

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND
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**ENHANCING THE ECONOMIC SECURITY OF THE
GHANAIAN WORKER: THE ROLE OF THE SOCIAL
SECURITY AND NATIONAL INSURANCE TRUST.**

BY

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**ENHANCING THE ECONOMIC SECURITY OF THE
GHANAIAN WORKER: THE ROLE OF THE SOCIAL
SECURITY AND NATIONAL INSURANCE TRUST (SSNIT).**

by

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of**

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DECLARATION

I hereby declare that, this submission is my own work towards the Commonwealth Executive Master in Business Administration and that, to the best of my knowledge, it contains no material which has been previously by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in text.

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Supervisor's Name

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Date

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Head of Department's Name

Signature

Date

DEDICATION

This dissertation is dedicated to my family, for which I am truly blessed.
I love you all



ACKNOWLEDGEMENT

To God be the glory for seeing me through this programme.

I am greatly indebted to my supervisor, Dr. S. Buame, who devoted valuable time to guide this work and placing at my disposal his splendid academic judgment, thoroughness and usually fine research talents which were of enormous assistance in bringing this study into completion.

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ABSTRACT

The low levels of income in the economy has resulted in the payment of low pensions to member of the SSNIT Pension scheme since the quantum of pension payment is linked to ones income level. Some workers have therefore agitated for the introduction of the CAP 30 which purports to pay higher pension in the form of lump sum as compared to the SSNIT pension scheme which spreads payment over a period of time. This study takes a critical look at the investments made by SSNIT in the housing, health and educational sectors, in a bid to enhancing the economic security of the Ghanaian worker. The study revealed that SSNIT intervention in the housing sector has enabled a lot more workers to be able to own these affordable housing units built by SSNIT despite their low incomes. The study further showed that SSNIT investment in the health sector has helped to address the health needs of Ghanaian workers in the economy. In addition most workers admit that it would have been very difficult for them to pursue tertiary education without the SSNIT student loan. Among the recommendation are the construction of more housing units by SSNIT as well as the expansion of the SSNIT hospital to be duplicated in other regions. It was also recommended that the SSNIT student loan should continue.

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CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND TO THE STUDY

The Social Security and National Insurance Trust (SSNIT) is the organization mandated to administer the National Social Security Scheme in Ghana. Its corporate mission is to provide “cutting edge income replacement schemes to Ghanaian workers and their dependants in the event of old age, permanent disability, or death”, while its vision is “to develop SSNIT into a world class financial institution dedicated to the economic security of the Ghanaian worker” (SSNIT brochure).

Economic security is one of the most important achievements that people wish to attain in life because individuals have a sense of well being in which they would relatively be able to “satisfy their basic needs and wants both present and the future” (Allen et al 1992:10).

The authors explains further that circumstances such as loss of income and insufficiency can lead to economic insecurity. Secondly, one of the greatest causes of economic insecurity is longevity. When people live longer they may out-live their financial means to maintain themselves and their dependants.

In advanced countries the risk of economic insecurity is met through a combination of personal savings, employer-sponsored pensions and social insurance. These elements of Social Security are sometimes called “the tripod of economic security” or “the pillars of economic security”.

Social Security derives its roots from when individuals lived in groups to protect themselves from the hazards of life (physical security) and against the threat to their means of livelihood (economic security) and Social Security is deeply grounded in the extended family system which is very common in Africa and in Ghana and where each one is his brother's keeper. Upon the death, illness or old age, loss of income of a member of a family, other family members provided the basic needs of the survivors or the affected person. The extended family has always operated as a social welfare system. (Apt & Grieco, 1994). They continue to be a source of security and insurance to most Ghanaians.

As a result of modernization, the security provided by the external family system weakened. Today, economic insecurity is a major concern among elderly Ghanaians, (Apt 1992). This has necessitated the need to extend Social Security coverage to workers to complement the family care-giving.

The term "Social Security" was first used officially in the United States in 1935 when the Social Security Act was passed in 1938. Another such Act was passed in New Zealand. After the Second World War many countries introduced social welfare programs and the International Labour Organization (ILO) used the term "Social Security" in general ILO recommendations and conventions which established the standards which countries should follow and very soon the term as is understood today gained ground (Whittaker(ed) 1998:9).

According to a Training Manual of the International Social Security Association (ISSA) the term social security consists of two words “Social” and “Security”. The word “Social” suggests a relationship to society in a particular cultural, historical and geographic setting whilst “Security” implies protection against deferred risks.

Following the weakening of the extended family system new and appropriate forms of security started when it became evident that an individual on his own could not fend for himself and family and for that matter the entire society became responsible for the security of needy persons. Organizations such as Guilds, Occupational fraternities and Mutual Benefit Societies were formed and some countries adopted Provident Fund Schemes.

It is pertinent to state that social security means different things to different people because it is composed of several different elements such as social insurance, social assistance, benefits financed by the general revenue of a country, family benefits and provident funds (Whittaker, 1998). There are also the employer provisions for workers compensation schemes, work-place accidents, occupational diseases and other complementary programs.

The ILO provides a definition which combines the concepts and practices that influence the evaluation of society security measures. Social security is thus defined as “the protection which society provides for its members through a series of public measures against the economic and social distress that otherwise would be caused by the stoppage, or substantial reduction of earnings resulting from sickness, maternity, employment

injury, unemployment invalidity, old age and death, the provision of medical case and the provision of subsidies for families and children”.

In Ghana like many other African countries, the establishment of a social security scheme was the direct consequences of colonization, industrialization and urbanization. (Akrofi, 2005). Traditional structures got broken down, and workers earned money for their work and came to live in urban areas.

Before the institution of a social security scheme in Ghana, there were private pension schemes to cater for the urban wage earner and to provide a system of internal security.

For example, the colonial government established a non-contributory pension scheme for the African senior civil servant in 1946, while in 1955 Certified Teachers were covered by the Teachers Pension Ordinance. Superannuation schemes were set up for university lecturers. The foreign private sector commercial trading firms had their own superannuation pensions and provident fund schemes for the African senior employees. Other categories of workers who were not covered by any of the above-mentioned schemes were paid ex-gratia awards.

The Government of Ghana in the early 1960s introduced the mandatory savings scheme where deductions were made from the salaries and wages of workers. The monies were supposed to be paid back to the workers with interest. However out of apathy, lack of sufficient education on the scheme and an insufficient system for refund, most workers failed to withdraw their monies.

By 1965 the system of compulsory savings had been abolished and a Provident fund scheme was established by Act 279 for Ghanaian workers. Initially this scheme was to operate for a period of five years to accumulate funds to facilitate conversion into a pension scheme. The social security provident fund scheme however continued till 1991 when PNDC Law 247 was passed to convert the provident fund scheme into a pension scheme. The pension scheme maintained the contribution level of five percent (5%) from an employee's basic salary while the employer added an amount equivalent of twelve and-a half percent (12.5%) of basic salary.

The scheme also catered for two broad categories of benefits - a pension and lump sum. A pension was paid to retired members who had made a minimum contribution of two hundred and forty months (240) in aggregate and aged between fifty-five (55) and sixty (60) years of age and to permanently incapacitated persons while a lump sum was paid to the dependants/nominees of a deceased member or any member who does not qualify for pension.

1.2 STATEMENT OF THE PROBLEM

Since its establishment the Social Security and National Insurance Trust (SSNIT) has collected contributions on behalf of members and has paid and continues to pay pensions and lump sum for members and their dependants. However, there have been calls from some of the working and contributing public that SSNIT's role in providing economic security to its members has not been good enough because comparatively, the amount paid as CAP 30 pension is higher than what is paid by SSNIT.

The Ghana National Association of Teachers (GNAT) and the Civil Servants Association (CSA) whose members constitute a greater portion of membership have in recent times been advocating for a reversion to CAP 30.

SSNIT has however stated that some workers receive low wages whilst some employers do not pay the minimum wage to enhance the deduction and subsequent payment of meaningful pension whilst other employees collude with their employers to under-declare the full amount paid to them.

The Government of Ghana as a result commissioned a committee to investigate Pensions in Ghana. The committee completed its work and presented its findings to the government.

1.3 OBJECTIVES OF THE STUDY

The main objective of the study is to analyze the impact of the Social Security Scheme run by SSNIT on the Ghanaian Worker.

Specifically the study seeks to:

- a. Identify the mandate of SSNIT as promulgated under PNDC Law 247.
- b. Identify what wages are being paid to workers of Ghana.
- c. Identify the rate of contributions of members of the Scheme.
- d. Analyse SSNIT investments in the health, educational and housing sectors and its effects on the Ghanaian worker.
- e. Analyse the catalytic effect of SSNIT's operations in the general economic growth of the economy.

