THE EFFECTS OF PENSION ON LABOUR MOBILITY TO CIVIL SERVANTS IN TANZANIA: THE CASE OF MOROGORO MUNICIPALITY

By

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A Dissertation Report Submitted to School of Business in Fulfillment of the Requirements for Award of the Degree of Master of Science in Accounting and Finance (MSc A&F) of Mzumbe University

2013

CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a Dissertation entitled **The Effects of Pension Mobility on Civil Servants in Tanzania**, the case of Morogoro Municipality, in Partial fulfillment of the Requirements for award of the Degree of Master of Science in Accounting and Finance of Mzumbe University.

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DECLARATION

I, **Kaisi A. Mwaikambo**, declare that this Dissertation is my own original work and that it has not been presented and will not be presented to other University for a similar or any other Degree award.

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ACKNOWLEGEMENT

The existence of this work has been possible due to the unfailing support given to me by different people; I would like to extent my heartfelt thanks to all those who made this study a success. While I am extremely grateful to all of them, I am particularly indebted to my supervisor, Mr. T. Magambo, of Mzumbe University, who from time to time, gave me adequate directives on what to do, how should it be done, and to what magnitude; so this study benefited markedly from modifications recommended by him. Thanks to The Morogoro Municipal Executive Director, who kindly gave me permit to conduct this research in his empire. I finally do extend my appreciation to all who spared time to accord attention to the researcher’s needs.

I also in a very humble manner wish to extend my special thanks to Management and Staff, of Tanzania Forestry Research Institute (TAFORI), Tulloh Shunda, and Ngeta K. Gerlad, who played a great role to produce this work. I too, owe special thanks to my dear wife Sekela Mwaikambo and our children, for all of these were there to support me in whichever way deemed fit to enhance the completion of the study. Henceforth, in case of errors in this work let it be my own responsibility and not any one else..

DEDICATION

This work is dedicated my lovely Children Ndinagwe, Ndinyakaisi, Nsajigwa(Snr & Jnr) , Ntimi and Ntoli. To my parents Ambindwile and Saita; for, I feel very fortunate and endowed with prestige to have these parents alive.

LIST OF ABREVIATIONS AND ACRONYMS

CBO	Community Based Organization
GEPF	Government Employee Provident Fund
ILO	International Labour Organization
PSPF	Public Service Pensions Fund
PPF	Parastatal Pension Fund
NSSF	National Social Security Fund
NHIF	National Health Insurance Fund
SSRA	Social Security Regulatory Authority
UMASIDA	Umoja wa Matibabu Sekta Isiyo Rasmi Dar es Salaam
UK	United Kingdom
VIBINDO	Vikundi vya Viwanda na Biashara Ndogodogo Tanzania
YR	Year
WDI	World Development Indicators

ABSTRACT

The study focused on The Effects of Pension Mobility on Civil Servants in Tanzania, the case of Morogoro Municipality. Specific objectives of the study included: To find out the obstacles faced in pension mobility for civil servants in Tanzania; to determine factors contributing for the pension funds failure to operate to the best level to its employees; and to suggest credible measures to solve the problem in relation to civil servants pension mobility. The sample of the study was constituted by 52 respondents drawn from the population of 305. The methods of data collection that were used include: questionnaires, interview, observation and documentary review. The data collected were both primary and secondary. The data were analysed using both qualitative and quantitative methods of data analysis. The analysis process entailed introduction, organization, and interpretation.

The findings unveiled three major factors hindering pension mobility for civil servants in Tanzania, namely institutional framework failure, lack of seminars, and poor planning system of the government. However, it was found out that the most affected group were the cadre of teachers, Hospital Doctors, and the mere police group. The study concluded that there were conflicts of interests, including self-interest threats, ethical issues faced by officials and employees in public administration practice, no equal balance of gender in holding top administration posts and that whosoever changed the job suffered capital loss to their benefits.

The study recommended that there should be a Municipality seminar(s) initiative in the public servants. Collaboratively designing and delivering of workshops, conferences and formal training, financial management should be strengthened to make it more transparent, the civil service systems should stablish open, fair and merit based principles and practices to minimize favoritism, abuse and waste of public resources.

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INTRODUCTION

1.1 Introduction

This chapter sets out to explain the introduction and background to the study that was carried out was to find out the effects of Pension on Labour Mobility to Civil Servants in Tanzania. The chapter covers several sections which include Background information, Statement of the Problem, Objectives of the study Significance of the study, Limitations and the scope of the study. The details for each section are provided as follows:

1.2 Background Information

The future of the public pension systems in the European (EU) is presently a widely discussed topic. Unfortunately, the debate can be qualified as a rather shallow one, because it addresses only a limited number of questions. In the United States, on the other hand, a great deal of writing some of it quite influential is devoted to the old age crisis even though the crisis there is much less severe than in most of the member states of the EU. Social Security, the main public retirement programme, can rely on a non-negligible trust fund.

Furthermore, private funded pension schemes are widespread, and people generally retire at a much higher effective retirement age. In that respect, Aaron and Shoven 1999) note that “even if no legislative changes were made, 70 to 75 percent of benefits provided under current law could be paid indefinitely,” and adds, “To suggest that social security is in crisis is to engage in Orwellian doublespeak” (55). One surely could not write that about most EU countries. On the issue of the viability of the public systems, European economists and politicians can be classified into two broad categories.

The Irish Presidency in May 2013 tabled a revised proposal, which limits the scope of the Directive to cross-border mobility. This was done by defining an "outgoing worker", for the purposes of the Directive, as a worker who engages in employment in another Member State within 2 years. At the same time, Member States are encouraged to ensure equal treatment of workers exercising mobility within a single Member State.

Following extensive preparatory discussions at working group level, the Council has now reached a broad agreement on all the outstanding issues, including the scope, conditions governing acquisition, and the role of employer and trade union representatives. Prior to the enactment of the Pension Reform Act 2004, pension schemes in Nigeria had been bedeviled by many problems. The annual budgetary allocation for pension was often one of the most vulnerable items in budget implementation in the light of resource constraints.

In many cases, even where budgetary provisions were made, inadequate and untimely release of funds resulted in delays and accumulation of arrears of payment of pension rights. It was obvious therefore that the Defined Benefits Scheme could not be sustained. In the private sector on the other hand, many employees were not covered by the pension schemes put in place by their employers and many of these schemes were not funded. Besides, where the schemes were funded, the management of the pension funds was full of malpractices between the fund managers and the Trustees of the pension funds.

This scenario necessitated a re-think of pension administration in Nigeria by the administration of President (by then) Olusegun Obasanjo. Accordingly, the administration initiated a pension reform in order to address and eliminate the problems associated with pension schemes in the country. The outcome of the reform was the enactment into law of the Pension Reform Act 2004. The Pensions Act 1980 which came into force on the 1st January 1976 is the governing act for pension’s benefits in Malaysia. This Act provide for the administration of pensions, gratuities and other benefits for officers in the public service and their dependants. Under the same Act, pension, gratuity or other benefits granted were to be charged on the Federal Consolidated Fund.

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

The social security is a regulated mechanism of protecting citizens against social contingencies, This system has existed in Tanzania well before independence; whereby various policy statements have been made an Acts passed in regard to the protection of the population against contingencies like injury, loss of employment and old age. These include the Master and Native Ordinance Cap 78 as amended by Cap. 371, Provident Fund (Government Employees) Ordinance Cap 51, Provident Fund (Local Authorities) Ordinance Cap 53 and the Workmen’s Compensation Ordinance Cap 262.

After independence new legislations were enacted and others amended. These include the Severance Allowance Act No. 57 of 1962; the National Provident Fund Act No. 36 of 1964 amended by Act No. 2 of 1975 which was later repealed and replaced by the National Social Security Fund Act No. 28 of 1997; the Parastatal Pensions Act No. 14 of 1978, the Public Service Retirement Benefits Act of 1999, the National Health Insurance Fund Act No. 8 of 1999 and Local Authorities Provident Fund Act. No. 6 of 2000.

Currently, there are five major formal institutions that provide social security protection in Tanzania. These are the National Social Security Fund (NSSF) offering social security coverage to employees of private sector and non-pensionable parastatal and government employees, the Public Service Pension Fund (PSPF) providing social security protection to employees of central Government under pensionable terms, Parastatal Pension Fund (PPF) offering social security coverage to employees of the both private and parastatal organizations, the Local Authorities Provident Fund (LAPF) offering social security coverage to employees of the Local Government and the National Health Insurance Fund (NHIF) offering health insurance coverage to pensionable employees of central government.

The formal social security total coverage in Tanzania is about 1,125,000 members distributed as 500,000 for NSSF, 310,000 for PSPF, 180,000 for NHIF, 90,000 for PPF and 45,000 for LAPF. This represents about 85% of the persons employed in the formal employment sector.

Pension scheme as Social security in Tanzania covers a wider variety of public and private measure meant to provide benefits in the event of the individual's earning power permanently ceasing, being, being interrupted, never developing, being unable to avoid poverty, or being exercised only at an acceptable social costs. The major domains of social security are: poverty prevention, poverty alleviation, social compensation and income distribution. Many issues relating to social security are sensitive, and they touch on the material interests of organized workers and the unorganized poor as well as insurance industry and employer organizations.

Tanzania, like many other countries in the developing world has had strong informal and traditional social security systems built on family and/or community support. In times of contingencies such as famine, diseases, and old age, individuals have depended on family, clan members and members of the community for assistance in the form of cash or in kind. While it is recognized that over time, traditional social security system has tended to decay and change forms in response to the forces of urbanization and industrialization, there is evidence that in Tanzania family and community social support system have remained as means of social security within different social groups.

Overtime, socio-economic reforms have slowly resulted into disintegration of the family-based social security protection leading to the formation of self-help groupings such as UMASIDA and VIBINDO.

1.3 Statement of the Problem

The Public Service Pensions Fund was established under section 4 of the Public Service Retirement Benefits Act No. 2 of 1999, dedicated to serve employees toward retirement. Many issues relating to social security are sensitive, and they touch on the material interests of organized workers and the unorganized poor as well as insurance industry and employer organizations. The Tanzania government has done much in relation to this study such as reforming various Acts such as; the Local Authorities Pensions Fund Act, 2006 (Act No.9/06) which established the Local Authorities Pensions Fund and to provide for its management and administration, the manner of collection of contributions and payment of benefits and to provide another related matters.

Others are Provident Fund (Government Employees) Ordinance Cap 51, Provident Fund (Local Authorities) Ordinance Cap 53. the National Social Security Fund Act No. 28 of 1997; the Parastatal Pensions Act No. 14 of 1978, the Public Service Retirement Benefits Act of 1999, the National Health Insurance Fund Act No. 8 of 1999 and Local Authorities Provident Fund Act. No. 6 of 2000.

Despite the initiatives by the government to this framework, service delivery was reported till the moment that it had not reached the majority of Tanzanians employees. It seems that the government is fighting a losing battle since the employed officers who were expected to serve for the task are at the same time engaged in misconduct practices. Kaduma (2006) supports the contention.

Previous studies show the relationship between public employees and the problems faced when retiring from work. There is still, limited evidence in the literature of studies especially in Morogoro municipality on the factors and effects of pension mobility to Civil Servants in Tanzania. Therefore, a need for an analytical investigation on the matter appears to be obligatory to the researcher.

1.4 Objectives of the Study

1.4.1 Main Objective

The general objective of this study was to find out The Effects of Pension on Labour Mobility to Civil Servants in Tanzania, that is to say it envisaged for the factors and effects on civil servants pension schemes mobility in Tanzania.

1.4.2 Specific Objectives

The specific objectives of the study were:-

i. To determine the effects of Pension mobility to Civil Servants in Tanzania.
ii. To find out the obstacles faced in pension mobility for civil servants in Tanzania.
iii. To determine factors contributing for the pension funds failure to operate to the best level to its employees
iv. To suggest credible measures to solve the problem in relation to civil servants pension mobility;

1.5 Research Questions.

This study was guided by the overarching research question: what are the effects of Pension on Labour Mobility to Civil Servants in Tanzania? In exploring this prominent question, the following specific questions were also addressed.

i. What are the effects of Pension on Labour Mobility to Civil Servants in Tanzania?
ii. What are the obstacles that Labourers face in pension mobility?
iii. What are the factors for the pension funds failure to operate to the best level to serve its employees?
iv. What are the credible measures to solve the problem in relation to civil servants pension mobility?

1.6 Significance of the Study

Although studies on Pensions and its labour mobility are many, most of the research approaches in these studies failed to recognize the effects of Pension on Labour Mobility to Civil Servants in Tanzania. The intention of this study was therefore to address this matter through an empirical study of the effects of pension on labour mobility to entire country. The study was guided by the proposition that well made pension framework is vital for achieving sustainable conducive environment for an employee before his/her retirement.

