

**ATTITUDES OF INFORMAL SECTOR WORKERS TOWARDS SAVING FOR
RETIREMENT (PENSION) AT KAMUKUNJI JUA-KALI, NAIROBI**

By

CYNTHIA AKINYI ONYANGO
N69/69722/2011

A PROJECT PAPER SUBMITTED TO THE INSTITUTE OF ANTHROPOLOGY,
GENDER AND AFRICAN STUDIES IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTER OF ARTS IN GENDER AND
DEVELOPMENT STUDIES OF THE UNIVERSITY OF NAIROBI

2014

DECLARATION

I declare that this report is my original work and has not been presented in any other institution of higher learning for examination/academic purpose.

Signature

Date

Cynthia A Onyango

N69/69722/2011

This research project report has been submitted for examination with my approval as the supervisor.

Signature:

Date:

Dr. OwuorOlungah

DEDICATION

This research report is dedicated to my mother Jane Onyango who is my source of inspiration and my mentor. If not for her constant pushing and always believing in me, I would not be where I am today.

ACKNOWLEDGEMENTS

I would like to express my deepest gratitude to the Almighty God for providing the zeal and passion to persevere in pursuance of the Master's degree program. A special thanks is owed to all the participants who willingly participated in the study.

Though the contents of my research essay are my own initiative, I owe a debt of gratitude to my supervisor Dr. Owuor Olungah. His patience, encouragement, understanding, and intellectual direction were invaluable. I have great respect for him as a competent professional and treasure him as a friend. I also extend my thanks to all the lecturers of the University of Nairobi who were instrumental in helping me to complete my studies.

I would also like to thank my beloved husband. Although his financial and moral support have been essential in this process his greatest gift to my life and to this project has been his continued loving support of me as a capable, competent human being, and not to forget my daughters for being supportive when I struggled to finish this work.

To each of those mentioned above and the many others space would not permit mentioning, I express my deepest gratitude

ACRONYMS AND ABBREVIATIONS

RBARetirements Benefits Authority

NSSFNational Security Social Fund

ILOInternationalLabourOrganization

GOKGovernment of Kenya

KNB Kenya National Bureau of Statistics

HIVHuman ImmunodeficiencyVirus

AIDSAcquired Immunodeficiency Syndrome

KESKenya shillings

MSMEMedium and Small Micro Enterprises

KIRDIKenya Industrial Research and development Institute

ABSTRACT

This report documents the findings from a qualitative research project designed to examine the attitudes of informal sector workers towards saving for retirement pensions. The research sought to inform the workers' perceptions towards the existing pension schemes more specifically the Mbao pension plan that is designed for low income earners.

Six group discussions were conducted; three for female and three for males. Each gender was separated into three age groups, consisting of ages 18-29, 30-40 and 41-55 with between six and eight participants were conducted in October 2013. Each of these lasted for approximately two hours. Participants were recruited on the basis of age, gender, work status and whether they were currently saving for a pension. These groups were supplemented by a series of five follow-up face-to-face key informant interviews of approximately one to one and a half hours in length. The key informants who were interviewed consisted of a shop steward for the Mbao pension plan, the secretary of the Jua Kali Association, and an artisan who has worked in the cluster for several years and was perceived as an opinion leader, an artisan who has been saving for retirement for the last one year and a hotel owner who has knowledge of the scheme but does not see any compelling reason to save.

There was a broad consensus that saving was a good thing and that people should be making provision for the future – both in the long- and short-term. However, there were also negative stereotypes of typical savers and the sort of lifestyle they led; many had a vision of miserly living serious lives. Participants were very much focused on their immediate lives and had rarely given any thought to the future beyond the next few years, let alone their retirement years and how they would fund them.

Old age tended to be perceived as restricted, boring and bleak and not worth thinking about, although some participants also cited the experience of family members living a positive and

happy old age. Few participants were concerned about their own retirement, although they were aware that this time may not always be rosy.

A few participants understood the basic principles of pension schemes, but generally there was little understanding of different types of pensions and how they operate.