The problem that this study seeks to address is

- i. Whether the National Social Security Scheme being administered by the Social Security and National Insurance Trust has been able to enhance the economic Security of the Ghanaian Worker.
- ii. Whether the Social Security Scheme contributes to the general performance of the economy of Ghana.

1.4 OVERVIEW OF THE RESEARCH METHODOLOGY

The main target of the study will be workers in the formal sector in the Accra-Tema Metropolis who constitute about 300,000 of the work force. These include health workers, bankers, teachers, administrators and so on.

This is a conclusive research which seeks to look into SSNIT's non core functions aimed at providing an enhanced economic security for the Ghanaian worker. These non core areas are the health, housing and educational sectors.

Convenience sampling method will be adopted in order to select respondents based on their availability. A sample size of 300 respondents working in about 30 establishments will be selected. The sample size has been chosen because it is representative of the working population of about the 300,000 people working in the formal sector, in the Accra-Tema Metropolis.

A vital tool that will be used in the gathering of data for the research will be through a questionnaire. It will find out issues relating to the economic condition of the respondents as well as their access to health care delivery, higher education and housing. Secondary data will also be obtained from books, journals, articles and publications pertinent to the study.

Data collected will first be checked to ensure that all questions are answered after which they will be coded. That is translating the responses into numbers. This will then be transferred unto frequency distribution tables for analysis. The findings will then be summarized and appropriate recommendations made.

1.4 SIGNIFICANCE OF THE STUDY

The study contributes to both theory and practice. The theoretical aspects will help to educate the Ghanaian in general about Social Security and its benefits as well as the mandate given to SSNIT to administer the Scheme. In practice, the outcome of the study would assist the average Ghanaian to appreciate the catalytic role that the Scheme plays in transforming the socio-economic development of the country.

This study therefore seeks to bring to the fore the increasing role of SSNIT as the administrator of the National Pension Scheme in the socio-economic development of Ghana as well as to enhance the economic security of the Ghanaian worker.

1.5 SCOPE OF STUDY

The study covers the operations of the Social Security and National Insurance Trust (SSNIT) in Ghana as the institution mandated by law to administer the Social Security Pension Scheme as well as its impact on the economy.

1.6 LIMITATIONS

Time, cost and other resource constraints could not allow a more detailed and sufficient study of the subject.

1.7 ORGANIZATION OF THE STUDY

The study is organized into the following five chapters:

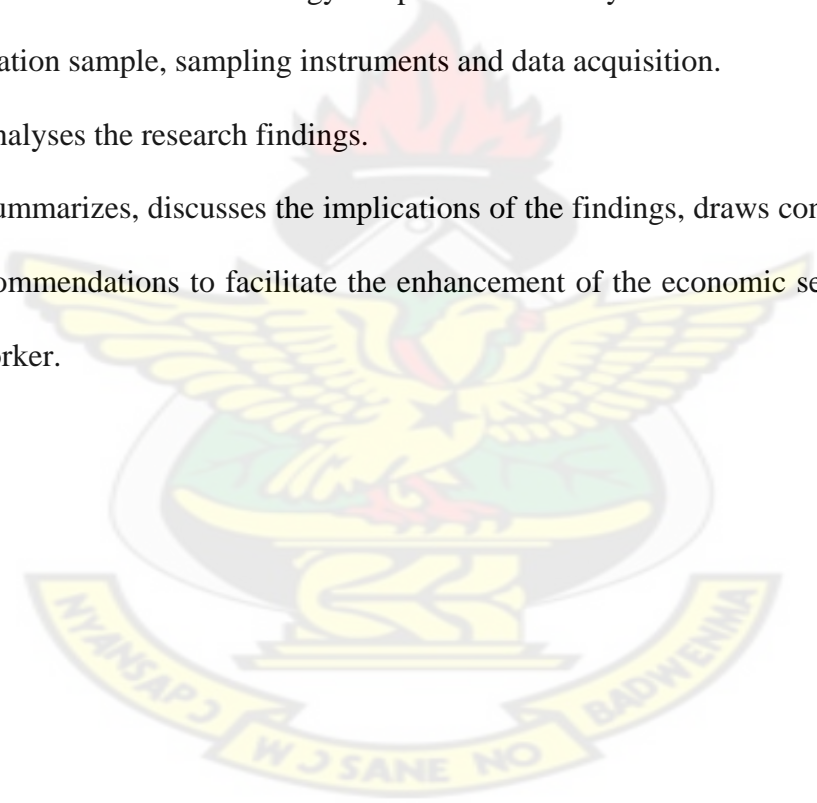
Chapter 1 provides a brief background to the study, discusses the statement of the problem, the objectives of the study, the significance of the research scope and the limitations of the study.

Chapter 2 reviews related literature on social security as well as other literature sources pertinent to the study.

Chapter 3 examines the methodology adopted in the study. It focuses on the research design population sample, sampling instruments and data acquisition.

Chapter 4 analyses the research findings.

Chapter 5 summarizes, discusses the implications of the findings, draws conclusions and provides recommendations to facilitate the enhancement of the economic security of the Ghanaian worker.



CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

The term social security may mean different things to various people, the common principle is that of the desire of people to provide for greater protection from problems of life, uncertainty about disease and deprivation.

In this chapter the concepts, methods and techniques of providing social security would be discussed. The chapter would also include a discussion on the coverage of social security, systems of financing social security benefits, the Ghanaian social security scheme, the civil service pension scheme (CAP 30), the new attempts at pension reform in Ghana, as well as a discussion on other relevant literature pertinent to this study.

2.1 METHODS OF SOCIAL SECURITY PROTECTION

Social security is made up of several different elements which include

- i. Family benefit
- ii. Social insurance
- iii. Social Assistance
- iv. Benefit financed from general revenue of a country.
- v. Provident funds
- vi. Employer liability schemes as well as other complementary schemes that have been develop around social security.

2.1.1 Family Benefit

Family Benefit is designed to assist in the maintenance of children. This type of benefit would normally consist of cash allowances to families with children. Some schemes pay a uniform amount to each eligible child whilst other schemes increase the amount paid for each child as the number of children increases whereas other schemes limit the number of children for whom family benefit is paid.

Whilst the above are in general, the types of benefits that social security protection usually incorporates into their coverage, many social security schemes do not operate all of these under one scheme. Countries usually provide legislation that deals with some of these benefits whilst others are under taken by other institutions set up for that purpose.

2.1.2 Social Insurance

Social Insurance systems require that all the social partners' namely employers and the government have a say in how the scheme is run. It is based on the general principle of insurance of pooling of risk which requires that everyone involved contributes to a common fund.

Whenever a contributor meets the prescribed conditions for the payment of benefits, the individual's needs are met from the accumulated funds. Social Security insurance schemes may differ in their practices. The main characteristics are as follows:

- The schemes are financed by contributions usually shared between workers and employers while in some instances

the state may participate through a supplementary contribution or subsidy.

- Normally with a few conceptions, participation is compulsory.
- Risks under a social insurance schemes are pooled.
- The cost of benefits and administration of the scheme are met from contributions which are paid into special funds.
- Additional income is earned from surplus funds that have been invested.
- Individual benefits are paid on the basis of contributions paid.
- Contribution and benefit rates are often related to the earnings of the insured person. (Whitaker 1998:10)

2.1.3 Social Assistance

In a publication of the General Secretariat of the International Social Security Association (ISSA), the term “Social Assistance” is described as a system of social security based on the principle that an individual is entitled to financial support from the general revenue of the state, due to prescribed contingencies such as old age or death of the bread winner. Social assistance programmes can be distinguished from social insurance on a number of factors:

Firstly the social assistance is targeted at people who have no significant means of support whilst in a social insurance programme, there is less concern with whether

claimants have other income. Other income is taken into account when the benefits payable are being assessed in a social assistance scheme.

Secondly social assistance is generally aimed at providing a maximum standard of living for claimants whereas a social insurance programme aims often at maintaining the previous income level of claimants who have lost their earning capacity for various reasons.

Thirdly the two schemes may be distinguished through the means of funding. Social assistance is funded through general taxation but a social insurance is funded from workers contributions.

2.1.4 Benefits Funded from General Revenue

Benefits funded from general revenue are standard benefits provided to all qualified residents or for persons who have been in employment for a requisite length of time irrespective of means (Whitaker op. cit). The benefits are funded largely or wholly from general revenue of the state. The difference between such schemes and the social insurance is that there is no condition of insurance. Similarly there is no means test of an applicant as in social assistance.