The study expected to further knowledge of good plans in pension to Policy makers, Members, employers in African Countries and the entire World. But tediously it was reported that social security has many shortcoming that include low coverage of the Tanzania society, fragmentation of the legislation, lack of a mechanism for portability of benefits and inadequacy of benefits provided. Therefore, the need for well-articulated pension schemes is needed to address the needs of employed people in formal sector,

1.7 Limitations and Scope of the Study

The study aimed to find out the Effects of Pension on Labour Mobility to Civil Servants in Tanzania thus, the study was conducted in Morogoro Municipality covering eleven wards, and few departments in the municipality. It was worthwhile to select the area easy for the researcher to reach and Conduct the study while basing on the research topic and objectives set. However as a case study, its findings may not be appropriately generalized anywhere else. The study included the Public Service Pension Fund, (PSPF) Parastatal Pensions Fund, (PPF) Local Authority Pensions Fund, (LAPF) National Social Security Fund (NSSF) and Government Employee Provident Fund (GEPF), Also the focus was on the members who had never changed employment and those who changed employment from Government to private and from private to Government.

1.8 Defining Operational Key Terms

Pension

Pension means money paid under given conditions to a person following retirement or to surviving dependants.

Mobility; The quality or state of being mobile or the movement of people, as from one social group, class, or level to another:

Social security: The protection measures in which society provides for its members, through a series of Public measures against economic and social distress (ILO)

Civil Servant A person employed in the civil service. Collins English Dictionary – Complete and Unabridged (1991, 1994, 1998, 2000, 2003)

Employee: An individual who works part-time or full-time under a contract of employment, whether oral or written, express or implied, and has recognized rights and duties. Also called worker[1].

Employer A legal entity that controls and directs a servant or worker under an express or implied contract of employment and pays (or is obligated to pay) him or her salary or wages in compensation[2].

[1] Darling A, 1999, A New Contract for Pensions, speech by Alistair Darling, Secretary of State for Social Security, National Association of Pension Funds Conference May

[2] http://www.businessdictionary.com/definition/employer.htm

CHAPTER TWO
LITERATURE REVIEW

2.0 Introduction

This chapter contains theoretical review, empirical literature review; and conceptual framework of the study whereby, under theoretical review the study shows various principles and other issues relating to the pension and labour mobility in which relevant theories that guide the current study for the pursuit of reflecting the pre-set research objectives are discussed in detail.

2.1 Theoretical Literature Review

Identification of any effect on labour market mobility of pension portability gains and losses is a challenging task, and this is reflected in the existing empirical literature. As pointed out by Gustman and Steinmeier (1993), tenure and quit propensities appear to vary between non-pension and pension jobs, and not to any great extent between DC and DB plans. In an econometric analysis of job changes, they find that the back loading component is of minor importance, whereas persons in pension covered jobs are in better positions, so their alternatives are less attractive and they have less to gain by moving. Gustman and Steinmeier also argue that the losses are relatively small and easily can be compensated by a wage increase.

The mobility among pension covered workers was one third of that among non-pension covered, and of the difference of 14 percentage points, less than 1 was due to backloading and around 8 to the remaining compensation being high compared to their alternatives. The major challenge related to the identification of mobility effects is that we observe only the option which was actually chosen: the new job for those who move and maybe a changed compensation for those who stay. Pre-selection into pension covered jobs may result in unobserved an d systematic differences in preferences and options between pension covered and non-covered workers.

Pension covered workers may have higher productivity so they get a higher total compensation, and they may differ in preferences, by being for instance more forward looking and thus tending to prefer a package with a larger pension component. Separation of the effects of selection and incentives therefore becomes difficult. The existing literature generally relies on estimating the job change options by imposing a correlation structure or by using instruments, sometimes from institutional changes or special features of pension systems.

Mealli and Pudney (1996) focus on the unobserved characteristics of pension covered workers by allowing for unobserved heterogeneity in a duration model with competing risks. They find substantially longer duration of pensionable jobs, but do not find evidence that selection is important. Hence they conclude (tentatively) that the pension coverage is the direct cause of lower mobility. However, they only distinguish between three types of jobs, pensionable, non-pensionable and other employment (mainly self-employment), without any further characteristics. Other characteristics with the pensionable job could therefore well be the cause of the results. Rabe (2007) estimated alternative (also counterfactual) wages for movers and stayers in a switching regression approach, with geographical proximity to parents as an instrument, assuming that it affected mobility but not wages.

There was no attempt to control for wage level or selection into pre-mobility pension coverage. Alternative wages are modelled and predicted, and there is no use of actual pre-mobility wages.Mobility is then estimated as a function of pension coverage or pension capital loss, both of which do significantly hinder mobility, as well as of the predicted wage difference between moving nd staying. The latter was entered in terms of current wage without any attempt to construct lifelong variables, and was not significant. Initial selection was tackled by Andrietti(2004) who used pension offer rates by industry, union coverage and firm size as instruments for pension coverage to take account of “stock sampling” in a hazard rate framework.

On the other hand, he made no attempt to model post-mobility wage or pension coverage. Pension capital loss is not directly measured, but imputed as the typical private sector pension plan. The instrumenting removes the significance of the pension portability loss, and the author suggests that the lower mobility among pens ion covered workers may be due to these being in better jobs (in addition to pension coverage). The results may be due to the lack of specification of alternatives inherent in the approach. The unobserved characteristics of pension covered workers are the focus of Ippolito (2002), who uses voluntary pension contribution to distinguish "savers" from other types of workers. This proves more predictive of mobility behaviour and supports the notion that selection is more important than incentives in explaining quit behaviour.

Disney and Emmerson (2004) utilize a feature of the British occupational pension system, whereby workers may choose not to participate in the OP of the firm, but instead opt to take part in a system run by the state. Their findings indicate that there are indeed selection mechanisms at work, and the incentive effect is much less clear. In this study we have chosen to rely on as few assumptions as possible when looking for an effect on mobility of pension portability gains and losses. Instead, we develop a measure termed "potential portability gain", which is the change in pension entitlements incurred by a person moving to another firm with the same pension type and the same future wage trajectory.

This measure circumvents the problem of identifying potential wage change and changes in pension entitlements from all potential job movements. The potential portability gain may be either positive or negative, depending on the age at transition. The potential portability gain does not rely on actual job change alternatives and can be calculated for everyone, based on their current age, wage, and tenure and pension coverage. We argue that the potential portability gain is influenced by tenure, age and wage, in a way that is unlikely to be exactly reflected in employer preferences and therefore not completely offset in a new job.

Hence, the smaller the potential portability gain (or the larger the potential loss), the lower the probability of moving and the higher the new wage received by those who actually move. If there is a lock-in effect, we should find evidence of these two relationships.

2.2 Labour Mobility in Tanzania

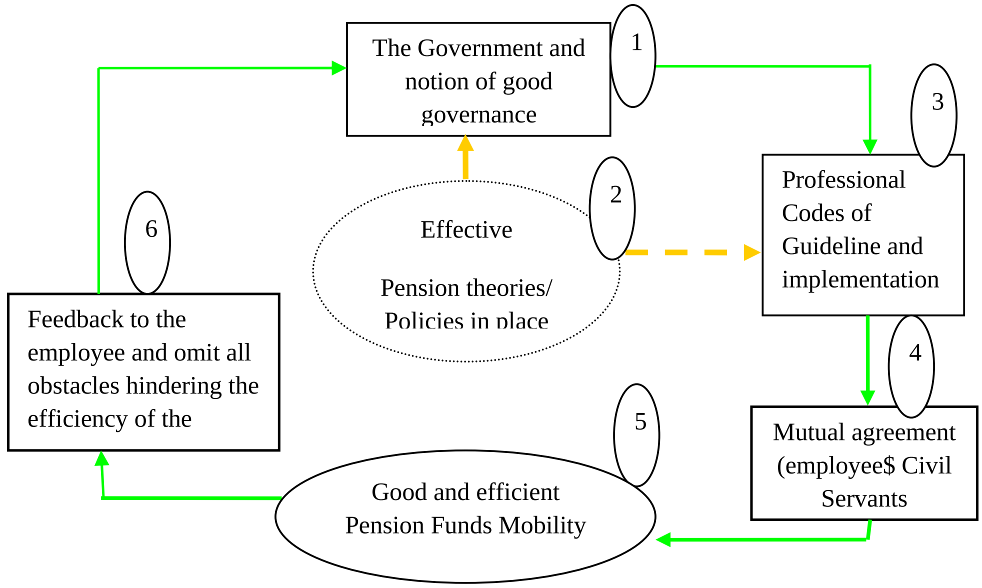
Public Pensions. Civil servants often have one or more social security arrangements. In a good number of cases pensions are paid out of the budget and there is no pension fund per se. Often, the pension rules covering civil servants or public employees vary considerably. In Cameroon around seven different regimes for public servants can be found. In countries like Kenya, Uganda, and Tanzania, local governments have their independent pension arrangements. In French speaking countries, not all public employees are covered by the civil service rules; some of them belong to the funds covering private employees. All of this creates a lot of confusion and inequities.

With the corporate “bottom line” in mind, several Management of Pensions systems have been affected by establishment of several act such as Public Services Act (2002), Executive Agencies Act (1997), Public Services Retirements Benefits Act (1999), Records and Archives Management Act (2001) frameworks have proposed that Management change in government institutions that the need of permanent and pensionable are in questions.

2.3 Conceptual Framework.

The model Figure 2.1 presents an overview process to achieve the concept of effective Civil servants pension mobility.

Figure 2.1 Conceptual framework



Source: Researcher's Construct, 2013

Description on the Conceptual Framework

Key of the Arrows: *Direct Relationship*

Indirect Relationship

Y= [a1+b2+c2]

Where by,

Y = is dependent variable that is Good and efficient public administration ethics

a1, b2, c2 = independent variables i.e. good governance, theories/Policies, Professional Codes of Guidelines, mutual agreement between employee and employer. The essence to achieve good and efficient civil servants pension mobility rests on some outputs. For instance, in any effective and committed government that is eager to serve the mass, it must first of all have the notion of good governance at hand, as in 1999 Tanzania for instance formed the National framework on good governance which called for transparent, responsive, and accountable public management[3].by so doing the government will always make reference to various theories and principle, whereby policies and theories shall give path in the formulation of code of conduct and implementation basing on the professionals in relation to pension. But it is extremely good for the government to have a direct mutual agreement on the terms and the modality on how pension is done to an employee rather than forcing the employee to opt for the alternative unwillingly and let the government allow the so called “civil servants pension mobility”. Where it is the duty of the government under the officials entitled give feedbacks and provide regular seminars in whatever case to the employee, through this way, the essence of conducive environment for pension mobility will automatically be reached. The researcher recommends the model be an essential to all pension funds offices.

2.4 Pension Portability

In general pension portability can be defined as the capacity of workers covered by pension plan to carry the actuarially fair value of their accrued rights from one job to next. When a mover is not entitled to full preservation of his or her accrued rights, either in the old or in the new scheme, portability loss is expected to arise. The latter can be defined as the shortfall of actual retirement benefits from those that would have been paid if there had been no change in scheme membership as a consequence of job separations during the career.

It is important to emphasis that the pension portability issue is strictly tied to the nature of the pension Plan. Employer in Tanzania and mostly elsewhere has two types of pension plan: Defined benefit and defined contributions plan. In defined benefit plan, each employee’s future benefit is determined by a specific formula, and the plan provides a nominal level of benefits upon retirement.

Workers covered by contribution plans typically do not incur such capital losses when they change employers. In general, these workers have a legal claim on a

[3] Guidelines for preparation of Anti-corruption Action Plans in LGA’s (2004)

pension account in which all pension contributions have been invested. If the fund remain in an account after the workers leaves the firm, the account of the will be the same when the employer changes employment as the account will growth by accumulated contribution and return. Thus, in general defined contribution plans are portable and workers can change jobs without suffering any loss in future pension benefits. The possible consequences of the lack of portability of defined benefit plans on individual job mobility choices have been widely investigated in pension literature. Using simple statistical models, early empirical studies documented a significant negative correlation between pensions and job mobility.

2.5 The UK's Pension System

There are state and non state pensions schemes, State pensions consist of a flat rate basic pensions and on non state pensions schemes they have occupational which is employers sponsored or individualized (personal or stake holders pensions) and defined benefit (Mainly final salary or defined contributions) pensions. In making sure that efficiency and effectiveness in the scheme is available, there are regulatory bodies that supervises pensions schemes in UK such as Department of Work and Pensions (DWP), Office of the Pensions Regulatory Authority (OPRA), Office of the Pensions Advisory Services (OPAS) and other associations such as National pensioners convention and the Help Aged who make sure that the interest of the pensioners are safeguarded.

The role of each of the mentioned above are explained as below.

2.5.1 Department of Work and Pensions (DWP)

The Department for works and pensions was established in 2001 to develop services that deliver opportunity and independence for all. The department has embarked on a programme of fundamental change, introducing new legislation, organizational structures, business processes and technology.

The Department through as a government tool is supporting families to eradicate child poverty within generation to ensure that child are included and will be helped to have a chance to make the best of their life. Also the department helps people into job, it recognizes that some people are more job- ready than others and so it is focusing its efforts on helping people to find and stay in work.

