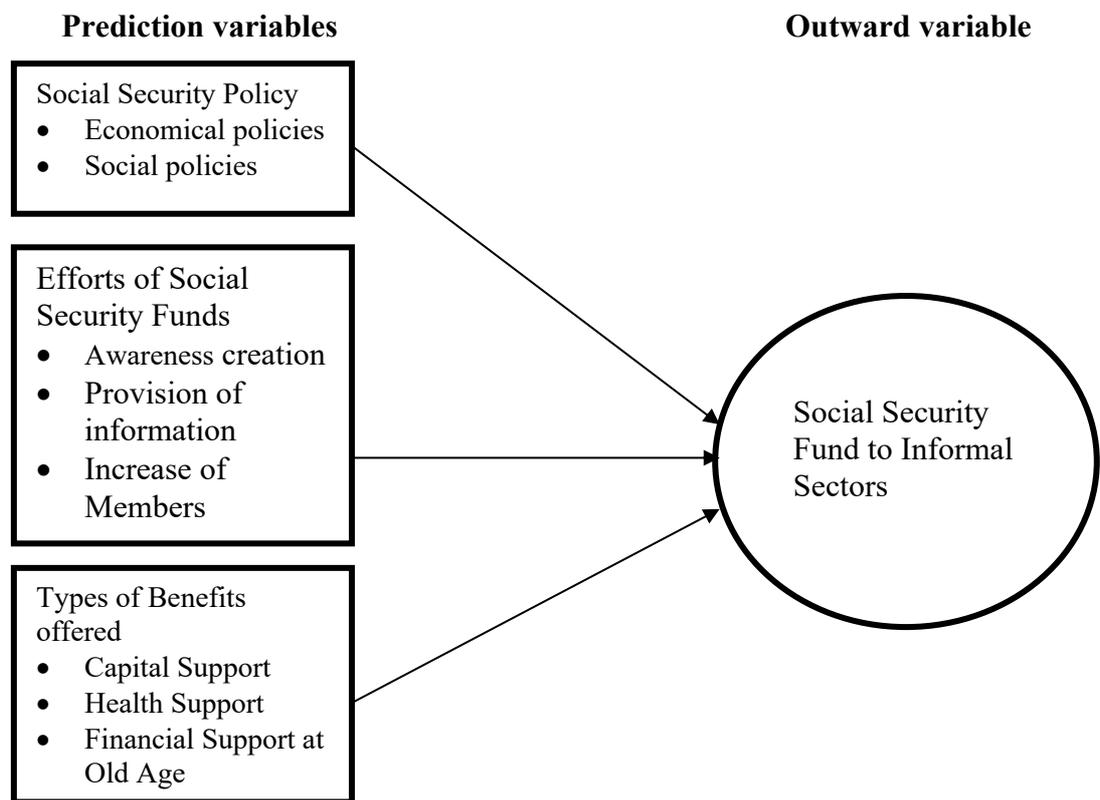
Additionally, the study aims at covering the gap that relates to the nature and type of benefits that are highly required by the participants of the informal sector, hence the discussion on the membership contribution to type of benefits which will be discussed will lead to covering the gap related to information requirement.

2.10 Conceptual Framework

The research has clearly defined the purpose of the research, questions and the objectives. The aim of this section is to summarize the ideas obtained from existing literature and to bring the contribution of this study. From the reviewed literature, it

has been observed that there is a close relationship between political will and social protection of the citizens. The Government needs to come up with ways of helping its people who live in massive poverty through the government budget. Also there is a need to enact laws on informal employers who use the loopholes on the available laws. Since almost 75% citizens have been self-employed in agriculture, the government should take steps to cover this group because their income is not stable; it is seasonal. On the other hand, people should be voluntarily allowed to contribute their premiums even without having an employer so as to cover them with social protection.

Figure 2. 3: Conceptual Model



Source; Researcher (2018)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter deals with description of the methods applied in conducting this study. The chapter focuses on all the procedures employed in collecting data including the research design, area of study, study population, sample size, source of data, and methods of data collection and methods of data analysis.

3.2 Area of Study

The area of study is one among the parts in research methodology that need to clearly be defined by the researcher. It can be a geographical area or the point of focus in one particular field of specialization (Cohen 2010). It is very important for a researcher at the planning stage to clearly specify the area of the study and define the area to be researched (Cohen et al, 2010). This research took place in Kinondoni District of Dar es Salaam. It involved interaction with individuals who are employed in informal sectors like hawkers, food Vendors, fishermen, domestic workers, drivers and conductors, hotels attendants, small shops workers, and the employees of the social security funds. The rationale behind the choice of this area of study was non-other but proximity, financial and time constraints on the side of the researcher because it is the researcher's working station hence it was easier to collect the required data.

3.3 Research Design

Research design is a plan of action for collecting data, organizing and analysing it with the objective of combining the relevance of research (Kothari, 2010). This study has applied a Case Study Explanatory research design as it explains the relationship between dependent variable and independent variable i.e. Customer satisfaction and service quality. The reason to undertake explanatory case study is to obtain specific data from a group of people who are very few and knowledgeable on the subject

matter of the study. Census and Survey are among other case studies which might be used in other research works.

3.4 Study Population

According to Best et al, (2008) a study population means the entire population which is relevant in the study. It contains all subjects of interest to be studied and properties to be analyzed. It involves a group of individuals who have one or more common characteristic that are of interest to the researcher. It is a larger group of people from which the sample is taken. The study has been undertaken in the Dar es Salaam region specifically in Kinondoni District. According to the 2012 Census, it was approximated that there are more than 2,000,000 people in Kinondoni District. Out of this population, the relevant population in this study were all individuals who are employed in the informal sector including hawkers, food Vendors, fishermen, domestic workers, drivers and conductors, hotels attendants, small shops workers, and the employees of the social security funds.

3.4.1 Sampling Design

According to Saunders et al (2009), sampling design is the procedure, techniques or process used by a researcher to pick a sub group from the study population to participate in the study. It highly focuses on the acquisition of the respondents who participate on behalf of the whole group in the population. For a sampling design to be complete there are several procedures that are involved hence some of the considered procedures in this research involves selection of units of analysis, sample size and the sampling techniques.

3.4.1.1 Unit of Analysis

Units of analysis are those things examined in order to create summary descriptions of all such units and to explain differences among them is the major entity that one analyzes in the study (Karl, 2008). The units of analysis in this study were both employers and employees of the informal sector and the pension funds. The

researcher looked at the working environment of the said informal sectors like contracts (if any) and the pension funds policies which include the informal sector.

3.4.3 Sample Size

Sample is a segment of population in which the researcher is interested in gaining information and drawing conclusions (Babbie, 2008). While selecting the sample size, researchers are advised to put into consideration three important aspects namely the available population, methods of sampling to be used and financial resources available for facilitation of the specific study (Charles, 2005). This study involved a sample size 2020 responds. This size included 200 workers of informal sector and 20 employees of PPF.