Many participants perceived that the amount they could afford to save in a pension was too small to be worthwhile, and what little money they did have spare was allocated to more immediate demands such as university or moving to their first home.

Some participants perceived that other savings vehicles were preferable to pensions as they thought they offered higher returns. The most commonly-cited of these was buying a property and livestock. This perception was heightened by a mistrust of pensions, with participants fearing that there was a risk of corrupt state employees embezzling the funds or pension companies becoming insolvent and scheme members losing their money and not being compensated.

Table of Contents

DECLARATION.....	i
DEDICATION.	ii
ACKNOWLEDGEMENTS	iii
ACRONYMS AND ABBREVIATIONS	iv
ABSTRACT.....	v
1.0 BACKGROUND TO THE STUDY	1
1.1 Introduction	1
1.2Statement of the problem	4
1.3Research objectives.....	5
1.3.1 General objective	5
1.3.2 Specific objectives	5
1.4Justification of the study	5
1.5Scope and limitations.....	6
1.6Assumptions of the study.....	7
1.7Definitions of Key terms.....	7
2.0 LITERATURE REVIEW.....	9
2.1 Introduction	9
2.1.1 Social Security in a broader context.....	10
2.1.2 The Informal sector.....	12
2.1.3 The current state of affairs.....	13
2.1.4 Challenges of implementation	14
2.2General attitudes towards pension in the informal sector	15
2.3Impact of Gender on Saving.....	16
2.4Impact of Attitudes on savings	18
2.5 Theoretical framework.....	19
2.5.1 Summary of Robert Havighurst's Developmental Task Theory	19
2.5.2Relevance of the theory to the study	21
3.0 METHODOLOGY	23
3.1 Research Site	23
3.2 Research Design	24
3.3 Sample population	24
3.4 Sampling procedures.....	25
3.5 Data Collection Methods.....	26
3.5.1 Focus Group Discussions	26
3.5.2 Key Informant Interviews	26

3.6 Data Analysis and presentation	26
3.7 Ethical Considerations	27
4.0 INFORMAL SECTOR WORKERS ATTITUTEDS TOWARDS SAVING FOR OLD AGE .	30
4.1 Introduction	31
4.2 General attitudes towards saving, pension and retirement	32
4.2.1 Income and pension saving	38
4.2.2 Knowledge levels of the schemes	41
4.2.3 Pension schemes and trust.....	43
4.2.4 Alternatives to saving money	44
4.2.5 Responsibility and pension.....	46
4.3 Gender and pension	50
4.4 Attitudes and uptake	52
5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS.....	55
5.1 Summary	55
5.2 Conclusion.....	56
5.3 Recommendations.....	58
References.....	61
APPENDIX I; CONSENT FOR PARTICIPATION.....	68
APPENDIX II;GUIDE FOR THE FOCUS GRUOP DISCUSSION.....	70
APPENDIX III; GUIDE FOR KEY INFORMANT INTERVIEW	71
APPENDIX IV; SHOP STEWARD INTERVIEW	72

1.0 BACKGROUND TO THE STUDY

1.1 Introduction

The informal sector plays a vital role in world economies as it creates jobs, boosts entrepreneurial activity, minimizes unemployment and underemployment, alleviates poverty and contributes to economic growth (Winters, 2002; World Bank, 2006). Though the definition of this sector varies by country, informal sector workers are generally those with low incomes or self-employed, working in very small (unregistered) companies or the household sector, often on a part-time basis (and migrant workers) in industries such as agriculture, construction and services (ILO, 2007). The World Bank estimates the size of the informal labor market to be 4-6% in the high-income countries and over 50% in the low-income countries. In Kenya, the sector has grown progressively from 4.2% of the total employment in 1972, 10.3% in 1980, 15.2% in 1985, 39.1% in 1990, 53.4% in 1994 (Ikiara and Ndungu, 1999) and 80% in 2011 (Economic Review, 2011).