2.5.2 Office of the Pensions Regulatory Authority (OPRA)

OPRA was established by Pensions Act 1995 with the overall responsibility of regulating occupational schemes in UK. The Authority has Skills of staff in field of actuarial, accounting, pension's technical administration, police/investigations and legal. Through the use of the skills of the staff, OPRA regulates the occupational schemes by doing the following.

Mainly responsive regulation, Respond to the reports, Getting things put right, Fine and other sanctions, Power to appoint trustee. Also OPRA has the power to do the following; Search premises, seize documents, Fine trustee and/or employer to the tune of pound 5,000 for individuals and pound 50,000 for corporate bodies, Remove trustees and/ or ban them from being trustees, Appointment of trustee, Start pensions law prosecutions, Make referral to professional bodies, Pass investigations to the police

In addition to the above duties and power of the authority, it provides also education to members through provision of booklets, facts sheet and guides and talks. Liaison with industry bodies and other government departments to raise standards.

2.5.3 Office of the Pensions Advisory Services (OPAS)

OPAS, the pensions Advisory service is an independent non-profit organization that provides information and guidance on the whole spectrum of pensions covering state, company, personal and stakeholders schemes. They also help any member of the public who has a problem, complaint or dispute with their occupational or private pension's arrangement. The work is carried out mostly by a network of volunteer pension professionals spread throughout the UK.

OPAS and the pension's ombudsman play very different roles in the resolution of problems, complaints and dispute concerning pension plans with the aim of trying and explaining their differences. OPAS has been assisting members of the public to resolve pension problems since 1983 in various ways by telephone or written advice, conciliation or by involvement by one of their volunteer professional advisers. In facilitating its functions OPAS is helping with dispute, providing information and guidance, have the pensions helpline and have the opas web where key information are addressed.

2.5.4 Other Bodies Associations Such as National Pensioners' Convention (NPC) and Help the aged

These are bodies that establish to save the interest of the pensioners and the aged people. The National Pensioners Convention (NPC) is the umbrella of organization of the pensioner's movement through Britain. Many national bodies and federations of older people, including associations of retired trade unionist and local regional pensioner's campaign groups and forums, are affiliated.

The objective of the convention is to promote the welfare and interests of all pensioners, as a way of security dignity, respect and financial security in retirement. In facilitating the pensioner's interest the NPC organizes rallies, leads delegations to the parliament and make submission to government on policies affecting older people. They also use regular Newspapers and features in local and international media to raise the awareness of the issues that affects older people.

The Help the Aged believes that there is a crisis of confidence in the pensions. The collapse of public confidence, pensioner's poverty, and partnership on pensions, relationship between the individual and the state and other issue related to the aged people are taken care.

2.5.5 Advantages of the UK systems

The advantages of UK pension's schemes are that people from occupational pension have ability of opting out and become members to other fund by transfer of their contributions. Also, there are several organizations established to deal with pension's schemes.

2.5.6 Problems of the UK Pensions Systems

Pensioner's future benefits are determined by markets forces of stock exchange. Therefore, some members become loosers as a result of contributing to the schemes. Also, the possibility of bankruptcy of pensions fund had not given a proven solution. The government of UK issued paper to address the problems and other issue that will make pensions industry effective and efficiency **"Green Paper**"

2.5.7 Registration of the Members

The research focused on Pensions Funds which keep records of members like PSPF, PPF and NSSF. These Funds are providing pensions schemes and have been affected by retrenchment processes taken place in Tanzania in the past years. The analysis used the average number of pensioner served on fully on government employment together with those partially were in Government but later changed employment due to several reasons. The analysis was done on the percentage lost or gained pensions benefits on labor mobility of the Employees.

2.5.8 Method Used in Processing Pensions Payments

A number of Funds do have the computers in town; my research focused on the pension's funds that process pension's payment through computer. My trace will be how the value of a work can be transferred from one pension schemes to the other with the existing market values, also without terminations of contribution by the members. The research will focus on projected income of a pensioner estimated prior implementation Vs average collected post implementation. At individual level analysis will be done on the impact of the pension's mobility to the overall perceived pensioner income.

2.5.9 Running Costs of Free Exist

The research looked at labour costs saved by using free entry and exists in pension schemes systems. This is only possible by a way of comparisons with Pension Funds in Tanzania without allowing members shares freely transferability.

The research focused on labour costs per time taken to serve one pensioner customer. Public Services Pensions Fund, National Social Security Fund and Parastatal Pension Fund are Funds in the city of Dar Es Salaam and branches in regions Tanzania mainland with partial computerized systems to some of the processes. These processes include registration of its members (within the country). Costs of running of Civil Servant from one scheme to another in Tanzania currently is not available till when actual valuation of each member is obtained.

2.6 Empirical Literature Review

The workers who do change jobs tend to lose pension wealth. Empirical study using a variety of data sets and specifications do finds negative relationship. An early study by Mitchell (1992) estimated that pension participants were less likely to change jobs during a four year period than workers not covered by an employer provided pension. In the past decade, numerous studies have attempted to measure the link between pensions and job changes. Allen, Clark, and McDermed(1993) estimate quit and layoff probabilities using the panel survey of income between 1975 and 1982. They find that the pension wealth loss from changing jobs lowers turnover rates and that the capital loss effect on turnover is larger with respect to layoffs than quits.

Statutory pension rights of people working in another Member State have been well protected nearly since the beginning of the European Economic Community thanks to EU-wide coordination of social security systems. An equivalent protection for the increasingly important occupational or 'second pillar' pensions has never been established. Citizens who move between Member States – or even between different occupational schemes within one state – may lose out on their occupational pension, for instance, because of long qualifying (so-called 'vesting') periods.

However, this Directive does not cover the "portability" of supplementary pensions, i.e. the possibility of acquiring pension rights (even for shorter periods of employment than the required minimum "vesting period" or at the beginning of one's career) and keeping pension entitlements by transferring them to a new scheme in the event of professional mobility. A lack of portability can act as a serious disincentive on worker mobility.

There are nearly 100,000 occupational pension schemes in the UK, although most of them have only a few members each; and there are 6 million personal pension schemes. And collectively, UK pension funds are amongst the largest institutional investors, with assets in excess of 800 bn. pounds (or two-thirds of the UK's GDP), owning a third of all shares in the UK and one-fifth of all government bonds.

Comparison of UK pensions schemes to that of Tanzania

In Tanzania there is a regulatory body for supervision of pension's schemes and a person cannot transfer his or her contributions from one fund to the other. Also, there is no employer's pension fund like in UK. But members are covered by NSSF, PPF, PSPF, LAPF and GEPF according to nature of their employment before the introduction of SSRA where on new social security act option is given at entrance only.

Financing of Pension Schemes

Sources of Pension Scheme is to be transparent in elaboration to members by disclosing sources of Finance. In Tanzania the benefits offered from one member to other member of the same qualification differs a lot. Formulae for calculating for example Retirement (old age) benefits are as follows:

Parastatal Pensions Fund:

Commuted Pension Gratuity (CPG) = APE x PS x PF x 0.25

Monthly Pension = APE x PS x PF x 0.75 x 1/12

Where:

APE = Average of the best five years salaries during member's contributing period.

PS = Number of months a member contributed to the Fund.

PF =1/960 up to June 1988 from July 1988 to date.

CF = 12.5

Public Service Pensions Fund;

Retirement pension of a member who did not reach 15 years of working as servant or 180 months for contributions to the Fund (PSPF). Commuted Pension Gratuity

$$= \frac{\text{number of months contributed to the fund}}{540} \times \text{Annual Salaries} \times 5$$

Retirement pension of a member who has 15 years or 180 monthly contributions to the fund Pension =

$$\frac{\text{Months contributed to the Fund}}{540} \times \text{Annual Salaries}$$

$$\text{Commuted Pension Gratuity} = \frac{\text{Pension} \times 15.5}{2}$$

$$\text{Monthly Pension} = \frac{\text{Pension} \times 1/12}{2}$$

National Social Security Fund;

Commuted Pension Gratuity = Monthly Pension x 24

Local Authority Pension Fund

The amount of the pension depends on the formula as follows:

(SA/2) X 15.5 (lump sum) payable only once.

Where by

Specified Amount (SA) = 1/540 X Last Annual Salary X Number of months of service contributed Where contributions period is less than 15 years: Gratuity = Specified Amount (SA) X 5. Therefore there is a difference in computation of old age and other benefits from one Fund to another

Use of Pension's Records

Organizations implement pensions schemes system for various reasons some is in support of People after retirement, poverty alleviation, enhance efficiency in a sense or correctness and on time data can be to speed up the execution of reports, reducing costs in terms of time spent in report preparation, staff involved, simplicity as other operations are too complex and need the use of automated system to compile reports. As a result all these reasons do ultimately effect the decision making of an organization management team or effect customers of an organization in terms of speed of service, quality of product/service and reliability.

When using pensions records as a measure of performance benefit from a pensions schemes, security, diversity and choice the values of Tanzania pensioner will be maintained, the question arises on how to separate this performance of Pensions schemes from other factors which contribute to performance like Government laws, qualified staff, good management, motivated staff and so forth.

2.7 Labour Mobility in Developing Countries

Retirement ages range between 55 and 60, but most systems allow early retirement at about 50 years. The minimum number of years to qualify for a pension can be quite high, reaching 20 years in some countries. Failure to reach this benchmark means that the contributors can get back only his/her nominal contributions. In some countries pensions for widows and survivors can be quite generous. Replacement rates vary with contribution rates. It can reach 80 percent for public servants in some countries (Côte d'Ivoire, etc.).

In most countries the difference between basic and total wages (basic plus allowances) is a source of ambiguity that creates opportunities for evasion and difficult in labour mobility (ILO, XIII International Social Security Association African Regional Conference, Accra, Ghana 6-9 July 1999). This is not the same as in developed Countries, where using national data register for three years period, the calculated measure of changes in individual pension portability gains or losses in occupation are negligible importance for labour market mobility but High wages.

Cornewell, Dorsey, and Mehrzad (1991) also concluded that workers covered by pension are less likely to be laid off than those without a pension. Lazear and Moore (988) define the option value of the pension at the optimal retirement age and its current value. They find the strong pension effects on turnover and concluded that eliminating the average workers pension would double the turnover rate.

Other conflicting assessment, provided by Gustman and Steinmeier (1993, 1995) is that pensions don not deter mobility. Instead, they argue that firms that offer pensions also tends to pay higher wages and it is these wage premia that actually reduce turnover. They find that both defined benefit and defined contribution pension plans are associated with these wage premiums and that workers covered by both types of plan have lower turnover rate than workers without retirement plans. If it were the pension penalties that produced lower turnover, one would expect a larger pension effects among participants in defined- benefit plans[4].

Beveridges Report UK (1946) explained types of pensions that can be offered with choice of the member, such personal pensions, state pensions, employer's pensions etc. Emery (1971 p 6) has observed that "benefit from pension scheme can come from a variety of sources. An important one is the reduction in operating costs of activities external to the pension processing system."

In a survey of several large pension Funds, Darling (1999) found that the UK pension system remains one of the best in the world. Funded pensions are offer millions of people the best prospects of a decent and secure income in retirement. Many people outside the Government do not accept that the UK pensions are the "one of the

[4] Clark T and Emmerson C, 2002; *The Tax and Benefit System and the Decision to Invest in a Stakeholder Pension*, Institute for Fiscal Studies Briefing Note 28

greatest success stories" as Darlings believes, because of the problems and issues that have arisen.

More comprehensive studies of the effect of pension's schemes, security, diversity and choice on an organization include both revenue and cost issues within a cost benefit analysis through use of state of technology (Emery 1971). Matlin (1979) presented a detailed reporting system for the measurement of the value and cost associated with an Information system which can be used to organizations including pensions Funds. Cost/Benefit is often found lacking due to the difficulty of quantifying and identifying intangible benefits. The proposed methodology then applied a statistical test to determine whether "significant" value can be attached to Decision Support System.

Most of retired Employee they are not happy with exception of PSPF. On Pensions Schemes in Tanzania are provided with Government guarantee to finance their deficit. Example during the year ending June 2010 PSPF has a liability over assets of Tshs 6,487,131,000,000 but Management are not very much worried as they have a protection from the Government.

The benefit structure of a Pension Scheme should at least show clear eligibility conditions and types and levels of benefits to members from the date of employment of an Employee the finance system of Pension Scheme is expected to cover short and long term benefits, but in Tanzania only few of Pension Schemes covers shot term benefits.

2.7.1 The Norwegian pension system

A general feature of the Norwegian DB-based OP-system is that there are separate systems for the public and the private sector. The public sector is fully integrated with the universal) public pension system and will give 66 % of final wage with 30 years of service. The private sector is supplementary to the public pension, but is usually designed to give a compensation which targets a given percentage of final wage (most often between 60 and 66 %) when taken together with the public pension. The requirement for full accrual is often 30 years of membership. In practice, the DB-based occupational pensions in the private sector are calculated as the difference between total pensions (as a fraction of the final wage) and a stipulated public pension.