Table 3. 1: Summary of the Sample Composition

S/N	Department	Sample	Sample %
1	Drivers and conductors	40	18%
2	Food Vendors (Restaurants)	50	23%
3	Fishermen	30	14%
4	Workers in hotels	45	20%
5	Hawkers and second Clothes dealers	35	16%
6	Social Security Fund Staff Members	20	9%
	Total	220	100

Source: Researcher (2018)

3.4.4 Sampling Techniques

Sampling is the process of selecting a proper split of the elements from the population so that the subset can be used to make the inference to the population as a whole (Charles, 2005). It also enables generalization to be done in large population Babbie (2008). Due to difficult in selecting the respondents or observing every person who could shed light on the research problem, the researcher has applied probability and non-probability sampling methods in selecting the sample.

3.4.4.1 Simple Random Sampling

It is part of the Probability sampling method whereby each member in the population has an equal chance of being selected (Cohen et al 2010). The researcher used simple random sampling selection in selecting respondents from the informal workers. This technique gave each member of the population an equal chance of being chosen and analyzed.

3.4.4.2 Non Probability Sampling

In non-probability sampling was used to obtain respondents from the work force of the social security funds basically those related to the recruiting the informal members of the economy population.

3.5 Methods of Data Collection

The researcher has used both primary and secondary data. For the purpose of this study the researcher participated in field work for the basic purpose of obtaining fresh data. Syndicated data sources have been used as secondary data.

3.5.1 Primary Data

In this research primary data was collected through questionnaires. The researcher distributed questionnaires to members of the informal sector for them to answer according to the researcher's request. Also the researcher conducted interviews with the help of an interview guide to the employees of social security funds.

3.5.1.1 Questionnaires

According to Ndunguru (2007), questionnaire is a schedule of questions in which respondents fill answers. Questionnaires were used to collect data from grant fund beneficiaries, Chief Medical Officers and health Secretaries. This tool was selected because it could enable effective collection of data from large samples in a short period of time

3.5.1.2 Interviews

Interview method of data collection involves presentation of oral-verbal stimuli and reply in terms of oral-verbal respondents (Kothari, 2004). Semi-structured interviews were used to collect data from CMO's. This tool was used for its effectiveness in capturing more information and ability to offer room for more clarification in matters which seemed to be not well understood.

3.5.1.3 Observation

Through this method, the researcher participated fully in the informal sectors daily activities. This method provided an opportunity to the researcher to observe the areas of interest specifically how employees interact with their employer and their awareness on social security benefits. This method helped the researcher in collecting information concerning attitudes, perception and behaviors of respondents in the problem areas.

3.5.2 Collection of Secondary Data Method

The researcher gathered more information related to the study from past literal works which do exist in the libraries in form of hard and soft copies. With the literal work of past researchers and authors, the researcher was in a good position of coming up secondary data. The researcher passed through the syndicated data sources of the pension funds include the total number of informal workers registered, Kinds of benefits available, membership registration procedures, as well as the kind of relationship between the pension funds and the informal sectors.

3.5.3 Instruments of Data Collection

Research instruments are measurement tools such as, questionnaires or scales designed to obtain data on a topic of interest from research subjects, (Karl 2008). There is no one research method or instrument which is superior to the other but always the choice an instrument relies on the appropriateness of the instrument over the study being conducted. Therefore, using more than one specific instrument enables the researcher to cross-validate information and data collected from a variety

of sources (Denscombe, 2008). Due to the nature of this study, the researcher used a combination of instruments including checklist, interview guide and questionnaire.

3.6 Data Processing and Analysis Methods

The research used the thematic analysis (thus the researcher pinpointed and examined the patterns of meaning within the data, hence it is commonly used in the qualitative researches) in analysing the data or results of the related working policy, efforts taken by policy makers as well as efforts taken by Statute pension funds to reach all those in informal economy. Also the researcher analysed transparency policies, the techniques used in deciding members benefits and how frequently the policies are reviewed.

Data processing involved editing questionnaires and interview guidelines, coding the responses of respondents on the questionnaires and tabulation of data. Editing was done immediately after receiving questionnaires from respondents. It involved correction of errors that appeared in the process of research writing as well as where the respondents either under responded or offer more details than the requirements of the questionnaire.

Coding was done in order to ensure whether the response categories are appropriately classified and exhausted to the problem under the study and arrange the data collected according to group or classes they base on the basis of their common characteristics. Tabulation was done so as to assemble data into concise and logical order. The researcher analyzed the data collected by qualitative and quantitative methods. Qualitative analysis involved content analysis of documentary data and verbal explanations and arrangement of data into themes in accordance with the research objectives and research questions. Quantitative analysis of data involved computation of descriptive statistics including summations, frequencies and percentages. This was facilitated by the use of SPSS packages.

3.7 Validity and Reliability

According to Saunders (2007), validity is an aspect which is concerned with whether the findings are really about what they appear about. It is a measure of how well a test measures what is supposed to measure. For the purpose of ensuring validity of data collection instrument in this study, a pilot study to 20 respondents which is 10% of the expected sample population was conducted and respondents' comments and observation were used to modify the questionnaire before the actual data collection.

3.8 Limitation of the Study

The major limitation that faced the researcher was acquisition of primary and secondary sources. It was difficult to interview the security fund personnel on time due to their busy schedule and in the case of the secondary data; collection was as well difficult because of very scarce documentary materials. It took extra efforts for the researcher to get the materials needed mostly on the second chapter of the research. The researcher considered it as a limitation due to the fact that there were minimal numbers of researches to use as a benchmark or reference materials.

On the other hand, there were several minor limitations that the researcher faced throughout the process including unwillingness of respondents to participate particularly in the informal sector. The researcher had to employ extra efforts to convince them to participate because others demanded money for them to participate on answering the questionnaires. Time was, to some extent, also a limitation to the researcher as there was no enough time to facilitate the research work, hence the researcher at times had to work day and nights to make sure the work is complete on time.

3.9 Delimitation of the Study

With respect to time frame, sources of funds as well as familiarity, the researcher undertook the research study in Dar es Salaam and basically Kinondoni District. With the help of PPF staff from the Kinondoni Office, the researcher was in a great

position to obtain all of her interview results as the staff members showed Great Cooperation on ensuring the correct response was offered to the researcher.

Even though it was a bit difficult for the researcher to obtain the responses from respondents, she managed to acquire all the information she needed by assuring them a maximum level of confidentiality and translating the questionnaires into Kiswahili for those who did not know English language. Therefore, despite the challenges the researcher faced, all that she wanted from the respondents was acquired

CHAPTER FOUR

PRESENTATION OF RESULTS AND DISCUSSION OF FINDINGS

4.1 Introduction

This chapter presents the data collected from the field. The chapter is basically divided into several parts namely finding on demographic characteristics and responses of respondents in the field.

4.2 Demographic Characteristics of Respondents

The researcher conducted a demographic test on the informal sector members so as to obtain the actual details that would help on concluding the research with respect to the information that has been obtained from the social security fund employees. As there has been a considerate sample of 200 people who are working in the informal sector, the researcher wanted to obtain their awareness on the activities which are being undertaken by the social security funds generally by the informal sectors.

The demographic characteristics of the respondents examined in the research were age, gender, education level, occupation, monthly income together with the number of dependents of the respondents. The researcher decided to examine on these features due to their essentialness to suggest on the possible reason for the respondent's response.