More than 80% informal sector workers are not covered by any pension scheme (Retirement Benefits Authority, 2010). A key policy issue in developing countries is how to get participants in the informal sector to save and plan for retirement as a result of which over 90% of the population in Sub Saharan Africa and South Asia are not covered by any pension arrangement (Keizi, 2006, 2007) due to general unemployment, low incomes, poor saving culture and above all pension arrangements that only favour workers in the formal sector (Kakwani et al., 2006). Informal workers' characteristics that alienate them from formal pension arrangements include; their continuous change of jobs, frequent opts to self-employment, temporary nature of their employment contracts, they live in remote rural areas or urban slums, they are often illiterate and unfamiliar with the concept of pensions and they have little experience of dealing with formal financial institutions (Uthira and Manohar, 2009).

Micro-pension schemes support small, regular and sustainable savings by low income earners and provide them with a regular stream of income for the old-age (Shankar and Asher, 2009; Uthira and Manohar, 2009) and can therefore, be viewed as smart forms of savings and insurance (Dullemen and Bruijin, 2011). Different countries have varying forms of micro-pension systems; for instance Bangladesh and India have a model operated on the Grameen principles, Chile has a government subsidized and co-sponsored scheme, China has a scheme characterized by compulsion, minimum income guarantees and micro life insurance products, Kenya has a voluntary defined contributory scheme and South Africa's informal sectors workers are covered by the public pension system (Hu and Stewart, 2009).

It has become evident that pension systems and retirement benefits schemes are necessary for developing countries like Kenya not only to secure people's livelihoods after retirement, but also due to the fact that retirement schemes provide an avenue for mobilizing savings for long-term investments. This has necessarily led to increased prominence for the pension and retirement benefits industry since it serves the economy variously. This is by ensuring that individuals have savings that may be used to sustain their standards of living after retirement and in the process providing funds for development. For Kenya's case, it is substantial that the level of care provided by families to members is beginning to show strains on account of the rising levels of poverty and urbanization. As a result of the rise in the national incidence of poverty, the provision and care that Kenyans can provide to elderly citizens is severely limited by the low incomes. On the other hand, the contraction of the economy is leading to more retrenchment of workers, thereby increasing the dependency ratios. Apart from the fact that some of the elderly are retired and held employment with reasonable incomes, they are often unable to maintain their standards of living upon their retirement (Odundo, 2008).

Millions of low-income workers in Kenya largely working in the informal sector are unable to save for retirement because of a lack of pension products designed to accommodate them and fear that their pension savings may be inaccessible after retirement; this is according to a research conducted by the United States International University (USIU, 2010). It also found that only 6 percent of informal low income workers in Kenya are saving for pension. "Those with a pension plan only save 10 percent of their income, which is a very small figure considering that the average monthly income is 6000 shillings," said Dr. Amos Njuguna, a lecturer at the USIU's Chandaria School of Business and the lead researcher for the research. Low income earners have two opportunities to save for pension, through the government-owned agency known as the National Social Security Fund (NSSF), which requires mandatory saving for those in formal employment, and the other scheme, by pension industry regulator, the Retirement Benefits Authority (RBA) that offers daily savings opportunity of 20 shillings per day. The lack of savings for small income earners mostly working in the informal sector is of concern to the government because the sector accounts for 80% of all employed Kenyans meaning that more Kenyans retire without a retirement income, becoming burden to the productive sector. "Informal sector workers have the ability and willingness to save but they lack the competence and saving avenues to transform these savings into substantial retirement income," concluded the research. According to Dr. Njuguna, it is easy to get low income earners in Kenya to save for pension because majority of them, 76 percent, already save their income in their bank accounts and micro finance institutions. The research found out that about 80 percent of informal low income workers have faith in a government supported pension scheme, indicating the challenge for the government to streamline the NSSF to increase its efficiency especially in settling pension for retirees and the families of

the deceased. The research also found that most of the small income earners do not know how to join the existing schemes that can accommodate their needs.