This stipulated public pension is calculated at the age of 67, based on the assumption that annual earnings over the working life have always been equal to the current wage in terms of public pension points[5]. This means that the stipulated public pension may differ from the actual public pension, and that the actual compensation rate may differ from the target. It also means that changes in the public pension, for instance with respect to indexation, will give rise to changes in the occupational pension. A newly hired individual in an enterprise with a pension plan will automatically enter into the plan, since these plans generally have to cover all employees in a given enterprise if contributions are to be tax preferred.

Depending on the age at transition, the employee may or may not earn a full pension in the new enterprise. If a person moves from a private sector enterprise with an OP of DB type after at least one year of employment, the entitlements from the previous enterprise will be converted into a deferred entitlement. There are no further contributions, and the interest on the capital is quite low[6]. It is converted into a pension at retirement, almost universally at the age of 67. This is what Ippolito (1987) calls quit pension, which we will denote QP. In the public sector, three years are required for a deferred pension, but shorter employment will count if the persons return to the public sector.

For an individual changing jobs, even if the sum of tenure in the initial and in the next enterprise is sufficiently high to fulfill the requirement for full accrual, the sum

[5] Clark, Robert and Ann McDermed 1988; Pension Wealth and Job Changes: The effects of vesting, portability, and lump – sum Distributions. The Gerontologist 28:
[6] Blackburn, Robin, Banking on Death, Verso 2002

of QP and the pension from the new enterprise (NP) may not equal the pension she would have received from the old enterprise if she had chosen to stay (stay pension in the terms of Ippolito (1987), here denoted SP). The reason for this is the low return on the QP according to current rules. On the other hand, if the sum of years of accrual is large enough, there may be a gain in terms of pension benefits resulting from a change of jobs. If the person manages to achieve full accrual in the new job, any previous entitlements come on top of the benefits accumulated in the new job.

Portability loss is a fairly common feature of DB plans across countries, but the magnitude of the loss depends on the specific rules. Blake and Orszag (1998) give a thorough description of the British case. As for the case of Norway, the pensions are usually designed to add on to the public pension, and indexation of public pensions will therefore also matter for the portability loss. To construct an illustrative example of how the three types of pensions depend on the values of different parameters, we compare pensions in two alternatives: staying in current job (SP) or moving to another private sector pension enterprise (QP+NP), both with 66 % compensation rate and with the same wage.

In the numerical examples below we consider individuals with tenure from the age of 30 (age of entry into the pension programme of the current enterprise), and vary age at the time of potential transition. The wage is set at 500 000 NO K (about 50 % above average full time earnings). The parameters are chosen in accordance with a set of accounting recommendations for Norwegian firms in the relevant period. We assume an annual wage growth of 4.5 % and an annual adjustment of the Basic amount (G) at 4.25 %.

The return on a QP is set at 65 % of the difference between the actual capital return in the insurance company which manages the firm's OP, and a deduction of 3 %. Still following the recommendations, the annual capital return is set at 5.75 %, which leaves 0.65 * (5.75 – 3) = 1.7875 % in annual return on the QP until the age of 67.

Pensions are measured in terms of projected pensions starting at the age of 67, and compare alternative packages of final wage (projected to age 67) and pensions.

CHAPTER THREE
RESEARCH METHODOLOGY

3.0 Introduction

This chapter indicates the systematic approach through which the research was undertaken. It consists of area of study, research design (strategy), population of the study, sample size, sampling techniques, and the data collection methods. The research focused on Pensions schemes its impact on labour mobility to civil servants and specifically social security institutions covering Government employees.

3.1 Research Design and Methods

This study applied a case study design with qualitative research whose framework employed field data on the initiatives and the effects of Pension on Labour Mobility. Within the framework of qualitative approach, the case study design informed the research procedures. As it applies to this study, the design was reflected in what research theorists call a "bounded system" (Creswell, 1998). The notion of bounded system has to do with boundaries aimed at achieving a detailed investigation of the phenomenon.

3.2 Area of the Study

The study was conducted at Morogoro Municipality covering four offices of PSPF, PPF, LAPF and NSSF offices. The selected sample was categorized into different levels the senior officials who were entrusted in dealing with day to day activities of executing public matters and all other employees.

3.3 Population of the study

The targeted population for the study was 305, including Employees still in employment, Retired Employees, Management NSSF, Workers Trade Union, Management SSRA, Management PPF, Management PSPF.

3.4 Sample and Sample size

The sample size for this study was 52 respondents from various departments within the Morogoro municipality. Table 3.1 below shows the population and sample distribution of the study.

Table 3.1: Population and Sample Size. (n=52)

S/No	Category	Population (x)	Sample size (y)	Percentage (z)
1	Employees still in employment	165	33	20
2	Retired Employees	125	11	8
3	Management NSSF	2	1	50
4	Workers Trade Union	5	2	40
5	Management SSRA	2	2	100
6	Management PPF	2	1	50
7	Management PSPF	4	2	50
	Total	**305**	**52**	

Source: Surveyed data, 2013

3.4.1 Sampling technique

"Purposive sampling**"** was used to ensure that, the representatives gave the responses that were related to their field of occupation in relation to the research objectives. The number of participants within each of these categories (5) were chosen. On the other hand, the study adopted a 'Multistage stratified sampling' method to select study units, first the population was divided into portions especially to the unit with many population such as ward executive officers where they were 65 in number, and only 55 were taken as the sample unit for the study, and municipal pension employees officers, this type of selection proved no biasness. But in order to have the data from retired officials who benefited from pension, then snowball was used. They were a little bit scattered and only two were able to be reached for an interview.

3.5 Methods for Data collection

Both primary and secondary data were taken into consideration. Secondary data were used to augment the study. Before actual data collection process, the researcher had to collect the introduction letter from Mzumbe University to the sampled institutions. The initial visit to the selected institutions was therefore to introduce and familiarize with the particular offices as well as seek their consent for the study and data collection.

3.5.1 Primary Data

Primary sources which relied on interactive methods included informal discussions between the informants and the researcher. The settings for primary data generation varied from homes, occupational offices, short ‘safari’ buses, classrooms, and under trees.

3.5.1.1 Questionnaires

The total number of sixty five questionnaires that is 65% of the sample unit questions were administered through which, both open ended-form questions with Likert-Scale (responses) and closed ended form questions were used. In addition questions were automatically framed to meet the needs of the pre-set questions and objectives of the study, good enough, questions differed slightly according to the nature of the selected study units. Some respondents had to opt for an interview as this helped to obtain the supplementary information that could not easily be obtained through closed ended form questions and interview process.

3.5.1.2 Interview

The total of 10 respondents or 9.5% of the 75 sample opted for interview and it was conducted to the Pensions officers and Pensioners Association Leaders, Government Employees and Pensioners. Semi-structured interviews method was also used. The semi-structured interviews allowed for an element of structure without compromising the interviewee freedom to elaborate on topics of interest to him/her. This method also allowed for spontaneous questions to be asked that come out of the interviews’ comments. Though one of the limitations of this method was that, respondents were less willing to bring up topics that do not feel comfortable sharing with a researcher. However, with the ethical standard of confidentiality and the signed consent, from along with the neutral space used for the interview; this was not a concrete problem.

3.5.1.3 Observation

Was done for some reasons including triangulating the responses from the pensioners especially on time taken on getting their terminal benefit and effects of mobility. The study also included unstructured interview, this was to enhance reliability and quality of data collected.

3.5.2 Secondary Data

Secondary sources, on the other hand were used, including books, policy documents, theses, booklets, colleges and administration documents report. Equally electronic documents retrieved from the Internet were put into use. These valid sources provided the researcher with relevant data with diverse viewpoints.

3.5.2.1 Documentary Review

Data from Funds Financial reports and operation reports was also used. Data from Funds Financial reports and operation reports were also used to substantiate the study. The data needed to establish the projected benefit payments from Funds such as PSPF, PPF, LAPF and NSSF also reported terminal benefits from financial reports.

3.5.3 Data Coding

After having gathered the questions from respondents the next crucial step was to carefully code the collected responses; step after step while taking all the required responses, till the last questionnaire were at last coded taking relevant data.

3.6 Data Analysis

Data generated from interviews and questionnaires were analyzed thematically at the outset of fieldwork. It focused on transcribed conversations, questionnaires, field notes, and documentary evidence. This enabled the researcher to assess the methods and strategies of data generation, and make necessary adjustments.

It involved organizing the reduced data, generating major themes and sub-themes from oral and written texts. Covering the interpretation and drawing of conclusions from the analyzed data. SPSS used for data analysis.

CHAPTER FOUR
PRESENTATION OF DATA AND DISCUSSION OF THE FINDINGS

4.0 Introduction

This chapter presents and discusses findings on Effects of Pension on Labour Mobility: The Study of Civil Servants in Tanzania. The presentations and discussions are made in line with specific research objectives and research questions that guided this study. All related issues are discussed to set the scene and help readers to appreciate the background and need for well-structured pension about labour mobility.

4.1 Summary of the Responses from the Questionnaires Responses

In this study, the plan was to distribute questionnaires to each group of respondents as summarized in table 4.1. It was planned that 65(84%) questionnaires be distributed to employees still in employment, retired employees, Management NSSF, workers Trade Unions, management SSRA, Management PPF, Management PSPF, meanwhile interview was intended to be carried out to 10 interviewees (9.5%). This (questionnaires and interviews) made a total of 75 (100%). On the other hand, questionnaires distribution plan matched with the actual distribution. For that case, both the distributed questionnaires 75(100%) from all respondents were effectively filled and turned back to the researcher for further processes.

Table 4.1: Summary of Questionnaires Distribution Plan and Effective Filled

Respondents	Distribution plan		Effective filled	
	Number	Percentage	Number	Percentage
Employees still in employment	33	20	33	20
Retired Employees	11	8	11	8
Management NSSF	1	50	1	50
Workers trade Union	2	40	2	40
Management SSR	2	100	2	100
Management PPF	1	50	1	50
Total	**52**		**52**	

Source: Findings from the field Morogoro Municipality, 2013.

4.1.1 Demographic Data

The background characteristics of the respondents from whom data were to be gathered either by questionnaires or interview in this study are shown in table 4.2. The variables included age, sex, marital status, education level and work experiences to both, senior and subordinate municipality government officers.

4.1.2 Age of Respondents

The intention was to determine which group of age is employed and entitled for pension, is it youths, adults, and old persons? The results of this study show that 10.% of the respondents were found between the age of 18 and 25 years, 19.5% were between 26 and 35 years, 35.8% were between 36 to 45years, 39.6% were 46 to 55 years and 13.5% and 7.7% were above 45 years. This implied that the sample unit was within the Tanzania's economically productive class fit to be work (i.e.) the employee's age, which ranges between the ages of 18 to 64 years (Makauki, 2000).

4.1.3 Sex of Respondents

The intention was to determine which sex is highly employed in pension's offices. Whether it was males or female, the study revealed that Male respondents' constituted 28.8%, and female 71.2%, the table 4.2 is given. The portrayed imbalance in sex distribution resulted from the fact that the majority of municipality officers are male especially the top positions, and that there is a need to cope with the Tanzania 2025 millennium goal vision which defines about gender balance in different positions.

4.1.4 Respondents Marital Status

The study shows that 75.0% of all the respondents were married while 15.4% were single, and 9.6% were widowed the table 4.2 is given. The findings portrayed a clear situation of most municipality workers where the majority of people of the adult age are married. This probably necessitated by livelihood responsibilities that would otherwise be difficult for the individual to accomplish as a single (Makauki,.2000).

4.1.5 Respondents Level of Education

The majority 48.1% of the respondents in the present study had attained undergraduate level of education while 15.4% postgraduate level of education, 5.8% diploma level 15.4% secondary education, and 13.5% certificate level. Such a reasonably high rate of attendance to educational level is necessary in facilitating the distribution of municipality work efficiency the table 4.2 is given.

4.1.6 Respondent Work Experience

The study shows that 59.6% of all the respondents were more than 5 years in experience in their field, 21.2% were 1 and 2 years working experience and 19.2% were 3 and 4 years working experience as shown in table 4.2. Working experience is crucial to make administrators foresee the needs of their people and calculatedly predict the end results of the process. Though experience status at Morogoro seem not to serve such a purpose.

Table 4.2: Distribution of Respondents by their Background Characteristics

Variable	Scheme Employees (n=52)	
	Frequency	**Percent**
SEX		
Male	15	28.8
Female	37	71.2
AGE		
18 – 25	4	10.7
26 – 35	7	19.5
36 – 45	16	35.8
46 – 55	18	39.6
Above 56	7	13.5
MARITAL STATUS		
Married	39	75.0
Single	8	15.4
Widowed	5	9.6
EDUCATION LEVEL		
Secondary	8	15.4
Certificate	8	15.4
Diploma	3	5.8
Bachelor Degree	25	48.0
Postgraduate	8	15.4
WORK EXPERIENCE		
1-2 Years	11	21.2
3-4 Years	10	19.2
5- years and more	31	59.6

Source: Research findings in Morogoro Municipality, 2013

Table 4.3 Pension contribution rate in Tanzania Main land

Pension Fund	Employee contribution	Employer Contribution	Total contribution
NSSF	10%	10%	20%
PSPF	5%	15%	20%
PPF	5%	15%	20%
LAPF	5%	15%	20%
GEPF	5%	15%	20%

Source: Field data, 2013

4.2 Effects of Pension on Labour Mobility to Civil Servants in Tanzania.

The intention was to find out the Effects of Pension on Labour Mobility to Civil Servants in Morogoro Municipality. The researcher presented a question to respondents' that, what Effects of Pension on Labour Mobility to Civil Servants in Morogoro? This question was asked to those who opted for questionnaires and those opted for an interview, some responses in questionnaires for the respondents to choose were set.