4.2.1 Respondents Distribution by Age

The age of respondents were grouped into five major categories, i.e. 18-24, 25-34, 35-44, 45-54 and those with fifty five (55) years and above respectively. The findings (see Table 4.1) below, indicates that majority of respondents were aged between 25 and 34 as they were 42%, followed by those aged from 35 to 44 being with 24% and those aged between 18 and 24 being in the third place with 19%. The fourth place being undertaken by the age group of 45 to 54 with a total of 9% and lastly is the group of those with the age of 55 and above having a total of 6% of the total respondents.

This implies that, majority of the people involved in the informal business are those aged between 25 and 34 years. This might be due to the assumption that they are healthier, more productive and rational decision makers.

Table 4. 1: Age

		Frequency	Percent	Cumulative Percent
Valid	18-24	38	19.0	19.0
	25-34	84	42.0	61.0
	35-44	48	24.0	85.0
	45-54	18	9.0	94.0
	55 and Above	12	6.0	100.0
	Total	200	100.0	

Source: Field Data, (2018)

On the issue of age, there are even younger people that the researcher observed while distributing the questionnaires to individuals engaged on the informal sector business. Some of them are of school age supposed to be at schools. This is to say, the informal sector industry is comprised of people of different age groups that is, from younger children to older people who are above sixty (60) years of age.

4.2.2 Respondents Distribution by Gender (Sex)

As there are only two recognized genders, the researcher was able to distribute the questionnaires to these two gender groups based on the respondents who were found on their working environment so as to observe their participation in the informal business activities basing on gender perspective. Between the male and female, it has been observed by the researcher that there are more male than female participants in the informal sector. The findings below (in Table 4.2) show that 55% of respondents are male while the remaining 45% are female.

The observation related to gender can highly be influenced by the nature of the informal sector activities as they require muscular participant hence male are likely to engage themselves more than female due to the fact that females in the country are taken as family care takers and not economical generators.

Table 4. 2: Gender

	Frequency	Percent	Cumulative Percent
Valid Male	110	55.0	55.0
Female	90	45.0	100.0
Total	200	100.0	

Source: Field Data, (2018)

4.2.3 Respondents Distribution by Educational Level

The level of Education of respondents was categorized into five major categories being; primary education, secondary education, certificate education, diploma education and bachelor degree. Findings have been showed in the table below that bachelor degree holders are the least group of people that participate in the informal sector activities with regards to the respondents who participated in the study. Table 4.3 below shows the summary of respondents in respect of education levels.

Table 4. 3: Level of Education

	Frequency	Percent	Cumulative Percent
Valid Primary Level	92	46.0	46.0
Secondary Level	64	32.0	78.0
Certificate	22	11.0	89.0
Diploma	14	7.0	96.0
Bachelor Degree	8	4.0	100.0
Total	200	100.0	

Source: Field Data, (2018)

Findings on education level of respondents have helped the researcher on concluding that the huge numbers of people who do participate in the informal sector activities are unskilled. Those who have undertaken their primary and secondary level

education are more than a half hence concluded that on one hundred informal sector participants, four are bachelor holders leading to the sector being comprised of a huge number of unskilled people than the skilled. The percentages are well explained above.

In the country the informal sector industry comprises of a huge number of participants and of recent years even the bachelor degree holders have been observed to engage themselves in the informal activities such as drivers, food vendors or even hotel attendants due to lack of job opportunities in their academic fields and increase of graduates which has resulted into decrease of employment opportunities.

4.2.4 Respondents Distribution by Occupation

Upon the investigation towards the study, the researcher had a selection of five major informal activities which were taken as a sample and that were used to arise to the conclusion. These economic activities (occupations) were, drivers and conductors, food vendors, fishermen, workers of hotels and guest houses as well as street hawkers.

It is to be noted that, 25% of the respondents were food vendors followed by workers of hotel and guests houses by 23%. Drivers and conductors take the third position by having 20%; street hawkers take the fourth position by having 17%; and the last position taken by fishermen who have 15%. Table 4.4 below shows a summary of distribution of respondents by occupation.

Table 4. 4: Type of Economic Activity

	Frequency	Percent	Cumulative Percent
Valid Driver or Conductor	40	20.0	20.0
Food Vendor	50	25.0	45.0
Fisherman	30	15.0	60.0
Works in Hotel or Guest House	46	23.0	83.0
Street Hawkers	34	17.0	100.0
Total	200	100.0	

Source: Field Data, (2018)

4.2.5 Respondents Distribution by Department

To ensure best results are obtained from the respondents, the researcher further decided to investigate the social security fund personnel found in Tanzania. Two major social security funds found in the country were used to collect data from their officials. The social security funds involved were PPF and NSSF Kinondoni branches. The Distribution of members in respect of their departments is well summaries in the table 4.5 below.

Table 4. 5: Respondents Distribution by Department

	Frequency	Percent	Cumulative Percent
Valid Operational Managers	2	10.0	10.0
Recruiters	8	40.0	50.0
Operational Officers	4	20.0	70.0
Finance Officers	2	10.0	80.0
Public Relation Officers	4	20.0	100.0
Total	20	100.0	

Source: Field Data, (2018)

The above table shows that the recruiters and public relation officers highly participated on the research due to their day to day duties that are related with creating membership as well as advertising and educating the public about the social security funds activities.

Accordingly, the social security fund personnel who were interviewed in this research had a chance to talk about the issues related to their departments which they are familiar with in their day to day activities. The operational Managers had a chance to talk about the general overview of their security funds they offered and the internal and confidential details related to operations that are not publicly known.

Recruiters are the office personnel who on daily basis are supposed to visit customers as well as prospective customers. They are therefore depended by the organizations for bring in new members as well as presenting the challenges that face the existing members. Operational officers are less or equal in duties and activities with the recruiters with a major difference that they are more of the managerial team hence they are supposed to ensure all the organizational activities are well undertaken as planned for the sake of achieving the organizational goals.

Furthermore, the researcher interviewed the finance officers for the sake of knowing the finances which are raised from the informal sector as well as knowing the financial activities that are being undertaken by the organizations and how the members of the informal sector are being financially supported.

Lastly but not least, the researcher interviewed the public relation officers. These are responsible for creating the organizational image to the public. They are highly responsible for educating the public on the issues that are concerned with the social security funds and advertising the organizational activities and the services offered by the social security funds.

4.2.6 Respondents Distribution by Monthly Income

On the perspective of average monthly income, the researcher categorized five major groups of income. the first group involved those who earn less than 100,000/ per month; the second group focused on those who earn between 101,000/ and 200,000/; the third group involved those who earn from 201,000/ and 300,000/ per month; the

fourth category involved all who earn between 301,000/ and 400,000/; and the fifth group involved those who earn between 401,000/ and 500,000/ per month.

The results are demonstrated below in table Table 4.5 below. Generally the study found out that the three leading income groups are those who earn between 101,000/ and 200,000 followed by those who earn between 201,000/ and 300,000/ and lastly those who earn between 301,000/ and 400,000/ per month.

Table 4. 6: Monthly Average Income

		Frequency	Percent	Cumulative Percent
Valid	Below 100,000/	28	14.0	14.0
	101,000/-200,000/	74	37.0	51.0
	201,000/-300,000/	58	29.0	80.0
	301,000/-400,000/	32	16.0	96.0
	401,000/-500,000/	8	4.0	100.0
	Total	200	100.0	

Source: Field Data, (2018)

The informal sector members earn for their life between 100,000/ and 300,000/ per month. Most of them are being paid wages on daily basis by their bosses or even those who are self employed mostly earn a profit that does not exceed 10,000/ a day which amounts to three 300,000/ a month.