Debate on how best to organize old age support in developing countries is growing. Old age poverty is widespread in these countries, with the informal old age support becoming more under pressure from adverse economic conditions, HIV and AIDS, changes in household composition among other factors. The pension system in Kenya is fragmented and covers only about 15 per cent of the labor force. The enactment of the Retirement Benefits Act (1997) has seen some improvements aimed at widening coverage. The current legal framework in Kenya has a design that target participation of formal workers as compared to those in the informal sector. The informal sector popularly known as 'Jua kali' sector was not well covered by modern, structured pension schemes, till December 2009, when 'Mbao' Pension Scheme was introduced. This study explored the attitudes of the informal sector workers towards these schemes and to investigate whether these attitudes affect uptake of the said schemes and if they differ based on gender and earnings.

1.2 Statement of the problem

Retirement Benefits Schemes are institutionalized tax incentive based vehicles through which workers in both formal and informal sectors can save part of their income to ensure that they have adequate income after their active working period. There is however, no clear policy on retirement benefits mechanism for the informal sector employees; since more emphasis has been given to occupational schemes whose coverage is still low. The Retirement Benefits Authority came up with a micro pension plan that enabled the informal sector workers to be able to save for their pension. The scheme is designed in a way that one can save using the popular money transfer method through the mobile phones. The minimum amount of money that can be saved is 20 shillings daily and that translates to about 600 shillings every month.

Despite all these, the uptake of this service has been low and only 15% of the population in the informal sector have taken it up in the last four years (Retirements Benefits Authority, 2012).

This study explored the general attitudes of the informal sector workers towards saving for old age and what they thought about the existing pension schemes specifically designed for them. The study also strove to find out how similar or different these attitudes are based on gender and age.

This study was guided by the following three research questions:

- i. What are the attitudes of the informal sector workers towards pension?
- ii. How similar or different are these attitudes based on gender and age?
- iii. Do these attitudes affect uptake of the existing pension schemes by the workers?

1.3 Research objectives

This study explored the attitudes of informal sector workers towards pension and sought to determine how these attitudes influence uptake of the services.

1.3.1 General objective

To explore the impact of the attitudes of informal sector workers towards pension/saving for old age.

1.3.2 Specific objectives

- i. To document the attitudes of informal sector workers towards pension
- ii. To examine the similarities and differences of the attitudes based on gender.
- iii. To examine the impact of the attitudes towards the uptake of saving services.

1.4 Justification of the study

In Kenya, the topic of social security in the informal sector has received little scholarly attention. The information available is obtained from media reports, workshops proceedings

and in companies providing social services brochures. The absence of scholarly inquiry on the subject of pension schemes in the informal sector has meant that there has not been sufficient information to inform the process of implementation of the existing programs. Research studies have come up with success factors to sustainable micro pension schemes designed for the informal sector workers and incentives that make it easy to register and remit the contributions.

Other studies(Orina, 2010 and Odundo 2008) have attempted to look at the factors that lead to low uptake of these services that include illiteracy, lack of awareness, and low earnings. But very little has been done on what the subjects feel or think about pension and the suitability of the available options.

This being an exploratory investigation, it is hoped that the study findings would contribute to the limited body of knowledge that exists on the social security issue in the informal sector. It will encourage other researchers to focus on the informal sector and old age pensions. They could use the results of this study as part of their literature review or part of the information they need to raise other critical research questions. The results can also be a source of information for companies that would want to offer social security services in the informal sector. The government would also benefit from this information in terms of policy formulation.

1.5 Scope and limitations.

The study was conducted at Kamukunji Jua Kali Sheds and the participants included artisans and service providers. The study focused on these two cadres of workers because they are the lowest income earners whose attitudes were being sought.

Considering the location and the subjects of the study, the findings do not provide a universal situation in the Kenyan informal sector and therefore, cannot be generalized because they do not report the thoughts of workers in different set ups of the informal sector.

1.6 Assumptions of the study

- 1 The informal sector workers have a negative attitude towards saving for pension.
- 2 Women do not save for pension unlike their male counterparts.
- 3 Attitudes affect uptake of pension scheme services.