2.1.5 Provident Fund

Provident funds are essentially a means of compulsory savings which in the absence of other forms of social protection have responded to the special needs of groups of

individuals who wish to save to meet future expenditure. (Whitaker op.cit). These have been adapted by countries and have introduced the “National Provident Fund Schemes”.

In such schemes, workers and employers pay regular contributions into a central fund. The contributions are credited to the individual accounts of the members to which interest is added periodically. When a prescribed contingency such as old age, death or invalidity occurs, the total amount standing in the individual’s account is paid out to either the worker or his nominated survivor. (General Secretariat of ISSA).

Whitaker asserts that provident funds are generally regarded as a “true social security scheme in the conventional sense because it does not involve pooling of risks among the covered workers and only pay lump sum benefits”. In inflationary situations however the accumulated funds can lose much of their purchasing power such that the benefits payable would have little or no relationship to the cost-of-living.

2.2 EMPLOYERS’ LIABILITY SCHEMES

Employer liability schemes are concerned with the risk of employment injury and make the employer legally responsible for “providing compensation and medical care either directly or under an approved insurance policy.” (Whitaker, 1998).

Employer liability schemes are sometimes called workmen’s compensation schemes. Some of the shortcomings of this scheme include restricted scope of coverage, limited cash benefit and employers ‘direct responsibility for payment of claims which is subject to their capacity to pay.

2.2.1 Medical Care Benefit

According to Whitaker medical care benefit is provided to maintain, restore or improve the health of individuals.

2.2.2 Sickness Benefit

These benefits according to Whitaker are wisely regarded as short term benefits because they are cash benefits and of generally short duration. Sickness benefit is payable when a covered person has to stop work because of a medical condition. To qualify, a sick person has to produce a medical certificate and in many instances “a waiting period” could be imposed. “A waiting period” is the first few days of the commencement of incapacity. This waiting period is to save the expense of processing of claims for short spells of illness.

2.2.3 Maternity Cash Benefit

A maternity benefit is to ensure that a working woman could care and sustain herself and baby over a period before and after confinement. However, in recent times, labour laws of various countries make provision for this facility which is incorporated in various collective bargaining agreements.

2.2.4 Funeral Cash Benefit

Funeral cash benefit is often a lump sum designed to meet the cost of funeral expenses on the death of an insured person. In some instances the benefit could also be paid to a spouse or another member of the family and either paid to the deceased or the person who meets the cost of the funeral.

2.2.5 Employment Injury Benefit

Employment injury benefit is for incapacity which arises from accidents at the workplace or accident occurring while commuting to work or occupational diseases contracted as a result of work. Payments are assessed either on the degree of injury or by a schedule of diseases and occupations or by a combination of these methods.

Where a disabled person needs the care and attention of another person for his daily needs, a constant daily allowance is paid whilst in the event of death caused by employment injury, the survivor could either be paid a lump sum or periodic payment depending on the legislation covering the scheme (Whitaker op. cit: 49-50). These types of schemes are being taken over by workmen compensation legislation whilst in certain cases whole institutions are set up for such a purpose.

2.2.6 Old Age Benefits

Old age benefits refer to the type of benefits paid to protect workers who because of their age no longer receive income from their labour. These monies are paid to aged workers who have retired from employment and consequently cannot earn a regular income (General Secretariat of ISSA).

The primary purpose of this benefit is to replace a part of this lost income. Depending on the type of scheme, it may either be periodic as in a social insurance scheme or a lump sum when it is a provident fund scheme. Old age or retirement pension in a social insurance setting is paid over the life time of the pensioner, and is adjusted periodically.

2.2.7 Invalidity Benefit

According to the General Secretariat of ISSA, an invalidity benefit is meant for individuals “who have permanently lost a substantial portion of their capacity to earn”. This benefit is different from invalidity arising from occupational causes. This qualifying condition differs from country to country.

2.2.8 Survivors Benefit

Survivors Benefit is paid to beneficiaries’ typically dependent children and mothers whose “financial support ceases on the death of their breadwinner”. Several conditions are available for qualification to receive survivors benefit. The recipients could be either nominated beneficiaries or some schemes automatically qualifying widows for payment. However the total survivors benefit is apportioned among the various beneficiaries.

2.3 COVERAGE OF SOCIAL SECURITY

2.3.1 Persons Protected

The social security is mandated to provide social protection for the working populace. Universal coverage is however difficult to attain .Coverage is mandatory for all persons working in an establishment with one or more employees and voluntary for the unemployed (Osei, 2004) According to Whitaker “it would be ideal if every member of a community could be protected by social security...”. This reflects the concept of solidarity, which underlies all social security schemes and since this is not practicable only those well organize and identifiable are covered to ease the task of administration.

The legislation setting out a scheme lists those members from the society who could be covered. Thus in Ghana, the 1965 Act, for instance covers persons in organizations which employs five or more workers. Those employing less than five could register as voluntary workers. That act excluded employees like judges, university – lecturers and soldier, civil servants, police and prisons services. Act 247 setting up the pension scheme in 1991 allowed every organization employing from one person or more to be members of the scheme including the self-employed.

2.4 FINANCING OF SOCIAL SECURITY

Generally social security schemes receive income from the insured members and their employers and the level of contribution payment is usually set in the legislation setting up the scheme.

The basis of determining contribution also depends on the monies payable as well as the social economic and political factors. Contributions may either be of a uniform amount or related to the wages and salaries of members. Other sources of income is derived from the investment assets and its resultant investment income and penalties levied against employers for failing to observe the regulations of the scheme or pay their contributions to the social security scheme on due date. In certain situations government may either make a contribution related to the insured members or employer contributions or make payments related to expenditure of certain benefits. Social security can also be financial through general taxation.

2.5 SYSTEMS OF FINANCIAL SOCIAL SECURITY BENEFITS

The system of financing is usually stated in the law governing the scheme. There are many systems of financing social security which include the Pay- As –You- Go (PAYG), and Scaled premium among others. The study would however, discuss only the two mentioned above.

2.5.1 Pay-As-You-Go (PAYG)

Pay-As-You-Go is an unfunded system where “contributions in respect of the benefits are set at such a level that in any year, the contributions plus any investment earned on the contributions will be adequate to meet the benefits expenditure incurred in the year and the administration expenses” (McGillivray, 1993)

2.5.2 Scaled Premium

Scald Premium method of financing social security is a financial system where a contribution rate is established over a period such that the contribution income and interest thereon will be adequate to meet expenditures on benefits and administration in that year. (McGillivray, 1993).

The author explains further that this method of financing social security allows for flexibility such that the contribution rate could be varied and new higher contribution rates could be applied for each period.

2.6 SOCIAL SECURITY IN TANZANIA

As at December 1992, thirty-two out of forty African countries had adopted the social insurance system with the rest practising the provident fund scheme. (Akrofi, 2005). According to Dau. R. K.(2004) social security means any kind of collective activity or measures designed to ensure that members of the society meet the basic needs, and are protected from contingencies to enable them to maintain a relatively decent standard of living. Most African countries have not been able to achieve this for a larger number of their citizenry. Worldwide social security protection covers only one third of the population and in Africa, 90 percent of the population are without any formal protection. (Akofi, 2005).

The Tanzanian government largely operates the three tier structure under the ILO frame work. This structure uses different sources of funding to cater for the well being of its inhabitants, taking into cognizance their various purchasing power. The first tier called the Social Assistance Scheme comprises disaster management, food security, and primary education and these are financed by the Government and Non-Governmental Agencies both local and foreign. The second which is a mandatory scheme, is financed through employer and employee contribution. The third tier, a voluntary and supplementary scheme is managed by employers and other organized bodies. The various schemes offer various benefits to its members.

2.7 SOCIAL SECURITY IN BRITAIN

The British government has a number of agencies responsible for the various benefits under its scheme. These include the employment agency, child support agency as well as the pension agency. To qualify under any of the benefits, two conditions must be met i.e

a certain number of contributions must have been paid. Also the maximum rate for the benefit cannot be paid until contributions have been credited to a specific level over a period of time. The British social security scheme covers a wider benefit such as income support, maternity support, child support and other benefits such as free legal aid and free school meals for low income earners.