Thus the income these people earn enables them to support their daily living costs only and nothing extra they can save. That is the reason most of them do not invest on other activities or even move to another financial stage in their life due to the insufficient earning.

4.2.7 Respondents Distribution by Number of Dependants

Due to the fact that these members of informal sector undertake their business activities for the sake of supporting their families as well as surviving on a daily life requirement, the researcher categorized them into two groups: those with less than five dependants and those with more than six dependants. Thus, the results from the

study show that most of the participants have more than six dependants as demonstrated in Table 4.7below.

Table 4. 7: Number of Dependents

		Frequency	Percent	Cumulative Percent
Valid	Below Five	78	39.0	39.0
	Six or Above	122	61.0	100.0
Total		200	100.0	

Source: Field Data, (2018)

Despite the fact that these people earn literally small amounts as wages, the researcher observed that persons under the informal sector undertake several duties and responsibilities due to huge number of dependants that these people happen to support in their lives.

Only 39% of the respondents had less than five dependents. The rest of the respondents had more than six dependants and they support them with the exact money they receive as wages. The researcher further found out that, these respondents do live on an extended family basis and others have big families which make them to have lots of dependants regardless the amount of money they make in each day or rather monthly but as well they do have poor knowledge related to social security funds and even those who have knowledge of the social security funds are less aware of the services offered by social security funds. They believe that social security funds are only meant to support those who work in the formal sector.

4.2.8 Required Benefit by the Respondents

The researcher took trouble to investigate the number of basic issues that would be of high requirement to the respondents. A number of issues were selected according to their importance so as to know what these members of the informal sector prefer to get as benefits from the social security funds. Table 4.8 gives a summary of field responses in that respect.

Table 4. 8: Benefit highly required

	Frequency	Percent	Cumulative Percent
Valid Capital and Loan Benefits	68	34.0	34.0
Education Benefits	18	9.0	43.0
Retirement Pension	14	7.0	50.0
Maternity Benefits	20	10.0	60.0
Health Care Benefits	80	40.0	100.0
Total	200	100.0	

Source: Field Data, (2018)

From Table 4.8 above, the study observed that among the 200 respondents, 80 (40%) preferred Health Benefits. That is they are willing to contribute to social security funds only if they will receive health care when needed. The study also found 68(34%) participants prefer to receive capital and loan benefits for the sake of growing their business. The third group 20(10%) of people preferred maternity benefits on their membership period in social security funds. While education and retirement benefits holds the last positions on the benefits required by the respondents, i.e. 9% and 7% respectively.

4.3 Respondents Response from Various Researcher Questions

From questionnaires that the researcher distributed, she wanted to get some minor information as well from the respondents for the sake of comparing the same with the information obtained from social security fund personnel. The aim of these questions was to help the researcher determine how the people who undertake their activities in the informal sectors are aware of the social security fund. The idea was to find out the coverage burden of social security fund on the informal sectors whether it should be place on the informal sector themselves or the social security fund management. The responses obtained from respondents are well explained here below.

4.3.1 Respondents Knowledge on Social Security Funds

The researcher took time to investigate the respondents' knowledge on social security funds in general. 50.5% percent of respondents said they do not have knowledge on the social security fund while 29% respondents said they have knowledge on social security fund and the remaining 20.5% confirmed to have knowledge on the social security fund. As the huge number of respondents lack knowledge on the social security fund, this poses a challenge to the social security funds because for a person to join the social security fund he or she must have knowledge of it. In contrast, most of the informal sector members who participated in the study admitted to have no knowledge on the social security funds and its operations.

Table 4. 9: Knowledge on Social Security Funds

	Frequency	Percent	Cumulative Percent
Valid Yes	41	20.5	20.5
Some how	58	29.0	49.5
No	101	50.5	100.0
Total	200	100.0	

Source: Field Data, (2018)

Due to their poor knowledge it is believed that less efforts is taken by the social security fund personnel on educating and convincing the informal sector members to joining social security fund schemes for support of their lives. Most of the respondents have clearly proved to be capable of paying the monthly contribution fee to the social security funds but due to lack of proper knowledge they have not joined social security funds.

4.3.2 Social Security Fund Information on Policies

In respect to information about policies guiding social security funds for the informal sector, majority of respondents (42.5%) confirmed to have no information about policies that guide social security funds' coverage to members from informal sector. About 34.5% respondents had little information and only 23% respondents were well informed about social security policies that cover members from the informal sector.

Table 4.10 shows the summary of responses of respondents' knowledge of social security policies covering informal sectors.

Table 4. 10: Information about Policies

		Frequency	Percent	Cumulative Percent
Valid	Yes	46	23.0	23.0
	Some how	69	34.5	57.5
	No	85	42.5	100.0
	Total	200	100.0	

Source: Field Data, (2018)

4.3.3 Consideration of the Informal Sector by Security Funds

Under this section the researcher aimed at obtaining the respondents view on how they think they are considered by the social security fund. The main aim was to determine how the informal sectors are being treated and considered by the social security funds. Respondents were supposed to give a yes or no answer with respect to their views on how the social security funds consider them in terms of treatments and somehow for a person who has no better side to lean on. Table 4.11 shows the summary of results.

Table 4. 11: Informal Sectors being considered by Funds

		Frequency	Percent	Cumulative Percent
Valid	Yes	41	20.5	20.5
	Some how	86	43.0	63.5
	No	73	36.5	100.0
	Total	200	100.0	

Source: Field Data, (2018)

Generally, majority of respondents proved lack of confidence with the social security funds. The responses obtained show that 43% of the respondents said that they somehow think that the social security funds do consider them on their day to day

activities; 36.5% strongly argued that they are not considered by the social security funds while only 20.5% of the respondents agreed to be considered by the social security funds on their operations.

4.3.4 Meetings between the Staff and Informal Sector Personnel

The researcher wanted to know on what level the informal sectors are being educated and informed on the social security fund activities. The researcher concluded on the issue after obtaining the information related to the meetings which the social security fund employees undertake with the informal sectors, that there is weak consideration of informal sector participants by social security funds. Table 4.12 shows the summary of responses on the meetings between social security funds employees and the informal sector.

Table 4. 12: Day to day Meetings between staffs and informal sector members

	Frequency	Percent	Cumulative Percent
Valid Yes	45	22.5	22.5
Some how	58	29.0	51.5
No	97	48.5	100.0
Total	200	100.0	

Source: Field Data, (2018)

As table 4.12 summarizes, 48.5% of the respondents said there are no meetings that involve them and the social security personal. Lack of meeting leads to lack of information and knowledge concerning the operations of the social security funds. 29% were in the middle as they do not know if at all there are meetings or if the social security funds are required to undertake meetings with them while only 22.5% of the respondents confirmed that the social security funds staffs do actually undertake meetings with them.

The social security funds are in dept of making sure these people participating in the informal sector industry are being educated and told the benefits of being members of the social security funds. This will enable them join the membership and enjoy the benefits as the informal sector is a growing sector and many people are being motivated to join the informal sector industry due to lack of job opportunities and hardship of life.