Those were; institutional framework failure, bureaucratic system, poor planning, and lack of either regular or irregular seminars. Their responses were objectively recorded such that, (1.9%) respondents strongly disagreed that institutional framework failure was a factor that hindered the adherence public administrative ethics. About 3(5.8%) respondents disagreed that bureaucratic system was a factor that hindered the civil servants pension mobility. Furthermore 3(5.8%) respondents neither disagreed nor agreed 9 (17.3%) respondents agreed, 36 (69.2%) respondents strongly agreed that bureaucratic system was the strong factor that hindered the mobility.

4.2.1 Institutional Framework failure

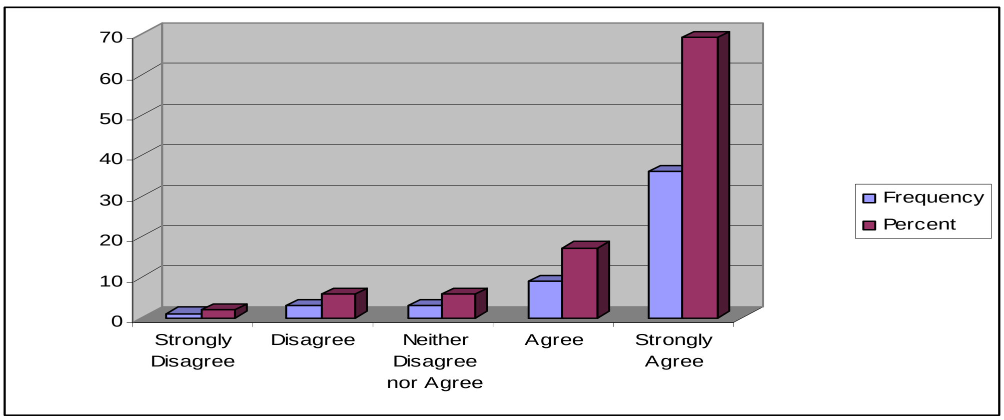
The summary of Effects of Pension on Labour Mobility to Civil Servants in Morogoro Municipality are provided in table 4.4.where, 69% promptly and strongly responded that institutional framework failure was a cause resulting for the employees get hurdle in deviating from public to private scheme pension. In here, the data were analyzed by using the five categories of Likert Scale those were; - Strongly Disagree, Disagree, Neither Disagree nor Agree, Agree; Strongly Agree. Table 4.4 provides details of the participants.

Table 4.4: Institutional Framework failure (n=52)

	Frequency	Percent
Strongly Disagree	1	1.9
Disagree	3	5.8
Neither Disagree nor Agree	3	5.8
Agree	9	17.3
Strongly Agree	36	69.2
Total	52	100.0

Source: Research findings in Morogoro Municipality, 2013

Figure 4.1: Institutional Framework failure



Source; Analysed data, 2013

4.2.2 Poor planning system of the government.

The findings revealed that the Effects of Pension on Labour Mobility to Civil Servants in Morogoro Municipality, some responses for the respondents to choose were set; the second among others was ‘poor planning. Their responses were also objectively recorded that 1(1.9%) respondents disagreed that poor planning was a factor. About 3(5.8%) respondents neither disagreed nor agreed, 18(34.6%)

respondents agreed, while 30(57.7%) respondents strongly agreed that poor planning was a factor that affects the civil servants mobility to other pension schemes.

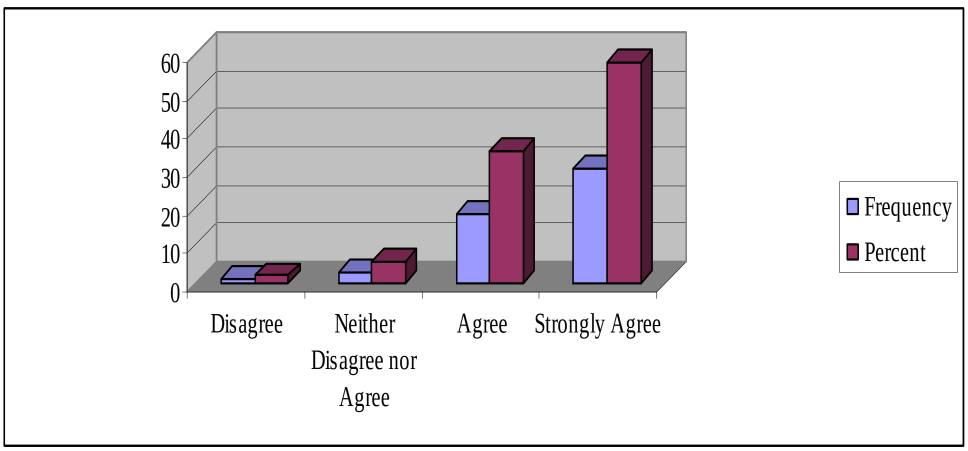
The study revealed that most of the employees are not satisfied to the pension schemes they are, at the moment henceforth there is no negotiation between the employer and the employee on choosing the pension scheme. The summary of this response is provided in table 4.5 and figure 4.2

Table 4.5: Poor Planning System of the Government (n =52)

	Frequency	Percent
Disagree	1	1.9
Neither Disagree nor Agree	3	5.8
Agree	18	34.6
Strongly Agree	30	57.7
Total	52	100.0

Source: Research findings in Morogoro Municipality, 2013

Figure 4.2: Poor planning of the Government



Source: Analysed data, 2013

4.2.3 Lack of Seminars and Symposiums to Employees

The finding revealed that out the Effects of Pension on Labour Mobility to Civil Servants in Morogoro Municipality, the researcher presented a question to respondents' with a leading suggestion that is; 'lack of seminar(s). And so, their responses were objectively recorded that 8(15.4%) respondents neither disagreed nor agreed, but 17(32.7%) respondents agreed that, and 27(51.9%) strongly agreed that lack of seminars to employees was a factor that give direct effects of Pension on Labour Mobility to Civil Servants in Morogoro Municipality, it replicates therefore, that the ongoing difficulty of pension mobility was associated with lack of seminars, hence if there would be consecutive seminars it could arouse workers spirit to adhere to the administrative ethics. Sirotnik (1980) as seen from literature, stressed that education, pertaining pension must be taught to allow administrators stay focused

Table 4.6: Lack of Seminars to Employees (n=52)

	Frequency	Percent
Neither Disagree nor Agree	8	15.4
Agree	17	32.7
Strongly Agree	27	51.9
Total	52	100.0

Source: Research findings in Morogoro Municipality, 2013

4.2.4 Impacts for the Obstacles Available for Pension Mobility to Civil Servants.

The researcher wanted to find out the impacts of failure to adhere to the public administrative ethics in Morogoro Municipality. To get the respondents' view/responses, this question was put in questionnaire to each group in which they had to show Impacts for the obstacles available for Pension Mobility to civil Servants in general.

4.2.4.1 Lead to Poor Efficiency in Public Service

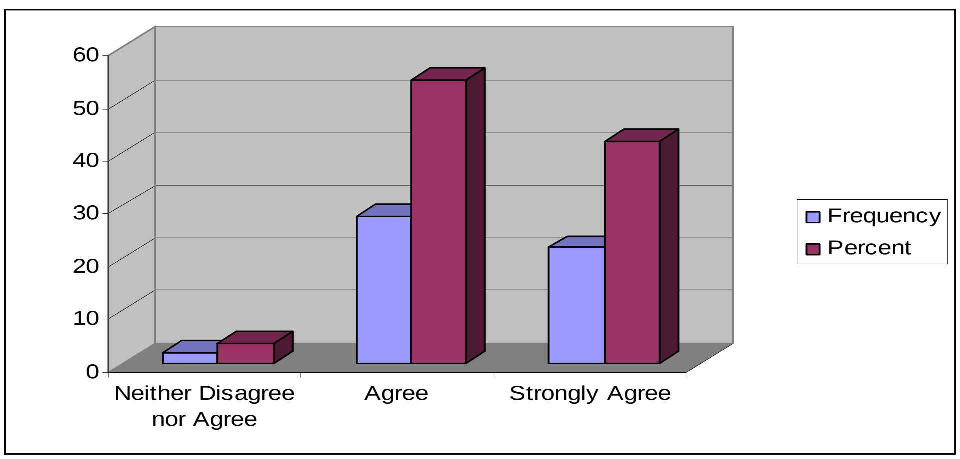
Respondents reported a range of impacts of such as 2(3.8%) respondents neither disagreed nor agreed that obstacles available for Pension Mobility to civil Servants lead poor future planning of an employee, 30(57.7%) respondents agreed, while, 20(38.5%) respondents agreed. Which means the available stumbling blocks toward civil servants pension mobility to private owned schemes has an impact to the nation in terms of development, in term of social, economic that the employee works without having a bright future and so demoralizes the performance, henceforth policy makers (government) must re-check this area with a keen eye, that is to say the room for corruption is obviously open, in spite of the reforms made by the Tanzania Government such as National Ant Corruption Strategic Plan ‘I’ and II, LGPP and GCU, still lack of efficiency in pension public service delivery is tremendously of high feel. The summary of this part is provided in table 4.7 and figure 4.3 below.

Table 4.7: Poor efficiency in Public Service. N= (52)

	Frequency	Percent
Neither Disagree nor Agree	2	3.8
Agree	30	57.7
Strongly Agree	20	38.5
Total	52	100.0

Source: Research findings in Morogoro Municipality, 2013

Figure 4.3 Poor efficiency in Public Service. N= (52)



Source: Analysed data, 2013

4.3 The Most Beneficiary (Gender) Employees in this Scheme

To get the respondents views, the question was set; Respondents mentioned different groups of the most beneficiary (gender) employees namely; males and females. The analysis shows that; 5(9.6%) respondents were dissatisfied that teachers are most affected. Only 4(7.7%) respondents neither dissatisfied nor satisfied, about

13(25.0%) respondents were satisfied while more than half 30(57.7%) of respondents strongly satisfied that males are the most beneficiary group hence they have ample time to make a follow up whichever arises. The summary of the data is provided in the table 4.8.

Table 4.8: Gender of Respondent of Future Members Benefits before Retirement

Gender of Respondent	Are future members benefits known before retirement			Total
	Yes	No	Somehow	
Male	9	35	8	52
Female	3	8	1	12

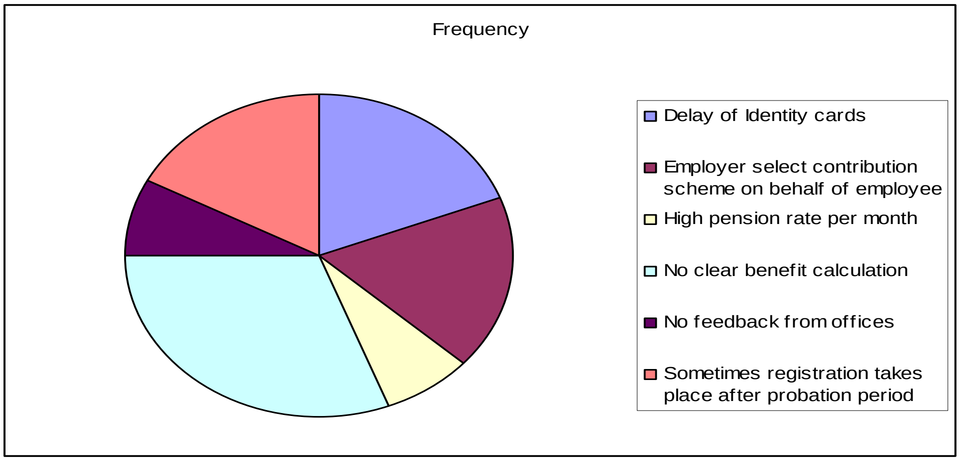
Source: Field data, 2013

Table 4.9 Other Gigantic Problems Facing the Pension Funds

Answers Given by Respondents	Frequency	Percent
Delay of Identity cards	10	19
Employer select contribution scheme on behalf of employee	9	17
High pension rate per month	4	7
No clear benefit calculation	16	30
No feedback from offices	4	7
Sometimes registration takes place after probation period	9	17
Total	**52**	**100**

Source: Field data, 2013

Figure 4.4: Other Gigantic Problems Facing the Pension Funds



Source: Analysed data, 2013

Which means there is a need for the government and employee to reach a mutual agreement on which Pension fund one should opt for instead of dictating or pushing someone to enter a certain fund pension without his/her consent.