2.8 SOCIAL SECURITY IN THE USA

The United States of America also provides various forms of social security protection for its citizenry. In the year 1994, over 42 million people were receiving cash benefits under social security (Pritchett, Schmit Doerpinghaus, Athearn, 1996). Social security in the United States covers about 90 percent of the entire labour force and is mandatory as well. The only exemptions are railway workers who are covered under a special retirement Act and federal government employees who have been covered under other programs before 1984. The other exemption is some religious organization whose belief does not allow them to accept benefits. To be a beneficiary of the program one needs to be fully insured as prescribed by the law. The benefits include disability, retirement, medicare, survivors benefit and unemployment benefit. In recent times the global economic down turn as well as the increasing unemployment rate has constrained the realization of getting all workers covered under the program.

2.9 THE GHANAIAN SOCIAL SECURITY SCHEME

The Ghanaian Social Security Scheme came into existence on the 1st of July 1965. The Ghanaian Social Security system was colonially inspired and based on foreign principles and values (Darkwa 1997). It operated as a provident fund scheme which catered for the

following benefits: Superannuation (old age), Death and survivors, Emigration, Invalidity, Sickness and Unemployment.

Initially, the Ghanaian social security scheme operated most of the methods covered by a social security scheme and included an Emigration benefit, which ensured that non-Ghanaian members could collect all their contributions provided they could prove that they were leaving Ghana for good. It did not include family benefit, medical care, maternity, employment injury and responsibility for maintaining children as funeral benefits.

As indicated earlier, the Provident Fund scheme was converted into a Pension Scheme via the promulgation of PNDCL 247 (1991). The new Pension scheme is a partially funded defined benefit scheme which catered for only three types of benefits viz: (i) Old Age/Retirement Pension (ii) Invalidity (iii) Death.

The new pension scheme is based on the social insurance principle of “pooling of risk”, the contract of generation and the solidarity principle. Pooling of risk and solidarity principle means that everyone who is involved in and covered by the scheme makes a contribution to a common fund such that when the prescribed conditions for receipt of a benefit is met, the needs are met either entirely or partially from the fund while the contract of generation means that the “pensions of one generation of workers are paid in part from the contributions of succeeding generations of workers” (McGillvray, 1993)

2.9.1 Contribution Rate

The rate of contribution is set out in the PNDCL 247 (1991). The worker contributes five (5) percent of his gross monthly salary while the employer adds twelve –and-a-half (12½) of the same amount.

2.9.1.1 Qualifying Conditions

2.9.2.1 Old Age Benefit

Old age benefit payments involve both a pension and/or lump sum. The different situations are listed below. To qualify for full pension a member should be:

- At least sixty (60) years old of age.
- Must have made a minimum contribution of two hundred and forty (240) months in aggregate.

For a reduced pension however, a member must be:

- Between the ages of fifty five (55) and fifty nine (59) years.
- The member must have made a minimum contribution of two hundred and forty (240) months in aggregate.

In all cases for every month of contribution beyond two hundred and forty months a member earns 0.125 percent or 1.5 percent pension right a year. A member can earn a pension right of between fifty (50) and eighty (80) percent depending on the number of months of contribution at the time of retirement. Provision is also made for a member to opt for a 25% Lump sum payment whether one qualifies for a full or reduced pension. This amount is based on 12 years pension. The amount is discounted to the present value at the prevailing Treasury Bill Rate.

An option to collect the 25% Lump sum results in the reduced pension (residual pension). Old age pensions are paid until death of the member. Arrangements have also been made for those members who have reached retirement age but could not make the 240 months' minimum contribution to collect a lump sum of the total contribution with interest.

2.9.2.2 Invalidity Pension

To be eligible for invalidity pension, a member should have:

- A minimum contribution of twelve (12) months contribution within the last thirty six (36) months.
- Be declared permanently invalid and incapable of any normal gainful employment by a qualified and recognized medical Officer and be so certified by a Regional Medical Board. The Regional Board provides a second opinion about the extent of the invalidity and its probable future course.

In a situation where the member has made a contribution of 240 months or more an entitlement equal to the earned pension is paid whereas when a member has not made a minimum contribution period a pension based on 50% of the average of the best three years is paid as if the member is in full pension.

2.9.2.3 Survivors Lump Sum

Survivor Lump sum is paid to declared dependents of members when a member either dies before retirement or when death occurs after retirement before attaining the age of 72 years. If a member dies having satisfied the minimum contribution of 240 months in

aggregate a Lump sum payment equal to the earned pension of the deceased member for a period of 12 years discounted at the present value using the prevailing Treasury Bill rate is paid to the nominated beneficiaries.

On the other hand, if the death occurs prior to satisfying the minimum contribution of 240 months in aggregate 50% of the average of the best 3 years salary pension for the next 12 years at the present value based on the prevailing Treasury Bill Rate is paid to the declared or nominated beneficiaries. In the case of pensioners who die before the age of 72 years, a lump sum payment based on the present value of unexpired pension will be paid to the nominated beneficiaries. (Young Today! SSNIT Public Affairs leaflet).

2.10 THE CIVIL SERVICE PENSION SCHEME (CAP30)

The first established pension scheme for public service was introduced in 1950 under the colonial administration and is governed by the pension ordinance No. 42 Chapter 30 (CAP 30). This ordinance is governed by the pensions, gratuities and allowances payable to officers in the Gold Coast Public Services. Teachers were included in 1955.

In 1975, the Supreme Military Council Decree 8 was enacted which extended social security to Public Officers and members of the Police. This Decree gave pensionable officers employed before 31st December 1971 the choice to opt for either the civil service pension or social security. The Decree also sought to place all public sectors workers employed after 31st December 1971 under the social security scheme.

Laws have subsequently been passed to bring back the Police, Fire service and National Security and Intelligence staff under the CAP 30 scheme. The CAP 30 is essentially a non contributory occupational scheme restricted only to pensionable officers in the civil/public services.

2.10.1 Benefits and Eligibility Conditions

Pensions are awarded at the retirement age of 60 years. Males and females can retire voluntarily at the age of 55 years and 45 years respectively. A minimum service of ten continuous year's service makes an employee eligible for pensions in all cases. A teacher's pensionable age is 50 years. Service of less than ten (10) years qualifies a person for the award of gratuity. Any break in service can only be condoned by the Head of Civil Service for the following reasons:

- Where the officer resigns or undertakes further education and returns to the service.
- Where a female officer retired on marriage grounds and later rejoined the service.
- Where the break in service arose as a result of circumstances beyond the control of the officer such as illness, abolition of office and reorganization, affected persons who cannot be effectively re-employed are retired and awarded a full pension and abolition allowance although they have not reached the statutory retiring age.

2.10.2 Invalidity Pension

Officers who are incapable of working due to any invalidity are paid invalidity pension subject to certification by a medical board.

2.10.3 Premature Retirement

There are three situations under which employees can retire prematurely,

- When an officer is installed a chief of a locality,
- When an officer enters the priesthood,
- For personal reasons

In situations where the officer is installed the chief of a locality or enters the priesthood, a certification from the kingmakers or the head of the Religious Body as the case may be is required.

2.10.4 Marriage Gratuity

A marriage gratuity is paid to a female officer with not less than five years service who retires on marriage ground whilst in service.

2.10.5 Death gratuity

Death gratuity is paid to the beneficiaries of a person who dies in active service. This amount is paid to the widow\widower and up to six (6) children until they attain the age of 21years.

2.10.6 Commuted Pension

Where a pensioner dies before the age of eighty (80) years a commuted pension made up of the unexpired portion is paid to the beneficiaries.

2.10.7 Contract Gratuity

Contract gratuity is normally available to Ambassadors and high commissioners. The notion of a contract appointment must be stated on the appointment letter and is normally computed as 17.5% of the basic salary for each completed month of share.

2.10.8 Annual Allowance or Ex. Gratia Award

Officers and employees who were non-pensionable as at 31st December 1971 are paid annual allowances.

2.11 COMPUTATION OF CIVIL SERVICE PENSIONS

The computation of civil Service Pension is as follows:

For a gratuity, it is as follows: 420/480 multiplied by the last known annual Salary multiplied by 20 and multiplied by $\frac{1}{4}$. Monthly pension is computed at 50% of the minimum point of annual salary divided by twelve.

2.12 PENSION REFORM

In Ghana, following a series of demonstrations and representations by Teachers and Civil Servants who felt that the relative amounts they received through Social Security Pensions were lower than their Colleagues on CAP 30, the Government set up a Presidential Commission on Pensions to review the two existing Pensions – CAP 30 and SSNIT Pension Scheme.