4.3.5 Assessment on the Preference of the Benefits Received

50.5% of the respondents have shown to prefer the benefits that are offered by the social security funds thus the health care, financial support, old age support as well as school support while 28% where in the middle by agreeing to the benefits on a somehow bases and this might be due to lack of awareness on the benefits that are being offered by the social security funds and 21.5% happened to disliked the benefits which are being offered by the social security funds. Table 4.13 shows the summary of responses on respondents' preference on the benefits offered by social security funds.

Table 4. 13: Preference on the Benefits offered

		Frequency	Percent	Cumulative Percent
Valid	Yes	101	50.5	50.5
	Some how	56	28.0	78.5
	No	43	21.5	100.0
	Total	200	100.0	

Source: Field Data, (2018)

4.3.6 Assessment on the Payment Capability by the Informal Sector

For the sake of knowing the reasons as to why there are few participants of the informal sector who are members of the social security funds, the researcher wanted to know if at all the amount that has to be paid as contribution is over the capability of the respondents or not. The results obtained from the field are summaries in table 4.14.

Table 4. 14: Capable of Paying the contribution

		Frequency	Percent	Cumulative Percent
Valid	Yes	111	55.5	55.5
	Some how	55	27.5	83.0
	No	34	17.0	100.0
	Total	200	100.0	

Source: Field Data, (2018)

Once one becomes a member of social security fund, there are monthly contributions which are to be made by a member to the social security fund. Majority (55.5%) respondents clearly argued that they are capable of paying the monthly contribution of 20,000/ Tanzania shillings only; 27.5% respondents said somehow they can afford to pay the monthly contribution and the remaining 17% said they are unable to pay the monthly contribution.

4.3.7 Assessment on the Kind of Benefit Required by the Informal Sector

As the informal sector comprises of a huge number of people and over a half of the population in the country are participants of the informal sector activities, the researcher wanted to be assured on the type of benefits that informal sectors prefer to receive from the social security fund in terms of duration as most of the formal sector participants are being refunded (offered their benefits in a long term bases) after a period of time. Thus table 4.15 shows the results as obtained from the field respondents.

Table 4. 15: Kind of benefit Preferred

		Frequency	Percent	Cumulative Percent
Valid	Current Benefits	129	64.5	64.5
	Future Benefits	47	23.5	88.0
	All of the Benefits	24	12.0	100.0
	Total	200	100.0	

Source: Field Data, (2018)

All the benefits that are being offered by the social security funds are categorized into two major groups that is the current group of benefits and the future group of benefit. The current group is where the members receive the benefits within a year but the future group offers the members the benefits after a long period of time.

Through this research, it was found that most of the respondents require the current benefits such as financial support and health care support by 64.5% while there others who wish to receive the future benefit such as education and old age support by 23.5% and lastly but not least is the group of those who wish to attain all the benefits with the single contribution they pay, thus they wish to receive health support and at the same time receive old age support at their old age period and this comprises of 12%of the respondents.

4.3.8 Assessment on the Number of Informal Sector Participants who are Members of Social Security Funds in Tanzania

The researcher decided to generally observe among the selected participants who are already members of social security fund regardless the security fund they belong to. Respondents were given a yes or no question; yes if at all one is a member of any social security fund and no if one is not a member of any social security fund. Table 4.116 below summarizes the obtained results.

Table 4. 16: Member of Social Security Funds

		Frequency	Percent	Cumulative Percent
Valid	Yes	60	30.0	30.0
	No	140	70.0	100.0
Total		200	100.0	

Source: Field Data, (2018)

From table 4.16 above, it is only 30% of the respondents who are members of social security funds hence from a number of 200 respondents, it is only 60 people who enjoy the benefits of social security funds while the rest 140 (70%) people are not

members of any social security funds and hence are not in any position of enjoying the benefits offered by social security funds.

From the observed results, it is evident that the social security funds have a huge task of educating the informal sector participants on the benefits of joining the social security funds. They should provide vivid examples to the members of informal sector on how those who are members of social security funds have benefited from the funds and convince them to join and be members of the social security funds.

4.4 Interview Guide Line Response

The researcher distributed questionnaires to participants of the informal sector for the sake of obtaining their personal views so as to compare their responses with the answers obtained from social security fund employees and documents from the social security funds, the following were the results on coverage of informal sector by the social security services in Kinondani District.

4.4.1 Social Security Fund Policies that Favor and Considers the Informal Sector

In interviews with the operational Manager of the PPF on the social security fund policies s/he observed;

‘As an organization, we are guided by law and there is an authority which guides and directs our operations, it is known as Social Security Regulatory Authority (SSRA), hence you have to know that all our doings are directions from the authority, you must be assured that our good authority has proper plans for not only the people working in the formal sector but as well those in the informal.’

The government through social security funds and the Social security regulatory Authority has clearly stated on registration of members in the informal sectors. These can be found under Section 18 (e) of the PPF Pensions Fund Act [CAP 372 R.E. 2002] (has been dissolved and is currently merged with other three funds to be PSSSF), Section 31 of the Social Security (Regulatory) Authority Act, 2008 and

Regulation 15 of the Social Security Regulations G.N No. 96 published on 24/4/2009. Moreover, the policies do not only emphasize on registration but also on investment of members funds which can be obtained in the investment of Social Security Schemes Investment Guidelines, 2015.

Section 31 of the Social Security (Regulatory) Authority Act, 2008 clearly states the need for funds to channel their efforts to introduce schemes and register members in the informal sectors so as to give them opportunity to enjoy benefits similar to those in the formal sectors. Even though memberships in these schemes are voluntary, efforts to attract members have to be adopted such as introducing attractive benefits that will pull member to join the funds. While conducting interviews with the operational Manager of the PPF, s/he said;

‘Social security funds act as a parent in a house. Always a parent takes care of his or her children equally and there are no favors. Only extra efforts to the children who need it most, the public should well be informed that both formal and informal sectors are taken care by the social security funds but the law is set for the formal sector for them to pay their contribution as compulsory because they have monthly assurance of the exact income unlike the members of informal sector. So we are taking our time in convincing them on the benefits of them being part of the social security fund as they cannot enjoy our benefits if are not active members.

Social security funds have come up with recruitment target so as to ensure equal efforts are employed to both formal and informal schemes. These do not only base on recruitment but also education and awareness seminars to individuals or groups so as to entice them to join and be contributing members to the funds. Further, they have to adhere to the laid down policies such as one explained above (Social security Regulatory Authority Act No. 8 of 2008) where members in the formal sector can join in supplementary schemes and contribute voluntarily but also those in the informal sector can join and be members. In interviews with the operational Manager of the PPF, s/he had this to say;

‘Employees in the social security funds are not only guided by the Social Security regulatory authority but also by Code of Conducts of their respective fund to ensure they conduct registration and education to members in a correct and professional manner.’