4.4 The Most Affected Employees in this Scheme of Pension Mobility

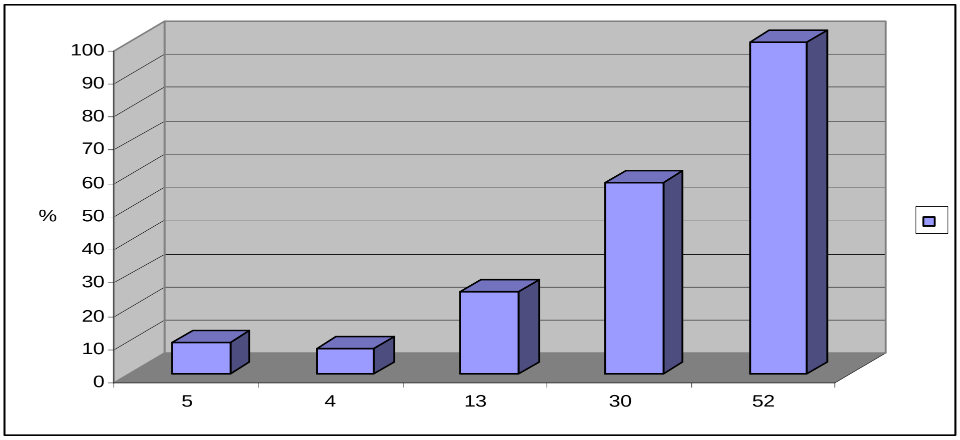
The researcher also wanted to find out key actors in the implementation of the public administration ethics in the area of the study. To get the respondents views, the question was asked. Respondents mentioned different groups of the most affected employees namely; teachers both primary and secondary school, Member of parliaments, Ministers, security officers such as police, the hospital doctors. The analysis shows that; 5(9.6%) respondents were dissatisfied that teachers are most affected. Only 4(7.7%) respondents neither dissatisfied nor satisfied, about 13(25.0%) respondents were satisfied while more than half 30(57.7%) of respondents strongly satisfied that teachers, hospital doctors, and police security officers are the most affected group. The summary of the data is provided in the table 4.10

Table 4.10: The Most affected group (n=52)

	Frequency	Percentage
Dissatisfied	5	9.6
Neither dissatisfied nor Satisfied	4	7.7
Satisfied	13	25.0
Strongly Satisfied	30	57.7
Total	52	100.0

Source: Research findings in Morogoro Municipality, 2013

Figure 4.5: The Most affected group (n=52)



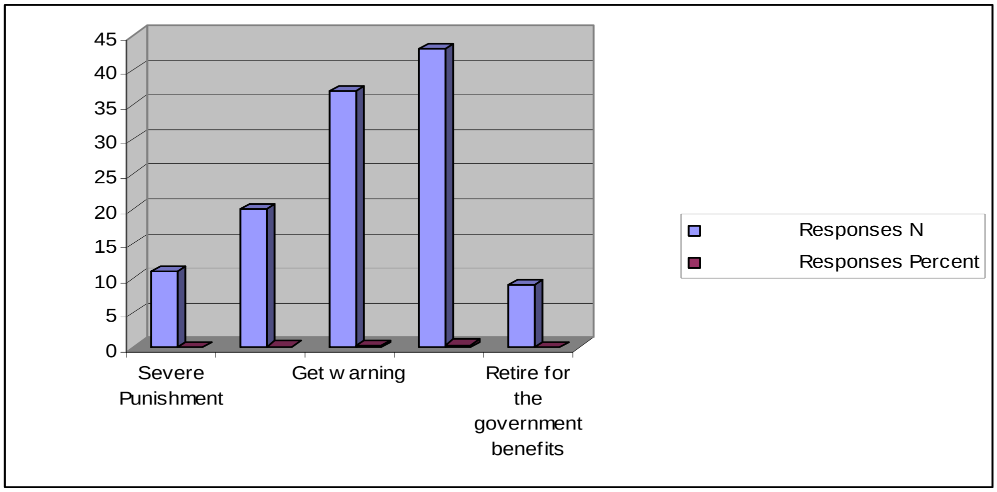
Source: Analysed data, 2013

4.5 Credible Measures to facilitate easy on Civil Servants Pension Mobility

The researcher wanted, to find out some measures taken to facilitate civil servants pension mobility; Respondents objectively reported different tangible measures to be opted by the Morogoro municipality. Few 11(9.2%) respondents reported that annual meeting in zone with members is a true way to be taken to curb the problem of Civil Servants Pension Mobility**.** A good proportion 20(16.7%) respondents reported that Communication be improved. Almost one third 37(30.8%) respondents reported that disclosing on profit or loss obtained in investment done to members. While 43(35.8%) respondents reported that Members should be educated of how to calculate lump sum benefits.

Furthermore 9(7.5%) respondents reported that improving storage of data was the most dominant way adopted by pension officers in Morogoro municipality hence 43% mentioned to be a solution which is much used as one respondent argued "…what I see in our municipality is that when an individual employee reports for the first appointment h/she is not given education on which category of pension should h/she then opt for. Rather the dictatorship style is dominant in this municipality, you find yourself in a certain pension fund scheme unwillingly. As was explained by Muyoba G (1989), it is true that in all African countries a system of bureaucratic accountability do exists. The summary to the measures are provided in table 4.11 and figure 4.6 below.

Figure 4.6 Measures to facilitate easy on Civil Servants Pension Mobility



Source: Analysed data, 2013

Table 4.11: Assets over Liabilities, profit and Benefits paid by PSPF

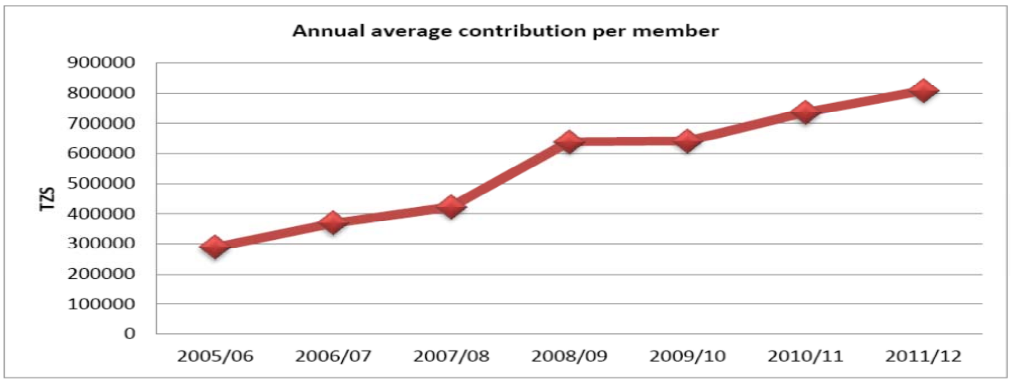
YEAR	Assets over Liabilities	Profit for the period	Benefits paid to members
2012	1,086,279,707,000	161,782,507,000	355,980,302,000
2011	924,497,200,000	192,115,421,000	282,013,003,000

Source: PSPF Annual Report, 2012

In addition to the above, following profit and increase in costs of benefits paid to members, the fund also has an actual deficit of Tshs 6,487,131,000,000 in year 2010. When asked about the solvency of the PSPF all Members (Retired and on employment) do not consider to be a worry because the Government of Tanzania is the Grantor. Annual average of contribution from Members is increasing from 300,000 in year 2005/06 to 800,000 in year 2011/12. Still there is a debate on where there shall be introduction of a cap on contribution.

Some of highly paid Employees take pension contribution as burden and unequal method of wealth distribution. The average for seven years were as shown in figure 4.7.

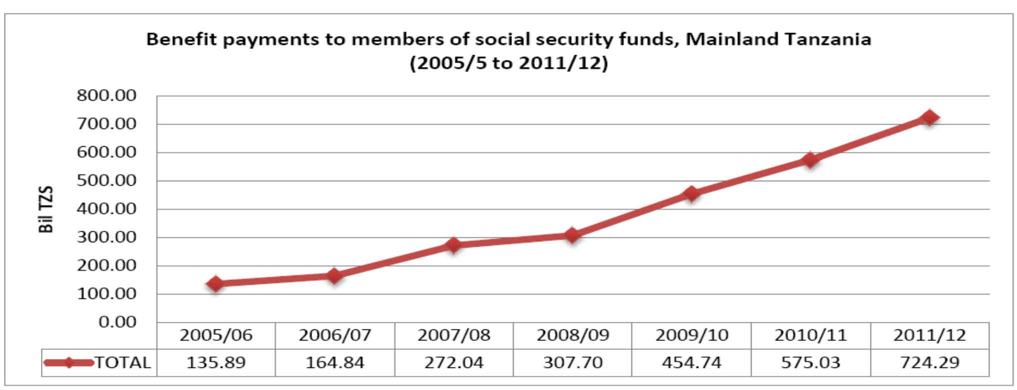
Figure 4.7 Annual Average Contribution per Member



Source: SSRA Annual Report, 2011

Every contribution per member is increasing due to increase in salaries by employee from time to time, but observation of all members concluded that it is increasing on monetary not really value. Benefit payments are increasing from year 2005/06 with Tshs 135.89 billion to 724.29 billion in year 2011/12 as indicated in figure 4.8 below. This means that the social obligations are increasing to the Pension Scheme, therefore need for good Governance and operation efficient to meet the rising cost.

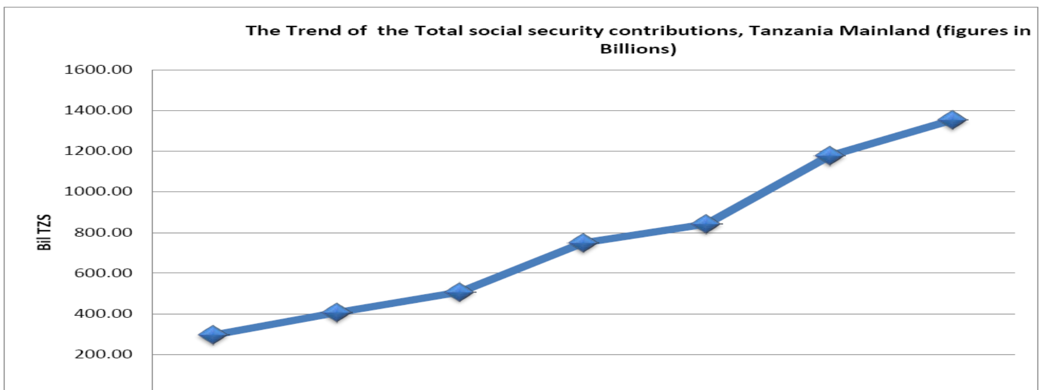
Figure 4.8: Benefit Payment to Members of Social Security.



Source: SSRA Annual Report, 2011

Benefit payments to members of social security funds is increasing due to increase in salaries by employee from time to time and number of pensioners are increasing, but observation of all members concluded that it is increasing on monetary not really value and there is a significant different of the service from one fund to another. The current trend of social security contributions in Tanzania is increasing, and if liberalization in various sectors in economy is made, the contributions from the Pension Schemes can rise more than its normal trend of amount 300 billion in year 2005/06 to 1,3,55.46 billion in year 2011/12 as it is appearing in figure 4.9 as shown below.

Figure 4.9: Trend of Total Social Security Contribution in Tanzania



	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
TOTAL	295.48	405.96	507.53	749.86	842.43	1177.99	1355.46

Source: SSRA Annual Report, 2011

The trend of total social security contributions is increasing due to increase in salaries by employees from time to time, but observation of all members concluded that it is increasing on monetary not really value. Mostly of the 64 out 75 respondents are not happy with the way their contributions are utilized.

With exception of NSSF, all other Employees in Tanzania contribute the same percentage from their salaries. Let it be noted that; All the Retired Staff who were members of PSPF were satisfied with their Gratuity but not other Funds especially PPF. All of the retired employees didn’t know how much they had contributed, which means transparency is not well put. For example although benefits payment are increasing and profits of the PSPF are decreasing as shown in table 4.12, the members were expecting to get more from the Fund.

Table 4.12: PSPF and PPF Comparisons in Monthly Pension Received by some of Retired Employee between 2008 – 2013)

SN	Fund name	Date of Employment	Years in Employment	Last employee salary	Gratuity Received	Monthly Pension
1.	PSPF	15/05/1976	35 yrs and 5 months	3,062,300	224,143,347.22	1,205,071.76
2.	PSPF	01/02/1971	40 yrs and 4 months	1,133,400	94,475,186.67	507,931.11
3.	PSPF	26/01/1974	35 yrs and 11 months	3,056,390	226,869,037.00	1,219,726.01
4.	PSPF	23/06/1975	35 yrs and 8 months	2,916,490	214,977,718.44	1,155,794.19
5.	PSPF	01/07/1976	34 yrs and 8 months	1,023,100	73,475,631.67	395,030.28
6.	PSPF	05/05/1977	33 yrs and 4 months	2,916,490	200,913,755.56	1,080,181.48
7.	PPF	01/11/1976	17 yrs	388,000	3,207,476.98	64,149.00
8.	PSPF	01/02/1974	37 yrs and 5 months	1,063,400	56,962,758.00	306,251.56
9.	PPF	01/02/1974	37 yrs	358,010	3,634,577.92	72,691.56
10.	PPF	03/01/1970	39 yrs	441,000	7,212,658.03	144,253.16
11.	PPF	31/10/1977	37 yrs	1,063,400	11,626,399.17	232,527.98

Source: Field Data Documentary Review, 2013

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter is divided into four sections. The first section provides the summary of the main study findings, followed by the conclusion drawn from the study, preceded by the proposed challenges, and at last recommendations are also put into two categories i.e. to the Morogoro Municipality and to the National policy makers

Well-designed social security policies can contribute to a better environment for economic growth in Tanzania. It would be erroneous to think that social security is a luxury to be afforded only when growth has taken place or when countries have reached a certain level of per capita income. The fact is that there is a mutually reinforcing relationship between economic growth and society's ability to deal with the consequences of social and economic uncertainty. Adequate frameworks to deal with uncertainty will help improve the allocation of resources and hence contribute to economic growth.