The Commission proposed a three-tier pension scheme to replace the existing parallel schemes. The proposed scheme was to consist of:

- i. A mandatory basic social security scheme responsible for monthly pensions only
- ii. A second mandatory privately managed occupational or work-based scheme to pay lump sum.
- iii. The third is a voluntary Provident Fund and personal pension scheme which can cater for between eighty (80) and eighty-five (85) percent of Ghanaian workers in the informal sector and others who want to contribute in addition to the first two.

The commission's proposals have been approved and a Pension Reform Implementation Committee has been set up to implement the recommendations of the commission. The committee has come out with a National Pension Reform Bill which will establish and independent National Pensions Regulatory Authority to regulate, supervise and monitor both private and public pension schemes.

The bill also makes provisions for the current members of the Social Security Scheme under age of fifty-five (55) years to be automatic members of the new scheme while another committee would be instituted to review the case of contributions currently above fifty five (55) years of age. A significant aspect of the bill would see the phasing out of the cap 30 scheme while SSNIT as an organization would be restructured.

There are varied and profuse literature on social security and social protection systems worldwide. There are both foreign publications such as that by International Social Security Association (ISSA), the International Labour Organization (ILO), as well as

articles on social security by various authors, publications by SSNIT itself as an organization and other researchers.

Yahaya (1991) concludes that members with little knowledge about the pension scheme were quite uncomfortable with the scheme. Amisah-Abraham (1981) also examines his work the evolution of the Personnel of SSNIT. Kotey (2005), indicates that the levels of pension benefits were not in tangent with socio economic conditions and this has resulted in socio-economic problem for pensioners.

The distinction between this particular study and all other sources which only provide general information on social security is that none of them addresses how SSNIT has helped to specifically enhance the economic condition of the Ghanaian worker and even more important is SSNIT's catalytic role in the overall socio-economic development of Ghana. The current work asses the specific roles SSNIT has played as in providing both social and economic security to its members in the country.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 INTRODUCTION

In this chapter, the method used to elicit responses for analysis would be discussed which include the research design, population and sampling methods. The chapter would also include a discussion on the instruments needed for the survey, data acquisition as well as the method of statistical analysis used in the presentation of results. Both primary and secondary data were used to undertake the study. Primary data took the form of interviews with workers employed in the various sectors of the economy. Secondary data was documents obtained from SSNIT as well as related literature on pension schemes.

3.1 RESEARCH DESIGN

The objectives of this study suggest that the average worker is quite unsure of his or her future source of income to sustain his livelihood when he finally retires from work or in his old age when he can no longer work to earn an income. The study is conclusive research which seeks to look into SSNIT's operations in promoting the economic security of the Ghanaian worker as captured in its vision. The study zeroes in on SSNIT's non core functions which are aimed at improving the economic security of the Ghanaian worker such as in the area of health, education and housing.

3.2 POPULATION

The population to be studied is the working population of over three hundred thousand (300,000) workers in the Accra-Tema Metropolis who are employed in various sectors of the economy and who are contributors to the SSNIT Pension Scheme.

3.3 SAMPLING

The study sample is defined as workers of Ghana who are employed in the formal sector of the economy. A total of 300 respondents working in about 30 different establishments in the Accra-Tema Metropolis were earmarked as the sample size. The respondents cut across workers from the health sector, banking and finance, educational, land and building industry as well as the communication industry.

A maximum of 10 respondents were obtained from each establishment. This technique was to allow for a greater number of respondents from different working environment and establishments. A convenience sampling method was utilized in order to select respondents based on their availability.

3.4 SURVEY INSTRUMENT

The study gathered data through a questionnaire and interviews with officials of SSNIT as well as personnel of the Ghana Stock Exchange. Questionnaires for the workers were divided into two parts.

The first part covered information about their income level, years of employment, profession, type of industry engaged in, years of contribution to SSNIT, as well as ability to save money for retirement. These characteristics were chosen because they describe respondents' economic conditions.

The second part of the questionnaire sourced information on the respondents' access to health, higher education, employment and housing to find out how beneficial or otherwise SSNIT's investment in the health, educational and the housing sectors have been to them. The study looked at three major areas namely: health, education and housing.

3.5 DATA ACQUISITION

As a worker and a researcher, a maximum of ten questionnaires were given to colleagues and friends in other organization to administer after having explained the essence of the study to them. This technique of acquiring the data prove to be very helpful as the response rate in terms of receiving the answered questionnaires back was good.

Indeed, of the 300 questionnaires sent out, a total of 250 answered questionnaires were obtained giving a response rate of 95 percent. Data collected was first checked to ensure that all questions were answered after which they were coded. That is translated the responses into numbers. This was then transferred unto frequency distribution tables for analysis.

3.6 STATISTICAL ANALYSIS AND PRESENTATION USED

The data for the entire study were inputted into the Statistical Package for Social Sciences (SPSS) programmes for the software to interpret results. The analysis was presented in a statistical format using descriptive statistics of frequency which is shown as a percentage of total observations.

CHAPTER FOUR

PRESENTATION OF RESULTS

4.0 ROLE OF SSNIT

This chapter provides a detailed analysis of the role of SSNIT in providing economic security for its members. The chapter reveals SSNIT's role in the general performance of the economy as well as its investments in some of its non core activities which have helped in the enhancement of economic security of the Ghanaian worker.

The Social Security Schemes has over the years contributed to the enhancement of the economic security of workers because they provide both direct and indirect benefits to the members. The direct benefits include the monies paid out as benefits to members in the form of Old Age Pension, Invalidity or Death and Survivors Lump Sum. While the indirect benefits are in the form of investments made fibre and fabric of the economy to improve upon the general economic conditions of the country.

Data gathered from SSNIT indicate that a total of 95,870 claims were processed in 2007 showing a 13.24% increase over the 2006 figure of 84,661. Total value of claims processed in 2007 was GH¢116.10 million as compared to GH¢67.18 million in 2006.

The total number of pensioners has also increased by 10.42% from 73,311 in December, 2006 to 80,952 in December, 2007. The average monthly pension for 2007 was GH¢124.98, with the highest monthly pension being GH¢2,187.41. The lowest was GH¢18.20.

On the Ghana Stock Exchange, SSNIT held 831.60 million shares in 24 out of the 35 listed companies with a total market value of GH¢439.52 million as at the end of 2007. SSNIT shares constituted 14.18% of the total shares of 5,865.60 million on the exchange.

4.1 CLAIMS PAID BY SSNIT

4.1.1 Number of Claims Processed and Paid

TABLE 4A

Number of Claims Paid By Type of Benefit (Jan – Dec 2007)

Month	Old Age Lump sum	Old Age Pension	Invalidity Pension	Death And Survivors	Total
JAN	350	73,922	767	645	75,684
FEB	329	70,821	774	609	72,533
MAR	405	72,393	779	450	74,027
APR	600	74,412	781	695	76,488
MAY	558	76,209	778	613	78,158
JUN	575	75,956	781	1,841	79,153
JUL	463	76,558	781	473	78,275
AUG	267	74,092	793	323	75,475
SEP	639	75,766	789	517	77,711
OCT	558	75,757	794	700	77,809
NOV	786	79,297	802	912	81,797
DEC	860	80,151	801	750	82,562
TOTAL	6,390	80,151	801	8,528	95,870
MONTHLY AVERAGE	533	75,445	785	711	77,473

Source: SSNIT Benefits Dept.

In table 4A a total of 95,870 claims were paid for and on behalf of members of the SSNIT pension scheme in 2007. Of these 80,151 (or 83.60%) were for Old- age Pension, whilst 6,390 (or 6.61%) were for Old age Lump Sum. 8,528 claims (or 8.90%) were for Death and Survivor's benefit and the remaining 801 (or 0.83%) claims were for Invalidity Pension. Table 4B shows the number of claims by type paid from 1998 to 2007.

Table 4B

Number of Claims Paid By Type of Benefit (1998 - 2007)

Year	Old Age Lump sum	Old Age Pension	Invalidity Pension	Death/Survivors Lump sum	Total
1998	3,045	30,624	312	3,545	37,526
1999	2,634	35,153	380	3,276	41,443
2000	2,528	40,850	451	3,169	46,998
2001	2,353	46,493	531	3,534	52,911
2002	2,391	51,001	575	3,659	57,626
2003	2,355	56,950	497	4,209	64,011
2004	2,479	66,238	733	4,859	74,309
2005	3,929	62,340	690	5,283	72,242
2006	4,677	73,311	764	5,909	84,661
2007	6,390	80,151	801	8,528	95,870

source: SSNIT Benefits Dept.