4.4.2 The Policies of the Formal Sectors and the Informal Sector

The social security regulatory authority which is the overseer and being responsible with social security funds has established policies to govern the introduction, procedures of registration, benefits, investment and even withdrawal of members in both formal and informal sectors. As these policies aim at ensuring the social security funds undertake their duties for the sake required, the policies allow the social security funds to establish schemes that will suite the members and hence the schemes are like WOTE Scheme, together with policies of respective social security funds such as National Social Security fund. These can be seen in Section 31 of the Social Security (Regulatory) Authority Act, 2008 and Regulation 15 of the Social Security Regulations G.N No. 96 published on 24/4/2009. Social Security Schemes Investment Guidelines, 2015, SSRA Act No. 8 of 2008 and Social Security Schemes (Pension benefit Harmonization Rules) 2014.

The two schemes (group of members) involve the formal and informal members do differ in benefits offered/received together with contributions as in informal sectors it is a voluntary contribution scheme whereas in the formal sector it is purely statutory. Thus rules, rates and reinforcement will differ greatly. In respect to this one of respondents from the PPF said;

‘Normally the benefits depend highly on the contribution, we as well wish to offer the same benefits but due to the fact that they differ in contribution we cannot and are not supposed to offer equal benefits but rather offer more than what a member has contributed.’

‘Due to the fact that these schemes (group of members) are categorized differently, the social security funds are free and allowed to create and formulate schemes with regard to their members wish and desire, were as these schemes do base on the benefits to be received such as health benefits, loan benefits or even educational benefits.’

4.4.3 Similarity on the Efforts applied in both the Formal and Informal Sector

The efforts applied to formal and informal sectors hugely differ because of a number of issues. Less effort is applied to the informal sector. The formal sector are bound by the law to contribute every month at a specified rate and non remittance or delays in remittance of members' contributions will constitute to a criminal offence and also attracts a penalty of 5% compounded monthly which is an additional cost to the organization. Thus majority in formal sector comply so as to avoid such punishments. In clarifying this aspect, the operational manager of the PPF said;

'Our operations are similar to tax collection, I believe you know a good tax collector requires to use less cost on collect higher amount, we there for apply lest efforts to the informal sector due to that fact that they are scattered all over the country and truth has to be told most of them lack basic education hence it is very difficult to convince these people on the benefits they can enjoy if they become our members.'

The informal sector on the other hand, is a voluntary contribution scheme and the contribution will usually be based on the members' income. Not many in the informal sector have high incomes hence compliance and consistence can be a challenge. Penalties or reinforcement cannot be applied in this case because it is merely voluntary and one can opt to withdraw anytime. Thus it is the duty of social security funds to ensure attractive benefits are introduced to magnetize members to join so as to reap these benefits and conduct education and awareness seminars so they can see the need and importance to join. Showing the plans that the PPF has to extend their services to the informal sector, the operational Manager said;

'Despite the fact that less effort is used on them, we are planning to employ extra staff after we are joined so as to allow the informal sector to attain more education about us. 'This will take time because for them to change will require a long period of time, probably after five years we are planning to have about 35 to 50 percent of the informal sector members as members of the social security funds.'

4.4.4 Informal Sector member interest with joining the social security funds

When asked whether the members of the informal sector are interested in joining social security funds, the operational Manager of PPF responded;

'Yes they are very interested. Awareness on functions and benefits obtained in joining these social security funds needs to be highly emphasized on, as many people in the informal sectors have the need and face a lot of challenges such as limited access to affordable and good health care, limited finances in starting up or improving their business ventures. These challenges can be eliminated by joining social security funds as they offer these benefits at affordable rates, high transparency as you contribute as see your contributions regularly but also builds a saving culture to most in the informal sector. As to access these benefits one has to be an active member.'

From the way the informal sector participants join our security funds over the years, it has highly proven that most of the people who are working in the informal sectors are currently interested with the services that are offered by the social security funds. This is highly evidenced by the summary of members who join the security funds over the past three years. In 2015 about 5723 people who undertake their activities in the informal industry turned to be members of PPF. In 2016 the number increased to 43611 implying that the benefits of being a social security fund member are evidenced and people are being motivated. In 2017, a total of 61698 members joined the PPF fund in the whole Tanzania. Hence, from the increased number of membership every year, it definitely that the informal sector participants are being interested as days go though not to a huge extent.

As the above number of members portrays the total members recruited by PPF in the country, the same applies to Kinondoni District. For instance, about 514 members joined the social security fund in the year 2015; in 2016, a total of 1953 members joined the security fund; and in 2017, about 3238 members joined the security fund.

It is very obvious that having regard to the population of individuals involved in the informal sector in Kinondoni district, the coverage of informal sector towards the members of the informal sector is still low and extra force should be applied to enable these people to join the social security funds as it benefits them most.

4.4.5 Informal Sector Contribution

Income earned by individuals in the informal sector is not as certain as those in the formal sector where they have monthly incomes. In the informal sector this can be dependent to a number of factors to mention a few economic situations, seasonal fluctuation in different sectors such as agriculture, hospitality. Therefore, in being consistent with the informal sector members, social funds have set a minimum monthly contribution of Tzs. 20,000.00 per member and or any other amount prescribed by the Board from time to time. But this does not mean the amount is to be deposited only month end. A member can deposit money daily, weekly or monthly basis depending on their income. When interviewed on the contribution made by members of the informal sector, an accountant of PPF Kinondoni Branch explained thus;

‘With the amount that these in for sector are supposed to pay as contribution and yet some refuse that is where you see that education to our people is very import, most of the people refuse as they believe it is best for them to have their money and spend on day to day luxuries rather than investing with us so as we can support them when ever needed.’

This can be easily done as contribution remittance to the scheme may be made through bank deposit, telegraphic transfer, money order, cash or mobile money transfer through Mpesa, Airtel Money or Tigopesa as stated by the by an Operational officer;

‘With the payment option that the informal sector members are given and yet they refuse to join and pay it explain how difficult it will take for them to change and think positively, but our offices are doing extra job in ensuring we are changing these people.’

After remitting, confirmation receipt for such contribution by the scheme shall be issued and as such acknowledgement of contribution receipt will be made electronically. Contributions received shall be recognized on receipt date therefore no interest shall be chargeable on un-remitted contributions. Time is a very big asset to a member in the informal sector, therefore to ensure if their contribution are well updated, these schemes allows a member to access his or her contribution history through mobile phones and at the end of every financial year the scheme shall issue a statement showing amount standing in his account. But they can also be provided at any time if a member requests.

4.4.6 Intention of the Benefits to the Informal Sector

Social security funds offer a relief to members in the informal sector in terms of benefits offered. Only a member who has contributed will be entitled to benefits. Social security funds not only look to benefit members in their day to day but also in the long run and improving their welfare through provision of Old age benefit that will help them plan for a more secure future, education loans, development loans and health benefit. These benefits are further illustrated below.

4.4.6.1 Old Age

People work hard in their youth years to ensure they live a satisfactory life not only in the time being but also ensure they have a secure future. This can be attained by having a savings culture as since there are always uncertainties with money it is best to save using social security funds. For a member to qualify for old age benefit, s/he will be required to contribute for a period of not less than 15 years (180 months). Retirement age will be from 55 years or any other age as may be determined by the Board from time to time. Further, pension to be paid will be determined by the computation of annuity from the members' contributions.