At low income levels there are substantial market imperfections that prevent people from dealing adequately with risks, and this determines the type of activities they undertake and the efficiency of their investment. But it would also seem unwarranted not to take into account the limitations that the level of income imposes on the ability of government to effectuate transfers across groups. As income increases, it is easier for governments to tax and transfer resources to help the less fortunate deal with the results of economic uncertainty. Disregard of the budgetary effects and limitations will have harmful effects.

Straightforward application of external social security designs that do not take account of the specifics of the African continent are likely to be inadequate, as the crisis of the systems inherited from colonial times has shown. This section highlights some basic facts that frame social security considerations in Sub-Saharan Africa. These pertain to the demographic characteristics of the population, the basic organizational structures of the African economies and the sources of economic uncertainty, the loss of credibility that characterizes formal social security systems, and the cooperative culture of the African continent.

Table 5.1 Aging and Dependency Indicators by Geographical Region, 1995

Table 5.1: Aging and Dependency Indicators by Geographical Region, 1995

	Dependency Ratios	
	60+/Total	60+/15-59
Sub-Saharan Africa	4.7	9.3
Middle East & No. Africa	6.0	11.1
South Asia	6.7	11.9
Latin America & Carib.	7.4	12.6
East Asia & Pacific	8.8	13.9
Europe & Central Asia	14.6	24.0

Source: World Bank HNP ,2000

Demographic characteristics are important for social policy to identify and measure the target populations. Social security difficulties are often associated with aging populations, be it is from the viewpoint of pensions or health. African populations on average, however, are young compared to other continents. The ratio of the population over 60 to total population stood at 4.7 in 1995 in the continent, the lowest ratio in the world. Likewise, the ratio of population over 60 to the population between 15 and 60 stood at 9.3 -- also the lowest ratio in the world. African populations are even younger than those of the low-income countries of the world. The ratio of population over 60 to total population in low-income countries worldwide is 6.1.

Most of the countries in the continent have young populations. 7 Upper middle countries have older populations, with ratios of population over 60 to total population at 7.1, but there are only five such countries with small populations.

[7] A set of appendix tables presents detailed population information by country.

Table 5.2 Aging and dependency indicators by income level, 1995

Table 5. 2: Aging and Dependency Indicators
By Income Level, 1995

	Dependency Ratios	
	60+/Total	60+/15-59
Sub-Saharan Africa:	4.7	9.3
Low Income (n=38)	4.5	9.0
Lower Middle (n=4)	5.4	10.4
Upper Middle (n=5)	7.1	12.2
World:		
Low Income	6.1	11.2
Lower Middle	9.5	15.4
Upper Middle	8.7	14.5
High Income	18.0	28.8

Source: World Bank

Over the long-term, expected changes in fertility and mortality rates will reduce population growth rates and eventually increase the proportion of the elderly in the population. But this transition will take a long time; the bulk of the African population will continue to be young for a while. In fact, in many countries the age dependency will *decrease* over the next twenty years. It will increase thereafter to reach, by 2040, levels similar to those of Latin America and the Caribbean today. The aging of the population is expected to take place in the second half of the next century. The variation among countries, however, will increase for a while and decrease in the long run,[8] meaning that countries will get older at different rates.

Within countries, populations split into different demographic profiles. Fertility and mortality are higher among the poor and life expectancy lower. These differences affect behaviour and the demand for social security services by the different income groups. Health and prevention for epidemic diseases may be a greater concern for the poor. AIDS is shortening life expectancies in all groups and again altering the demand for social protection. Still, differences in mortality rates tend to disappear as

[8] The variance over the mean of the population over 60 total population increases for a while to converge in the long-term. (See Table 5.3.)

people get older. Life expectancy for elderly people is similar regardless of the level of income.

Thus, people that have reached retirement age are likely to live over a decade more, regardless of socio-economic status. So provision for the old is also a concern for the poor.

Social security policy addresses problems that arise when markets do not provide adequate mechanisms to deal with economic uncertainty or when shortsighted behaviour exposes individuals to controllable risks. It is then necessary to ascertain the nature of the risks individuals face in a given society to tailor adequate policies. Many of the operating instruments for social protection in the world today have been designed to address problems characteristic of industrial economies, where large segments of the population have regular employment. In Africa, rural and informal economies are very important. The formal sector (where people have continuous employment and income) is very small. Moreover, in some countries, employment in the formal sectors continues to be highly dependent on the state, be it directly or through state enterprises.

Most of the people in Sub-Saharan Africa are still employed in agriculture, whether they are classified as living in the rural or the urban areas. In 1990, 68 percent of those economically active derived their income from agriculture or agriculture related activities. This percentage was even higher, 75 percent, for low-income countries in the region. Even when people move to urban centers, they are likely to continue to derive their income from agriculture. Urban centers have yet to generate significant sources of steady employment. So most people’s incomes are subject to the variations proper of agricultural activity or the fortuity of informal activities, which themselves may fluctuate considerably. Add to this environment, the regular calamities of nature and man, and the uncertainty of life is enormous.

It is often said that traditional societies have developed mechanisms to deal with these uncertainties, and considerable amount of work has been done to describe the social protection mechanisms. The adequacy and coverage of these mechanisms is not sufficiently understood. Whatever the social protection mechanisms in traditional societies, the case is that the elderly work longer later in life in low income countries; where over 60 percent of the people over 60 years of age are economically active. That is, the elderly have to provide for themselves either totally or partially. Moreover, traditional societies are in the process of transformation and social cohesion may be deteriorating. Already it is reported that poverty among the elderly remaining in the countryside may well be on the increase.

Lack of credibility of the formal systems.

In many of the countries in the continent, formal institutions, public or private, lack credibility. This extends to social security institutions, especially pensions, and derives from the poor services provided to beneficiaries and the mismanagement of pension reserves. People came to view social security contributions more as a tax and sought to develop, within their means, alternative protection schemes. At the same time, financial institutions are not trusted as a result of periodic sector crises. This generalized lack of credibility severely constrains the development of social protection mechanisms that necessarily have to rely on savings and insurance to meet economic uncertainties. Rebuilding credibility in social security and finance institutions requires addressing severe governance shortcomings in the public and the private sphere.

A culture of solidarity.

A common observation made by both local and external observers is the importance of social solidarity that plays in the workings of African societies and how traditional societies have developed mechanisms to deal with economic uncertainty. With the transformation that is taking place and people moving to the urban areas, reportedly this culture of cooperation has been transformed into new mechanisms of cooperation. The question is how strong a role can these informal mechanisms play on improving social security among the population? The Bank now seeks to identify and classify the different types of risks that characterize these economies and the social protection mechanisms that exist. Hopefully this work will serve as the basis to help improve social protection policies in the continent. In any case, this culture of solidarity stands in contrast to the credibility problems of the formal institutions, and could be a base upon which to build new schemes of social security protection. These ideas remain to be fully developed and applied.

5.1. Summary of the Main Findings

This section provides a summary of key findings from the study. The main focus was to find out on the effects of Pension on Labour Mobility to Civil Servants in Tanzania, The case of Morogoro Municipality. The general findings were; institutional framework failure, poor planning system, lack of awareness or sensitization to municipality employees, bureaucratic system of the government to dictate an individual during employment that the employee has no chance to opt for other pension schemes out of that under the Government.

In finding out the impacts for failure on adherence to the public administrative ethics, consequences obtained were; leads to poor efficiency in public services, poor social service delivery, and that, donors could reduce or cut off supporting the Morogoro municipality.

However, it was found out that the most affected group were the cadre of teachers, Hospital Doctors, and the mere police group, lastly, the presupposition was set to suggest credible measures toward curbing the problem of civil servants pension mobility; institutional framework, re-establishment, and mutual agreement between an employee and employer and the well-designed social security policies, went on highly as the main solutions given by respondents.

The Social Security Policy Law(Amendments) Act,2012 that has just been endorsed by the Parliament ought to have an impact on the industry, However even without being implemented it has been not accepted my members especial on section withdraw benefit of the act, which require a member to qualify for benefit after attainment of fifty five years. The transfer of membership from one fund to the other without jeopardising the member's wealth is not possible. Government employees on permanent and pensionable are by law required to be members of PSPF, Members of Parastatal were supposed to be with PPF, Local authority worker with LAPF and the lest with NSSF. Members changing employment from government to sector is supposed to end membership with PSPF and join with other Funds.

The Public Service Pensions Fund was established under section 4 of the Public Service Retirement Benefits Act No. 2 of 1999, to provide for contributions to and payment of pensions, gratuities and other benefits in respect of the Service of officers in the Government and to provide for the related matters. Section 2 of the Act further states that the Act applies to all Government employees employed in Tanzania as well as employees employed by Executive Agencies established under an Act of Parliament.

The Fund before the introduction of new law which provide an option at entry under section 30 and 31 of social security Act, tied all Government employees and employees in the Executive Agencies with the fortified chord of social security protection. Together, the Fund is a force which contributes to the social and economic development of Tanzania. Pension scheme is an integral part of the Government in its quest for the betterment of the lives of every Tanzanians.

5.2 Challenges

Regardless of different initiatives taken by Tanzania to promote ethics, still ethics management in Tanzania is faced by a number of challenges, such as:-

i. The biggest challenge facing government agency administrators involve establishing and maintaining standards for ethical behaviour by employees.

ii. Information asymmetry, whereby employees were not well informed on the actual amount contributed every annually
iii. Lack of mechanism at the virtue of making a mutual agreement between the employee and the employer i.e. governance.

5.3. Conclusions

Basing on the study findings the researcher makes the following conclusions.

i. Conflicts of interests, including self-interest threats, were the ethical issues faced by officials and employees in public administration practice.
ii. No equal balance of gender in holding top administration posts.
iii. Each Scheme has its own formula for benefit calculations and benefit types that is to say there is ddifference in benefits offered by schemes of the same qualification members
iv. Most civil servants are tied up to Government even if there are other good Jobs in the market
v. Whosoever changed the job suffered capital loss to their benefits.
vi. Staff numbers known as check numbers become dormant as soon as an employ shifts from the Government to private that, employees lose some of their benefits just by moving from one employment to another.
vii. There has been poor governance in Pension Schemes services.
viii. Each Scheme has its own formula for benefit calculations and benefit types
ix. The number and quality of benefits offered by most of the existing Pension Schemes are not adequate to meet the basic needs of beneficiaries in terms of number of benefits, magnitude and indexation to the current levels of economy
x. There is no separate function of a Manager and a member who is a beneficiary, hence according to ILO; there should be that structure, which is employer Representatives, Employees Representatives and the Government.
xi. The retirement ages for all members are the same, though some do forge the number of their years in their birth certificates.

5.4 Recommendations

Basing on the findings and the conclusion, the recommendations to this study have been put into two categories; firstly, recommendations to the Morogoro municipality which was the researcher's case study; the second category, to the policy makers simply because the nature of the study seemed to be touching policy makers in the country.

5.4.1 Recommendations to the Morogoro Municipality

To start with Morogoro municipality, the following were the recommendations to be taken into account:-

Municipality Administration and Pension Management Reforms

This should be done basing on the following points

i. Reforming civil service systems to establish open, fair and merit based principles and practices, minimizing favoritism, abuse and waste of public resources in the LGAs' service.

ii. Strengthening financial management, particularly transparent budgeting, accurate accounting, and reliable performance auditing, and reutilized intergovernmental finances and restructuring procurement, and tax collection to develop open, fair and competitive relationships between government and the citizens.

iii. There should be a Municipality seminar(s) initiative in the public servants. Collaboratively designing and delivering of workshops, conferences and formal training.

iv. There should be an increase of openness and transparency in whatever issue, hence this will ensure public responsibility and accountability.

5.4.2 Recommendations to the (National) Policy Makers

i. Widen scope and coverage of social services security to all Citizens

The current Social Security Schemes only 1.3 million out of 45 million Tanzanian are covered to date by a formal sector. Pension Schemes should be improved and extended to disadvantaged groups such as people with disabilities, all elderly and children in difficulty circumstances. A legal way should provide for all employees in the formal sector and extend to informal sector with option of ease to join and move to another Fund

ii. Ensure more transparency and involvement of social partners in the decision making with respect to social security institutions

Governance is the main factor in proper functioning and efficiency all Pension Schemes, as they are trusted to manage funds on behalf of the Contributors. Therefore, there should be a control and guide to all schemes in Tanzania to be transparent and accountable to the Members and the Public at larger.

iii. Harmonize social security schemes in the country so as to eliminate fragmentation and rationalize contribution rates and benefits offered.