4.1.2 Value of Claims Paid

Table 4C

Value of Claims Paid (In Gh¢'M) by Type of Benefit (Jan - Dec. 2007)

Month	Old Age Lump Sum	Old Age & Invalidity Pension	Death & Survivors	25% Lump Sum	Total
JAN	0.27	5.38	1.41	2.83	9.89
FEB	0.34	5.06	1.54	1.80	8.74
MAR	0.31	5.39	1.00	2.27	8.97
APR	0.28	5.28	1.70	1.73	8.99
MAY	0.60	5.30	1.70	1.48	9.08
JUN	0.48	5.36	1.49	1.69	9.02
JUL	0.36	5.28	1.07	1.45	8.16
AUG	0.28	5.38	0.80	2.36	8.82
SEP	0.63	5.43	1.40	2.14	9.60
OCT	0.47	5.74	2.27	3.20	11.68
NOV	0.68	5.88	2.82	3.13	12.51
DEC	0.65	5.83	2.14	2.02	10.64
TOTAL	5.35	65.31	19.34	26.10	116.10
MONTHLY AVERAGE.	0.45	5.44	1.61	2.18	9.68

source : SSNIT Benefit Dept.

In table 4C a total of GH¢116.10 million was paid as benefit in 2007. Of this, Old Age Superannuating lump sum amounted to GH¢5.35 million (or 4.61%), Old age/ Invalidity pension (including 25% lump sum) amounted to GH¢91.41 million (or 78.73%) and Survivors accounted for GH¢19.34 million (or 16.66%).

A comparative analysis is made for the period 1998 to 2007 to show the percentage increase in the quantum of amount paid over the period.

Table 4D**Value of Claims Paid (GH¢'M) by Type of Benefit (1998-2007)**

Year	Old Age Lump Sum	Old Age & Invalidity Pension*	Death & Survivors	Total	% Increase
1998	0.73	2.00	1.17	3.90	
1999	0.51	2.88	1.49	4.88	25.1
2000	0.66	4.52	2.26	7.44	52.4
2001	0.81	6.79	3.08	10.68	43.6
2002	1.01	10.59	4.32	15.92	49.1
2003	1.34	16.65	7.04	25.03	57.2
2004	1.61	33.90	11.04	46.55	86.0
2005	3.05	46.56	14.33	63.94	37.4
2006	3.04	50.84	13.30	67.18	5.1
2007	5.35	91.41	19.34	116.10	72.8

source : SSNIT Benefit Dept.

* means 25% lump sum is inclusive

Table 4D shows that the apart from 2006 which had a marginal increase in the quantum of monies paid for members, all the other years have shown remarkable increases up to about 86% in the year 2004 being the highest so far.

4.2 PENSIONERS IN GHANA

4.2.1 Total Number of Pensioners As At 2007

Table 4E

No. of Pensioners on Payroll (Jan. – Dec. 2007)

Descript'n	Jan	Feb	Mar	Apr	May	Jun
New Awards	1,443	850	907	739	544	720
Active Pensioners	74,689	71,595	73,172	75,193	75,987	76,735

Descript'n	Jul	Aug	Sep	Oct	Nov	Dec
New Awards	597	968	871	1,247	1,178	795
Active Pensioners	77,339	74,885	76,555	78,651	80,099	80,952

source: SSNIT Benefits Dept.

Table 4E shows that the total number of pensioners as at the end of 2007 was 80,952 recording an increase of 10.42% as compared to 73,311 as at the end of 2006.

Table 4F

Pensioners As At the End of Year (1998 – 2007)

Descript'n	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
New Awards	4,930	5,528	6,632	6,205	6,447	7,450	7,256	7,569	6,588	10,859
% Chg	0.82	12.13	19.97	-6.44	3.90	15.56	-2.60	4.31	-12.96	64.83
Active Pensioners	30,936	35,533	41,301	46,493	51,576	57,447	66,971	68,925	73,311	
% Annl Chg	16.02	14.86	16.23	12.57	10.93	11.38	16.58	2.92	6.36	100.00

source: SSNIT Benefits Dept.

Table 4F shows that from 1998 to 2007, the year 2000 recorded the highest growth rate of 16.23%. The minimum growth rate of 2.92% was recorded in 2005. 10,859 new pensions were awarded in year 2007 compared to 6,588 in 2006, resulting in an increase 10.42% in year 2007.

4.3 SSNIT INVESTMENT ON THE GHANA STOCK EXCHANGE (GSE)

SSNIT has participated actively on the Ghana Stock Exchange since it's inception in playing a catalytic role which serve as a stimulant for economic growth and development.

Table 4G

SSNIT's Investments at the Ghana Stock Exchange as At End of 2007

No.	Company	No. of Shares	No. by SSNIT as @ 31/12/07	% holding by SSNIT	End Price 31/12/07	Mkt value 31/12/07
1	ABL	249,447,998	27,763,719	11.13	0.1150	3,192,828
2	FML	19,780,000	247,800	1.25	2.3900	592,242
3	GGBL	164,580,000	18,151,032	11.03	1.2300	22,325,769
4	TOTAL	13,980,000	365,443	2.61	5.4910	2,006,648
5	SCB	17,596,042	2,523,708	14.34	26.0000	65,616,408
6	UNIL	62,500,000	3,300,332	5.28	2.1100	6,963,701
7	AGA	276,822,589	51,874	0.02	30.0000	1,556,221
8	AAD	980,000	4	0.00	0.3450	1
9	MLC	50,099,185	8,831,250	17.63	0.2100	1,854,563
10	HFC	100,160,000	21,214,247	21.18	0.5398	11,451,451
11	SG-SSB	142,500,000	30,795,118	21.61	1.2500	38,493,898
12	EIC	25,570,000	1,566,250	6.13	1.3000	2,036,125
13	GCB	265,000,000	79,000,000	29.81	0.9950	78,605,000
14	ALW	41,677,911	10,376,298	24.90	0.7100	7,367,172
15	PBC 1	480,000,000	129,350,000	26.95	0.2400	31,044,000
	PBC 2	480,000,000	53,529,412	11.15	0.3000	16,058,824
16	CPC	1,100,830,000	206,754,000	18.78	0.0530	10,957,962
17	BOPP	34,800,000	1,300,000	3.74	0.5490	637,000
18	CAL	158,627,000	43,649,526	27.52	0.4420	19,293,090
19	GWEB	29,970,000	7,272,727	24.27	0.0550	400,000
20	EBG	161,230,000	1,457,377	0.90	2.0000	2,914,754
21	AYRTN	215,000,000	55,900,000	26.00	0.0978	5,467,020

No.	Company	No. of Shares	No. by SSNIT	% holding	End Price	Mkt value
			as @ 31/12/07	by SSNIT	31/12/07	31/12/07
22	ETI	1,347,030,000	73,194,653	5.43	1.2815	93,798,948
23	GOIL	210,190,000	38,916,529	18.51	0.3100	12,064,124
24	SIC	117,387,000	16,090,392	13.71	0.3000	4,827,118
	TOTAL	5,765,757,725	831,601,691	14.42		439,524,867

Source :Ghana Stock Exchange

TABLE 4H

Summary of statistics for all 24 companies on the GSE as at end of 2007

GSE Mkt Capitalization for 24 Companies	5,765,757,725
Market Value of SSNIT Holding	439,524,867
Percentage Share	14.42%

Table 4H and 4G shows that, SSNIT held 831.60 million shares in 24 out of the 35 listed companies on the GSE with a total market value of GH¢439.52 million as at the end of 2007. SSNIT shares constituted 14.42% of the total shares of 5,765.60 million on the exchange.

In line with its functions, SSNIT is guided by its institutional vision as “To develop SSNIT into a world class financial institution, dedicated to the promotion of economic security of the Ghanaian worker”.

SSNIT as an institution is the main financier of the National Health Insurance Scheme. It contributes two and a half (2½) percent of total contributions every quarter to sustain the scheme.

In this section the results of the data obtained from the questionnaires during the survey would be analyzed. The analysis gives a vivid characteristics of views express by workers in the Accra-Tema Metropolis about SSNIT's investments in the health, housing and educational sectors.

The respondents were obtained from 30 different companies. A maximum of 10 workers were selected from each establishment in the Accra-Tema Metropolis. These establishments covered both the private and government institutions. Two hundred and fifty responses were received giving a response rate of 95 percent.

4.4 PROFILE OF RESPONDENTS

Initially respondents were asked to indicate the number of years of employment. The results are presented in table 4.4 below.