4.4.6.2 Education Loan

Another benefit offered under the scheme is education loan. This can be accessed after the member has contributed to the scheme for at least six months. The loan can be granted to either the respective member or children of the member. The returns for

the loan are to be made either within the same year or a period of not exceeding five years. Investment in education is vital not only to members but also their children. Social funds help members realize the dreams of ensuring good and quality education is obtained by offering loans to facilitate education.

4.4.6.3 Development Loan

These types of loans are granted to members so that they can improve their quality of lives and since in most financial institution there are bureaucracy in obtaining loans and one is required to have collaterals and a number of referrals. It has become a challenge to many in the informal sector as they have great business ideas or investment opportunities but fail to attain the same due to missing startup capital or funds to help their businesses grow.

Social security funds in joining hands with the government to support these initiatives offer an alternative to members in the informal sector to access these loans at affordable interest rates compared to commercial banks. The loans can be accessed by either an individual or a group. To qualify for the loan, the member(s) must have contributed to the Scheme for at least 6 months. The amount that may be taken as a loan shall be determined by the Bank in consultation with the Fund. The returns for the loan are to be made from one year to five (5) years.

4.4.6.4 Health

Health is very crucial to any citizen but is even more vital to members in the informal sector. Majority of members in the formal sectors enjoy health benefit that they can access through their employers. But those in the informal sector are independent and their productive activities also depend on their well being. Therefore, in seeing the importance of the matter and ensuring that members in the informal sector are catered for also introduced health benefit. Where Members will be eligible to access health benefit after contributing to the Fund a mere sum of 60,000/-. This is very cheap compared to the huge amount required by the National health insurance fund. Further, members will enjoy health insurance similar to that

offered to other members of the National Health Insurance Fund. In emphasizing the benefit of health care service to members in the informal sector, one of the Recruiter of PPF at Kinondoni offices observed;

'We have tried our level best to offer the informal sector members the best of the basic needs support but with them there are always different calculations in their heads but as organizations, we cannot blame them nor blame our team but rather enforce extra time and concentration on them so as we can make them our members. We highly need these informal sectors because they are so many and their success is the success to the country, the country can never develop if at all these people are left alone. With the support we provide to them such as health care helps them reduce their costs as once they get sick in a month they can spend more than what they have contributed to get treatment but it is our job to improve their lives.'

4.5 Conclusion on the Findings

From the frequencies that the researcher extracted from the responses obtained from the informal sector members with respect to their categories as extracted together with the interview response from the social security fund personnel as it has been elaborated above on chapter three there are several issues that the researcher has recognized and they have been discussed in this chapter. Conclusively in a nutshell the major ones will be discussed here basing on the research questions that were to be answered by this study.

The first research question aimed at knowing if the policies which are formulated by the social security funds consider the informal sector. From the responses of the social security fund personnel it has been observed that the policies are being formulated by the Social Security Regulatory Authority (SSRA) and despite the little that the informal sectors do contribute to the funds the authority has set policies which forces the social security funds to consider the people in the informal sectors just like those in the formal sectors are considered.

The second research question focused on assessing the efforts of social security fund in convincing the informal members, the researcher with the help of the numbers obtained from the PPF offices concludes that due to the increase of the number of members in a every year, it is obvious that the social security fund personnel play a great role in ensuring the participants of the informal sector industries in social security funds. Hence, it is true that efforts might not tally but their worth as the number of members increase rapidly over years and it is expected that over few years to come a huge number of people participating in the informal sectors will be members of the social security funds.

Lastly, the researcher wanted to examine how the members of informal sector are aware and satisfied by the benefits granted by the social security fund. The responses of the informal sector participants show that they are not very much aware of the services and activities which are being offered by social security fund. The researcher has observed that most informal sector participants have little education on the activities and services which are being offered by the social security funds hence it is a reason of poor participation on the social security funds as they lack proper knowledge and education related to it.

Therefore, among the three research questions, two questions had a positive response. That is, the social security fund policies as well as the efforts taken by the social security staffs on making the informal sector participants to be members of the social security funds are sufficient and positive. However, the issue of awareness and satisfaction with the benefits offered by social security funds among the informal sector participants is negative because the findings of the study show that most of the people in the informal sector industry have no sufficient knowledge of the activities of social security funds and the benefits that the informal sector can get from the same. Therefore, more education is needed to the people working in the informal industry for them to be aware of the benefits offered and hence give them an opportunity to see the benefits of being a member of the social security funds.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter focuses on the summary of the findings, conclusion and the recommendations. Also the chapter provided that policy implication on extension of social security protection to members of the informal sector. The chapter is divided into five sections. The first section provided the introduction, the second section provides the summary of findings, the third section provides the conclusion, the fourth section provides the recommendations and the fifth section provides the policy implication.

5.2 Summary of the Findings

The study aimed at assessing the coverage of social security funds to the informal sector members in Tanzania by using the case of Kinondoni District in Dar es Salaam. The researcher was guided by the main objective which aimed at assessing the coverage of social security funds to the informal sector. The general objective was split into three specific research objectives with three research questions.

The first objective of the study aimed at assessing the social security funds policy in the country and from the response of the interviewed social security fund officials, it has been observed that there are proper policies which happen to guide the social security funds and the social workers have further argued that the policies are being set and followed by the social security fund regulatory authority.

Even though most of the informal sector participants lack the knowledge and information related to the policies as the policies are more of internal use to the organizations, the researcher has observed that there are guiding policies and all the social security funds operate under the procedures set forth in the said policies. Although the external members might be not aware of them, the policies do exist and are being followed up for the sake of providing proper services to the members.

The second objective was to identify efforts taken by pension funds to reach those who are in informal sector industries. With this objective the researcher used the increasingly number of members who join social security funds from the informal industries in every year to prove that the social security funds do employ better efforts which leads to increase of the informal sector participants as members of the social security funds. It is worth to conclude that there are efforts being taken to reach the informal sector by the social security funds personnel.

Lastly, the third objective aimed at assessing the types of benefits offered by pension funds to members of the informal sectors. The data collected from the respondents clearly shows that there are some criteria of satisfaction towards the satisfaction on the benefits which are being offered by the social security funds to the members of informal sector industries. However, the members are not highly aware of the benefits which are being offered and this happen to be a result of poor information that is being provided by the social security funds to the informal sectors. From the results obtained from both the informal sector respondents as well as PPF officials, the researcher came to the conclusion that among the three research questions two were proved in the positive and one was proved in the negative.

5.3 Conclusion

Social security funds play a great role in the country's income as they secure the incomes of the working group of the country. The formal sectors members happen to enjoy their retirement benefits because of the law set by the government hence the government should further extend its law to some of the informal members who are certainly sure of their monthly income.

Any developed country has more people working in the private sectors than the public sectors. Hence, in a country like Tanzania where the economy is still low, more people are in the informal sector than in the formal sector. Thus, the collapse of the informal sector means collapse of the country's economy.

From the study, the researcher has basically used three research objectives for the sake of arriving to the conclusion as the researcher aimed at collecting data from both the informal sector participants as well as the social security fund personnel. It is to be noted that, the informal sector participants gave their own views with respect to the external information that they receive and with respect to the activities that are being undertaken on their presence while the social security fund personnel provided details concerning the internal affairs as to issues related to policies as well as membership of the informal sector participants in the social security funds.