The researcher observed that there are fragmentations of Pension Schemes in Tanzania with respect to different legislations and reporting systems. Some are under the Ministry of Finance and some under the Ministry of Labour and Youth Development.

iv. Improve quality and quantity of benefit offered in order to reduce poverty.

Pension Schemes should have a standard minimum number of benefits offered and indexed to current levels of earnings of contributors.

v. Establish mechanism to ensure that value of a member's contributions and ownership wealth of a member is established and is portable

Currently, benefit rights are not transferable when a member moves from one scheme to another due to differing legislations, operational rules and procedures. Therefore, there is a need to put a mechanism to enable transferability of benefit rights when a member moves from one job to another of from one scheme to another. This will make accountability and Transparent in pensions schemes operations.

vi. Establish mechanism to ensure that Management of pension Funds including Board Members are not directly beneficiaries of Pension Funds

The ILO states the need of a Pension Scheme to be of three involvement of management of Board of Trustees. To avoid urgency problem in management of Pension, there should be separate functions of a Manager and a member who is a beneficiary.

vii. To Improve Social Security as a Right

The Universal Declaration of Human Rights of 10th December 1948 Article 22; and the Article 11(1) of the Constitution of the United Republic of Tanzania stipulates that:-

"…The state authority shall make appropriate provisions for the realization of persons right to work, to self-education and social welfare at times of old age, sickness or disability and in other cases of incapacity…" In view of such provision there is still inadequate coverage of Pension Scheme services to the Tanzanian Society

viii. To ensure that Social Security Sector are liberalized

In Tanzania, all Pension Schemes are under the Government, the Social sector is monopoly in its operation. While the current mandatory schemes are operating and competing now days among themselves Pension schemes under supplementary scheme there is a need to be fully liberalized.

ix. To ensure that the roles of each Stakeholder is Known and practiced

Different stakeholders must have roles to play in Pension Schemes and the social sector as general such as:

x. The Pension Funds offices must

Good governance of the schemes, Offering quality benefits and services, Involvement of stakeholders, widen coverage, awareness and creation and sensitization, make sure that registration of workers to Pension schemes is made immediately at start of employment. Also, there should be representation of workers' interest in the Pensions Schemes, support the social security industry and awareness creation and sensitization.

xi. There should be an effective policy mechanism(s) to implementers to guide them toward how effective should it be done hence it will result in increase of openness and transparency.

xii. Policy makers must intervene by educating all Public employees about the importance of entering the pension funds scheme, and they should keep on reviewing the policies and make changes whenever there is a need for such a case.

xiii. Legal framework must well be adjusted to be pertinent with pension benefits, but still the law is meaningless unless it is enforced; meaningless laws make a mockery government

xiv. There should be an increase of openness and transparency in whatever issue made and ensure that public responsibility and accountability is adhered to the required level.

xv. Decisions and actions should be based on the principles and theories available for the benefits of both the government and the employee.

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APPENDICES

APPENDIX I

THE QUESTIONNAIRE TO THE MUNICIPAL OFFICERS PENSION UNIT

(MOROGORO MUNICIPALITY)

Dear Respondent

This questionnaire intends to seek for the effects of Pension on Labour Mobility to Civil Servants in Tanzania, The case of Morogoro Municipality. You are therefore requested to respond to the questions as instructed so as to make this study successful. You are assured that the information you provide herein will be cared with great confidentiality. The study is very important for partial fulfillment of the requirements for the award of the Degree for the Award of the Degree of Master of Science in Accounting and Finance of Mzumbe University. The researcher is a student of Mzumbe University.

Part I: **Demographic Information**

(Tick where is appropriate in square brackets)

1. What is your age group?
   18-25 year s [ ], 26-35 years [ ], 36-45 years [ ], 46-55 years [ ]
   Above 55 years [ ]
2. What is your gender? Male [ ], Female [ ]
3. What is your marital status Married [ ], Single [ ], Widow [ ], Divorced [ ]
4. What is occupation?
   Municipal Officer [ ], teacher [ ], Health care provider [ ],
   Police officer [ ], Private sector [ ]
5. What is your experience? 1-2 years [ ], 3-4 years [ ], More than 5 years [ ]
6. What is your education level?
   Informal education [ ], Primary education [ ], Secondary education [ ],
   Diploma [ ], Certificate [ ] Undergraduate [ ], Postgraduate [ ]
7. What is your Profession? ....

1. What do you understand about the term "Pension Mobility"?

………………………………………………………………………………

………………………………..…………………………………………

…

2. Express your degree of agreement/disagreement on what are the effects of pension in labour mobility to civil servants in Tanzania? (Tick once where is appropriate)

	Strongly disagree	Disagree,	Neutral,	Agree,	Strongly agree
i. Institutional Framework failure	[ ]	[ ]	[ ]	[ ]	[ ]
ii. Poor Planning of the Government	[ ]	[ ]	[ ]	[ ]	[ ]
iv. Lack of seminars to employees	[ ]	[ ]	[ ]	[ ]	[ ]
v. Bureaucratic system available	[ ]	[ ]	[ ]	[ ]	[ ]

3. Do you believe that pension funds mobility is good of any determined employee?

Yes [ ], No [ ]

4. How strong is that Pension funds policy in your municipal?

Very weak [ ] weak [ ] neither weak nor strong [ ] Strong [ ]

Very strong [ ]

5. How many times have you attended for a seminar to discussing pension matters?

1 -6 Months [ ] 6-11 months [ ]A year [ ]after 2 years [ ]Not done at all throughout a year [ ]

6. Express your degree of satisfy/dissatisfy from the statement below as factors for the Inefficient runoff Pension funds. (Tick once where is appropriate in each row)

	Strongly Satisfy	satisfy,	Neutral,	Satisfy,	Strongly satisfy
i. Delay of identity cards	[ ]	[ ]	[ ]	[ ]	[ ]
ii. Dictatorship style	[ ]	[ ]	[ ]	[ ]	[ ]
iii.No clear benefits calculation	[ ]	[ ]	[ ]	[ ]	[ ]

iv. No feedback to employees	[ ]	[ ]	[ ]	[ ]	[ ]
V.Payments is done before registration	[ ]	[ ]	[ ]	[ ]	[ ]

7. Express your degree of agreement/disagreement on which are impacts from not applying public administrative ethics in working area? (Tick once where is appropriate in each row)

		Strongly disagree	Disagree,	Neutral,	Agree,	Strongly agree
i.	Teachers	[ ]	[ ]	[ ]	[ ]	[ ]
ii.	Hospital Doctors	[ ]	[ ]	[ ]	[ ]	[ ]
iii.	Police security	[ ]	[ ]	[ ]	[ ]	[ ]
iv.	Other groups	[ ]	[ ]	[ ]	[ ]	[ ]

8. Are you satisfied with the Pension fund scheme that you have been enrolled?

Yes [ ] No [ ]

9. Do you know the procedures of member's registration by pension Funds?

A) Yes [ ] B) No [ ]

10. Is there any differences in benefits provided by Pension Funds?

A) Yes [ ] B) No [ ] C) Somehow

11. Is age of retirement the same in all pension Funds?

A) Yes [ ] B) No [ ] C) Somehow

12. which among the following is the most drawback resource in pension Funds?

A) Finance [ ] B) Equipments [ ]

C) Technology [ ] D) Qualities of personnel [ ]

13. Is there any different of contribution rate between civil servants in different Funds?

A) Yes [ ] B) No [ ]

14. Is the operation system of Pension Funds well known? A) Yes [ ] B) No [ ]

15. Is there enough staff in the Public Service pension Funds? A) Yes [ ] No [ ]

16.What problems do you encounter during the whole process of being registered as a member of Pension Scheme

i………………………………………………..

ii. …..…………………………………………..

iii……………………………………..……….

iv………………………………………………

17. What are your suggestions to overcome these barriers improve transparency in Pension Funds Operations?

    i……………………………………………………………………….

    ii………………………………………………………………………

    iiii……………………………………………………………………..

    iv…………………………………………………………………………

    v.…………………………………………………………………………

****

I thank you

APPENDICE II
INTERVIEW KIT

1. What is your age group?

2. What is your gender?

3. What is occupation?

4. What is your experience?

5. What is your education level?

6. What do you understand about the term “Pension Mobility”?

7. What are the effects of pension in labour mobility to civil servants in Tanzania?

8. Do you believe that pension funds mobility is good of any determined employee?

9. How strong is that Pension funds policy in your municipal?

10. How many times have you attended for a seminar to discussing pension matters?

11. What are the factors for the inefficient runoff Pension funds?

12. What is the most affected group in this scheme?

13. Are you satisfied with the Pension fund scheme that you have been enrolled?

14. Do you know the procedures of member’s registration by pension Funds?

15. Is there any differences in benefits provided by Pension Funds?

16. Is age of retirement the same in all pension Funds?

17. which among the following is the most drawback resource in pension Funds?

18. Is there any different fund contribution rate among civil servants?

19. Is the operation system of Pension Funds well known?

20. Is there enough staff in the Public Service pension Funds?

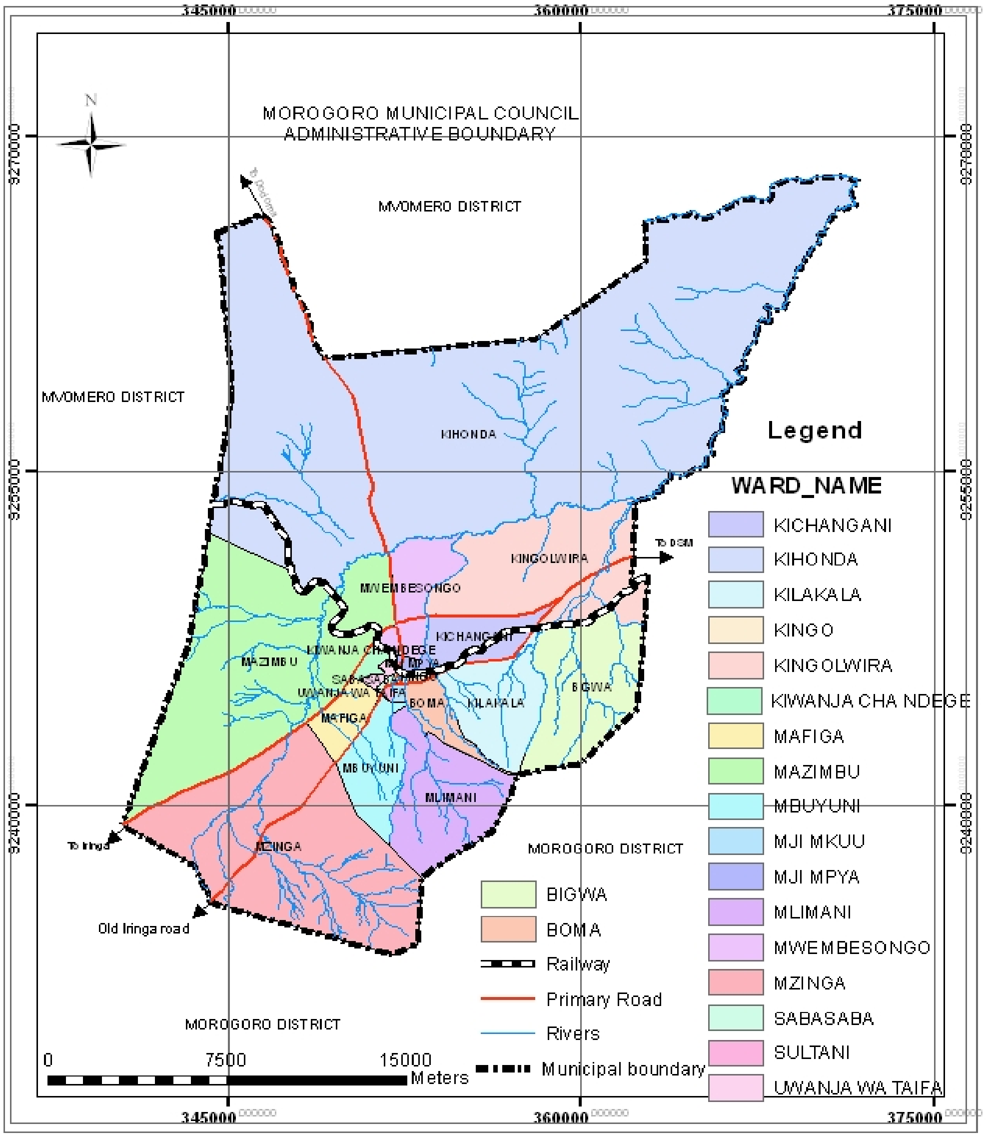
21. What problems do you encounter during the whole process of being registered as a member of Pension Scheme

22. What are your suggestions to overcome these barriers improve transparency in Pension Funds Operations?

I thank you

APPENDIX III:

THE MOROGORO MUNICIPALITY MAP



Source; Morogoro Municipality Map file obtained 2013 September