Table 4.4 Profile of Respondents

Year	Frequency	Percent
1-4	100	40.0
5-8	61	24.4
9-12	44	17.6
13-16	28	11.2
above 16	17	6.8
Total	250	100.0

The table 4.4 shows that hundred (40%) of respondents had worked between 1 and 4 years. Sixty (24.4%) had worked between 5-8 years, forty four (17.6%) had also worked between 9-12 years. Twenty eight (11.2%) and seventeen (6.8%) had worked for between 13-16 years and above 16 years respectively.

4.5 INCOME LEVEL OF RESPONDENTS

Respondents were asked to indicate their income levels. The responses to these questions are summarized in table 4.5 below.

Table 4.5: Income Levels of Respondents

Income (GH¢)	Frequency	Percent
No Response	6	2.4
100-400	56	22.4
500-800	72	28.8
900-1200	83	33.2
Above 1200	33	13.2
Total	250	100.0

Eighty three (33.2%) respondents indicated their income levels are between GH¢ 900.00 – GH¢1,200.00, whilst seventy two (28.8%) received income between GH¢500.00 – GH¢800.00. Fifty six respondents (22.4%) received income of between GH¢100.00 – GH¢400.00. Thirty three (13.2%) however received income above GH¢ 1,200.00 every month with six persons (2.4%) not responding.

4.6 MEMBERSHIP TO THE SCHEME

Respondents were asked if they were members of the social security scheme. Table 4.6 shows the results of the respondents.

Table 4.6: Membership of the Social Security Scheme

Membership	Frequency	Percent
Yes	245	98
No	5	2
Total	250	100.0

About 98 percent of respondents were members of the SSNIT Pension Scheme with only 2 percent being non members of the scheme.

4.7 RETIREMENT PRIORITY

Respondents were also asked their preference to what they would wish to save towards their retirement age. Table 4.7 summarizes the result of the questionnaires.

Table 4.7: Retirement Priority.

Retirement Priority	Frequency	Percent
No Response	28	11.2
Child's Education	22	8.8
House	133	53.2
Business	61	24.4
Others	6	2.4
Total	250	100.0

One hundred and thirty three (53.2%) percent of the respondents indicated that, they will want to save for a house before they retire. Sixty one (24.4%) said they would want save for a business whiles four would save towards child's education. Twenty eight (11.2%) however did not respond to that particular question.

4.8 THE SSNIT HOUSING UNITS

This section provides information about the respondents' view of the SSNIT housing units nationwide.

4.8.1 Evaluation of the SSNIT Housing Units

SSNIT has been investing in real estate and provision of other social infrastructure. Respondents were asked whether they are beneficiaries of the SSNIT housing units and how beneficial or otherwise they think the housing units have been. Table 4.8.1 explains the above view position.

Table4.8.1: Beneficiaries of SSNIT Housing Units

SSNIT Flats Beneficiaries	Frequency	Percent
No Response	6	2.2
Yes	33	13.3
No	211	84.4
Total	250	100.0

Two hundred and eleven (84%) respondents indicated that they have not been beneficiaries of the SSNIT housing units.

Thirty three (13.3%) have however benefited from the housing units. Six respondents failed to answer that question.

4.8.2 Importance of the SSNIT Housing Units

The survey also asked the respondents whether or not the construction of the SSSNIT housing units have been helpful. Table 4.8.2 examines the responses.

Table 4.8.2: Importance of the SSNIT Housing Unit

Importance	Frequency	Percent
No Response	22	8.8
Yes	167	66.8
No	61	24.4
Total	250	100.0

One hundred and sixty seven (66.8%) of the respondents found the housing units helpful whiles sixty one (24.4 %) do not see them as helpful. Twenty two (8.8%) did not respond to the question.

4.8.3 Capacity to build own house based on income

The survey also sought information on whether the respondents could build their own houses with the income they obtain from their various establishments. Table 4.8.3 examines the responses.

Table 4.8.3: Capacity to build own house based on ones income

Capacity	Frequency	Percent
No Response	11	4.4
Yes	94	37.6
No	145	58
Total	250	100.0

One hundred and forty five (58%) respondents agreed that they would not be able to build their own houses using their income. Ninety four (37.6%) however said they believe they could build a modest apartment based on their income. There were no responses from eleven people on that question.

4.8.4 Need for more SSNIT Housing Units

The respondents were also asked whether they would recommend the construction of more of the SSNIT housing units either for sale or rental. The results are presented in table 4.8.4

Table 4.8.4: Recommendation of more SSNIT housing units

Recommend	Frequency	Percent
No Response	11	4.4
Yes	228	91.2
No	11	4.4
Total	250	100.0

Table 4.8.4 shows that two hundred and twenty eight (91.2%) of the respondents indicated that they would recommend the building of the housing units. Only eleven (4.4%) respondents indicated otherwise.

4.9 THE TRUST HOSPITAL

This section provides information about the respondents view on the Trust hospital in Accra. An understanding of workers perception about the establishment of the hospital which is one of the non core businesses of SSNIT will help to understand whether workers view this investment as worthwhile.

4.9.1 Addressing Health Needs

The survey asked the respondents whether in their view the Trust hospital was addressing the health needs of Ghanaians.

Table 4.9.1: Addressing the health needs of Ghanaian

Health Needs	Frequency	Percent
No Response	45	18
Yes	133	53.2
No	72	28.8
Total	250	100.0

Table 4.4.1 shows that one hundred and thirty three (53.2%) of the respondents indicated that that the SSNIT hospital was addressing the health needs of Ghanaians. Seventy two (28.8%) felt because it was only situated in Accra the number of people it was serving

was limited and therefore was not adequately addressing the health needs of Ghanaians.

There were no responses from forty five (18%) persons.

4.9.2 Investment made in the Trust hospital

The survey requested for comments on whether SSNIT's should back out of such investment made in the Trust hospital.

Table 4.9.2: Backing out investments in the Trust hospital

Back-out	Frequency	Percent
No Response	37	14.8
Yes	48	19.2
No	165	66
Total	250	100.0

Table 4.9.2 shows that one hundred and sixty five (66%) of the respondents indicated that the investment made in the hospital was worthwhile and therefore SSNIT should not back-out. Forty eight (19.2%) however disagreed and thirty seven (14.8%) did not respond.

4.10 THE SSNIT STUDENT LOAN SCHEME

The section examines the coverage of the SSNIT loans scheme to workers during the tertiary education level its impact on them and also solicit their thoughts on the Scheme.

4.10.1 Beneficiaries of the SSNIT Student Loan scheme

The survey asked workers to indicate whether they have benefited from the SSNIT loan during their education at the tertiary level.

Table 4.10.1: Beneficiaries of the SSNIT Student loan scheme

Beneficiaries	Frequency	Percent
No Response	5	2
Yes	156	62.4
No	89	35.6
Total	250	100.0

Table 4.10.1 shows that one hundred and fifty six (62.4%) of respondents indicated that they have benefited from the SSNIT Loan scheme whiles eighty nine (35.6%) have not benefited from same and five people did not respond.

4.10.2 Continuing the SSNIT student Loan

The respondents were also requested to give their suggestion on whether or not the SSNIT loan scheme should be continued.

Table 4.10.2: Responses on the need to continue the SSNIT loan scheme

Loan To be Continued	No	Percent
No Response	11	4.4
Yes	228	91.1
No	11	4.4
Total	250	100.0

Table 4.10.2 shows that forty one (91%) of respondents indicated that the loan should be continued whiles two (4.4%) think it should be discontinued and two did not respond.

4.10.3 Impact of SSNIT Student loan scheme

The respondents were to assess the impact, the SSNIT loan scheme as far as their finances were concerned. Indeed the respondents were asked to comment on whether they could have completed tertiary education with less financial difficulty without the loan.

Table 4.10.3: Impact of SSNIT Student loan scheme

Capacity	No	Percent
No Response	28	11.1
Yes	89	35.6
No	133	53.3
Total	250	100.0

Table 4.10.3 shows that one hundred and thirty three respondents (53%) indicated that they it would have been extremely difficult for them to complete their tertiary education without the loan. Eighty nine (35.6%) however replied in the affirmative.

4.10.4 Over view of the SSNIT loan

The respondents were also requested to give their general over-view of the SSNIT student loan. What they taught about the scheme. Their responses have been summarized in table 4.10.4.

Table 4.10.4 Over view of the respondents comment on the SSNIT loan

Impression	No	Percent
No Response	12	4.4
Good	200	80.0
Not Helpful	5	2.2
Cover Secondary Education	28	11.1
No opinion	5	2.2
Total	250	100.0

From table 4.10.4 two hundred (80%) respondents expressed their satisfaction with the loan scheme and said it was good. Twenty eight (11.1%) of respondents think it should be made to cover secondary education considering the high cost of education in recent times. Five respondents (2.2%) thought the SSNIT loan was not helpful. Another five respondents had no opinion and twelve (4.4%) did not respond.