As there were three research objectives, among them two were proved positively while the remaining one was rejected. Hence the first and second objective related and proved to collate with the research but the third objective from the information that was received by the informal sector participants was rejected and hence more education is needed to the informal sector members related to the activities which are being undertaken by the social security funds.

5.4 Recommendations to the Government

The government with respect to its bodies should ensure several issues are addressed so as to enable the people in the informal sector to participate as members of the social security funds.

Among the several issues that have to be addressed education and information provision to the informal sector concerning the social security funds is among the crucial thing. The informal sector members really need education about the social security funds. They need to know their main activities as well as being assured on the return of their contribution as most of these people do not believe on saving for the future.

Even though the regulatory authority guiding the security funds has instructed on how to ensure the informal sector members are reached, the social security funds should highly see the potential of the informal sector industry as with lack of job opportunity in the country most of the skilled unemployed people are motivated to engage themselves in the operations which are done in the informal sector industry.

Social security funds should invest in education provision to the members of informal sector. The informal sectors should be grouped and categorized by the informal sectors and through the process the organizations should slowly educate them on the advantages of being members of the social security funds as well as the disadvantages of not being members so as to enable them identify the right path to take.

5.4.1 Recommendations to Investors and Stake Holders

The findings of this study recommend that, investment should be made to educate the informal sector members basing on the benefits and problems associated with being members of social security funds. Furthermore, education about the social security funds should be offered to the primary schools so as to enable even those who will start undertaking business activities after accomplishing their primary education to be aware of the social security funds and know its importance.

Through social security funds, members of informal sectors are expected to change their lives from the benefits offered by the social security fund. As such as one can get financial support and re-invest in the business that can change his or her life. Also through old age benefits, one is expected to be offered assurance of life support once he or she reaches the old age where it is difficult to participate on other economical activities which require muscle and attention.

The informal sector members should create groups that will enable them to air their needs and requirement and through these groups or associations there should be representatives who focuses on investigating and advising the group members on what to do and proper way to follow. Thus, the existence of such associations will enable them to undertake some meetings with the social security fund personas and be educated on the activities undertaken by the social security funds. There should be unions which air out the requests, suggestions as well as requirements of the informal sector members to the social security fund for the sake of enabling win-win situation to both groups.

Investors and other huge organizations in the country should be motivated to help the members of the informal sector not only financially but also through being advocates or ambassadors of the benefits that the social security funds offer to the informal sector members.

5.4.2 Recommendations for further research

Other researchers should go a step ahead by researching on the challenges that the social security fund face in providing their services to the informal sector members with respect to their needs on the short term benefits as compared to members of the formal sectors who are being offered the long term benefits.

Also as this study was conducted in Dar es Salaam, Kinondoni District and covered only about 220 respondents, the researcher recommends strongly that further studies should be conducted in the whole of Tanzania in order to have the broader picture of the study.

Future researchers as well should investigate on the economical benefits resulting from social security funds to the informal sectors by comparing the level of development that an informal sector participant who is a member of social security fund has with respect to the level of development that an informal sector participant who is not a member of the social security fund has.

Moreover, future researchers need to investigate on a vast number of informal sector activities as well and if possible do the comparison on how the informal sectors of Tanzania are treated with respect to other countries like Kenya, Uganda and Rwanda.

3.5 Policy Implications

This research study adds on existing literature and aid to bridge the gap on inadequate information regarding the operations that are being undertaken by the social security funds in the informal sector members.

This research can be utilized by social security funds as well as other governmental organizations which deal with the informal sectors and their well being for improving the lives and overcoming the needs of the members of the informal sectors. Through this study, the organizations will gain awareness on the factors to consider when they are engaging with the informal sector.

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APPENDIXES

Questionnaire

The research is conducted as a partial fulfillment for acquiring a Master Degree of Business Administration in Corporate Management at Mzumbe University, Dar es Salaam College Campus. Hence the researcher is kindly requesting your participation by filling the given questionnaires so as articulate the doubt related to the relationship among the members of informal sectors and the social security funds.

On responding to the questionnaire, please avoid exposing your personal details such as names as any information provided will be treated with high confidentiality. You are also advised not to hesitate to make communication with the researcher in case any clarification is being needed, thus any communication can be made through; 0713530777 Zainab Ndullah.

You are asked to put a Tick on the right response of your preference for Section A and B as for section C of the Questionnaire which will be responded by the PPF Officials they are asked to give reasons for their answers. Thus either they accept the question or reject it, they are recommended to provide reasons respectively.

Section A: Respondents Profile

Tick against the right answer

1. Age
 - a. 18-24 []
 - b. 25-34 []
 - c. 35-44 []
 - d. 45-54 []
 - e. 55+ []

2. Gender
 - a. Male []
 - b. Female []

3. Level of Education

- a. Primary []
- b. Secondary []
- c. Certificate []
- d. Diploma []
- e. Bachelor Degree []

4. Occupation

- a. Driver []
- b. Food Vendor []
- c. Fisherman []
- d. Works in Hotels/Guest Houses []
- e. Street Hawkers []

5. Monthly Average Income

- a. Below 100,000/ []
- b. 101,000/-200,000/ []
- c. 201,000/-300,000/ []
- d. 301,000/-400,000/ []
- e. 401,000/-500,000/ []
- f. Above 500,000/ []

6. Number of Dependants

- a. Below Five []
- b. Above 6 []

Section B; Social Security Fund Questions to Members of Informal Sector

1. Do you have any knowledge related to social security funds?
 - a. Yes []
 - b. Somehow []
 - c. No []

2. Do the social security fund staffs inform you about the policies that guide their operations?
 - a. Yes []
 - b. Somehow []
 - c. No []

3. Are the informal sectors taken into consideration by the social security funds?
 - a. Yes []
 - b. Somehow []
 - c. No []

4. Do the social security fund staff organizes meeting with you?
 - a. Yes []
 - b. Somehow []
 - c. No []

5. Do you receive information based on social security fund operations on time?
 - a. Yes []
 - b. Somehow []
 - c. No []

6. Are the benefits offered by the social security funds of your preferences?
 - a. Yes []
 - b. Somehow []
 - c. No []

7. Are the monthly contributions required by the social security funds under your capability?

- a. Yes []
- b. Somehow []
- c. No []

8. What kind of benefits in term of time scale do you prefer?

- a. Current Benefits []
- b. Future Benefits []
- c. All the above []

9. How do you prefer to pay your contributions?

- a. Weekly []
- b. Monthly []
- c. Quarterly []
- d. Semi Annually []
- e. Annually []

10. What benefit do you prioritize from the social security funds?

- a. Capital and Loan Benefits []
- b. Education Benefits []
- c. Retirement Pension []
- d. Maternity Benefits []
- e. Health Care []

11. Are you a member of Social Security Fund in the Country?

- a. Yes []
- b. No []

Section C; Interview guideline Questions for the Social Security Fund Employees.

1. Does the Social security fund have the policies which favor and considers the informal sector?
2. Is it possible to merge the policies applicable to the group of the formal sector with those in the informal sector?
3. Are the efforts applied on the informal sector similar to those applied in the formal sector?
4. Are the informal sector members interested with joining the social security funds?
5. Do the informal sectors contribute a flat rate amount?
6. Are the benefits offered to the informal sector intended to raise their living standards?