As evident from the above analysis, majority (98%) of respondents are members of the SSNIT pension scheme. Although a large number of the respondents (84.4%) have not benefited from the SSNIT housing scheme, 66.8% find the housing units helpful and therefore has enhanced the economic well being of the average worker. This is evident by the fact that majority of respondents (58%) admit they would not be in the position to build their own house and therefore would want the SSNIT affordable housing units which they thought were helpful. This is confirmed by the overwhelming number of respondents (91.2%) who want the construction of the SSNIT affordable housing units to continue as they believe this can enhance their economic wellbeing.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 SUMMARY OF FINDINGS

The study examines the mandate of the Social Security and National Insurance Trust which is by law the institution established to administer the National Pension Scheme in Ghana. It also examines the catalytic role the Scheme plays in transforming the socio-economic development of the country and thereby enhancing the economic security of the Ghanaian worker. The study therefore zeroes in on SSNIT's non core functions which are aimed at improving the economic security of the Ghanaian worker such as in the area of health, education and housing.

The study attempts to define what economic and social security is and how it has evolved over the years. It further explains why economic security is a much sought after attainment by all and sundry.

The also attempts to explain the root of social security from when individuals lived in groups (extended family system) and protected them selves from hazards of life (physical security) and against threat of livelihood (economic security). It also looks at how modernization has weakened the extended family system which hitherto was the backbone of economic security for most people especially in developing countries like Ghana.

The study also reviews other literature on other methods of social security protection how they are financed and their qualifying conditions. It also notes at the mandate of

SSNIT as the administrator of the national pension scheme for Ghanaian workers as well as some reforms that have been proposed and passed into law for implementation. The crust of the study was to establish whether some investments made by SSNIT as part of its non core business operations have contributed to the economic security of its members or the average Ghanaian worker.

The findings of this study indicate that workers are on the whole satisfied in SSNIT's investments in the housing, health and educational sectors of the economy. They believe these investments have impacted positively on their economic security. As noticed in the result of analysis 80% were satisfied in SSNIT investment in the SSNIT Loan Scheme and said it was good. 60% of the respondents indicated that the investment made in the SSNIT hospital was worthwhile and therefore SSNIT should not back-out of such investments, while an over-whelming 91.2% of the respondents indicated that they would recommend that SSNIT builds more of the housing units. Only 4 % of respondents indicated that SSNIT investment in the housing sector was not to be recommended.

It is pertinent to note that although 84.4% of workers indicated that they have not been beneficiaries of the SSNIT housing Units, yet about 66.8% of the respondents found the housing Units helpful. It is also worth noting that majority (53.2%) of workers would want to save towards a house before attaining the retirement age of 60. This in no doubt attest to the fact the SSNIT investment in the housing sector is very much welcome by workers.

The results also suggest that majority of workers (58%) cannot put up their own houses based on their income levels and are therefore expecting SSNIT to continue with the housing units to enable them access them.

It was also observed that a remarkable number of respondents (60%) were happy with the investments made in the SSNIT hospital despite its limited coverage in terms of reaching out to people in other regions of the country. Majority of workers admit that the SSNIT student loan gave them a financial leverage to pursue tertiary education. Indeed they 91% of workers expect the SSNIT loan to continue.

5.2 CONCLUSION

Evidence from the study suggests most Ghanaian workers find SSNIT intervention in the housing, educational and health sectors worthwhile. It also brings to the fore that despite some apprehension by some workers about the investments that SSNIT has made in the past, most respondents concede that these investments researched on are good investments and need commendation.

Notwithstanding the fact that some of these investments have not directly impacted on some of the respondents, there is a general consensus that there investments made are in the right direction. Further studies are needed to explore the willingness of workers to join the National Pension Scheme as it is currently mandated by law to join hence workers have no option than to join the Scheme.

5.3 RECOMMENDATIONS

In view of the findings, a number of recommendations are made here:

1. The Social Security & National Insurance Trust as a matter of policy should continue with the construction of the SSNIT housing units to members of the scheme. This will not only improve upon the membership of the scheme but also create employment opportunity to the large number of unemployed persons in the country.
2. The SSNIT hospital should be duplicated in at least some major regions in the country to enable them increase coverage to address the various health needs of Ghanaians. Their present locations in the Accra-Tema metropolis have a limited outreach.
3. SSNIT should continue to operate the student loan scheme to continually assist students in the tertiary education since the cost of education is continually increasing.
4. It is also being suggested that the coverage of the loan scheme should be expanded to cater for students in government accredited vocational and technical institutes to lessen their financial burden.

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APPENDIX 1

SURVEY QUESTIONNAIRE

This questionnaire aims at identifying the impression of Ghanaian workers in relation to some SSNIT's investment towards enhancing the economic security of the Ghanaian Worker.

Note: Results from this study will be used primarily for research purposes and your responses status will be treated confidentially. Your kind co-operation will be very much appreciated please.

Please complete the questionnaire, (tick where appropriate).

(ECONOMIC CONDITION)

1. Name of profession:.....
2. Place of work:.....
3. Years of employment.

<input type="checkbox"/> 1 – 4 years	<input type="checkbox"/> 5-8 years
<input type="checkbox"/> 9 – 12 years	<input type="checkbox"/> 13 -16 years <input type="checkbox"/> above 16 years
4. Income Range

<input type="checkbox"/> GH¢100.00 – GH¢400.00	<input type="checkbox"/> GH¢500.00 – GH¢800.00
<input type="checkbox"/> GH¢900.00 – GH¢1,200.00	<input type="checkbox"/> above GH¢1,200.00
5. Are you a SSNIT contributor?

<input type="checkbox"/> Yes	<input type="checkbox"/> No
------------------------------	-----------------------------
5. a) If yes how long have you contributed towards the scheme?

<input type="checkbox"/> 1 – 4 years	<input type="checkbox"/> 5-8 years	<input type="checkbox"/> 9 – 12 years
<input type="checkbox"/> 13 -16 years	<input type="checkbox"/> above 16 years	
6. Which of the following would you want to save for your retirement?

<input type="checkbox"/> Owned Car	<input type="checkbox"/> Pay Child's education	<input type="checkbox"/> Owned House
<input type="checkbox"/> Owned business	<input type="checkbox"/> Others please specify.....	

[SSNIT FLATS (HOUSES)]

1. Are you staying in any of the SSNIT's flats (house)?

- ☐ Yes ☐ No

1.a If yes, did you rent it or purchased ?

- ☐ Rented ☐ Purchased

2. Do you have your own house?

- ☐ Yes ☐ No

3. Do you think the SSNIT flats (houses) have been helpful?

- ☐ Yes ☐ No

4. Do you think your salary can enable you build the house of your choice?

- ☐ Yes ☐ No

6. Would you recommend the construction of more of the SSNIT's flats (houses)?

- ☐ Yes ☐ No

(SSNIT HOSPITAL)

1. Do you normally visit the SSNIT hospital when sick?
☐ Yes ☐ No
2. Do you prefer their service to other hospitals?
☐ Yes ☐ No
4. Do you think the SSNIT Hospital is addressing the health needs of Ghanaian workers?
☐ Yes ☐ No
5. In your view, do you think the establishment of the SSNIT Hospital is necessary?
☐ Yes ☐ No
6. Are you satisfied with SSNIT's investments in the Trust Hospital?
☐ Yes ☐ No
7. Should SSNIT back out of such investments and concentrate on its core function of pension administration?
☐ Yes ☐ No
8. Is there other areas that you think SSNIT should go into?
☐ Yes ☐ No
- 8.a If yes, please state.....

(SSNIT’S STUDENTS’ LOAN SCHEME)

1. Have you been a beneficiary to the SSNIT student loan?

- ☐ Yes ☐ No

2. Do you want the SSNIT student loan to continue?

- ☐ Yes ☐ No

3. Do you find the SSNIT student loan helpful?

- ☐ Yes ☐ No

4. Could you have completed your tertiary education with less financial difficult without the SSNIT student loan?

- ☐ Yes ☐ No

4.a If Yes, why did you access? Please state.....

.....

.....

5. What is your general impression about the SSNIT loan scheme?

- ☐ Good
☐ Should be discontinued
☐ Not helpful
☐ Should be made to cover secondary education
☐ Others, please state.....

.....