1.7 Definitions of Key terms

ATTITUDES - The concept of an attitude comes from social psychology, with an attitude defined as a psychological tendency that is expressed by evaluating a particular entity with some degree of favour or disfavour. In this study, it could be said that, attitude is a positive or negative evaluations or feelings that people have towards other people, objects, issues or events. Attitudes include the general way people feel towards socially significant objects and most attitudes are lasting.

INFORMAL SECTOR - For the purpose of this paper, informal sector will mean small scale enterprises both in production and services industries. Their goods and services are not accurately recorded in the government figures and accounting mainly because of poor record keeping and failure to declare for fear of paying taxes. The informal economy which is not generally taxed commonly includes trading in goods and services such as domestic helps, blacksmith, Jua Kali Artisans, Mama mboga, small shops and kiosks.

PENSION - The term pension is used in this study to describe a contract for a fixed sum to be paid in regular installments to a person, typically following retirement from service.

OLD AGE - Due to a range of societal, environmental and biological reasons, it is not possible to create a universal definition of aging. In this study old age refers to anyone who

cannot get involved in productive work in order to earn a living due to limitations associated with advanced age.

2.0 LITERATURE REVIEW

2.1 Introduction

One of the fundamental global problems facing social security protection today is the fact that more than half the world's population which includes workers and their dependents are excluded from any type of social security protection. The situation is more complicated in developing countries where a large majority of non-covered and poor workers are employed in the informal economy. The informal sector in Kenya employs over 75 percent of the work force today. The output of this sector contributes considerably to the economic output of the country. The sector however, remains on the whole, unaccounted or underestimated. The income and continued employment of the informal sector worker is usually varying and uncertain. The uncertainty in their work reflects the uncertainty of markets, the recession or boom, the needs and whim of an employer, the political situation, changing policies and other factors. In summary, the economic security of workers in the informal sector is dependent on a variety of factors over which they have no control. Unlike the formal sector employees who are shielded from economic insecurity by an employer or an institution, the informal sector workers have to face the risk on their own (RBA, 2008).

The structure of Kenya's pension system comprises of (i) the civil service pension scheme (ii) the National Social Security Fund and (iii) Private Occupational Pension Schemes. The system is fragmented lacking a harmonized policy and operates on different Acts of parliament. Low coverage of the pension system is attributable to the current pension laws which have established pension schemes largely for formal employees. A policy to initiate pension reforms which will extend coverage to majority of uncovered elderly poor by introducing a universal pension scheme compulsory for all workers (formal and informal) will be ideal (Help Age International, 2006).

In total sum, the pension system in Kenya is now ripe for reforms designed to address its limited coverage in order to reduce old age poverty and guarantee old age income security to majority of the elderly poor.

This study was anchored in Robert Havighurst's theory of developmental tasks, which states that there is a specific development tasks for each stage of the individual life cycle from birth through old age, and one of the tasks of middle age is planning for retirement.

2.1.1 Social Security in a broader context

The ILO defines Security 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 stoppage, or substantial reduction of earnings resulting from sickness, maternity, employment injury, unemployment, invalidity, old age and death, the provision of medical care and the provision of subsidies for families with children. Social security is important for the wellbeing of workers, their families and the entire community. It is a means of creating social cohesion, thereby helping to ensure social peace and social inclusion. It is an indispensable part of the government social policy and important tool to alleviate poverty. It can through national solidarity and fair burden sharing, contribute to human dignity, equity and social justice. It is also important for political inclusion, empowerment and the development of democracy (ILO resolution on social security, Geneva 2001).

Pensions increase older people's access to services such as health care and reduce their dependency on the younger generation (Help Age International, 2006). Pensions can therefore, play an important role in breaking inter-generational poverty cycles and thus increase the life expectancy of the elderly generation (Help Age International, 2006; Keizi, 2007). The United Nations (2007) estimates that by 2050, there will be almost 2 billion people over 60 years worldwide and close to 80% of them will be living in developing

countries. According to Help Age International (2006), the over 60s and the over 80s represent the fastest growing population group on the African continent with the numbers of elderly people increasing by 50% between 2000 and 2015 and nearly fivefold by 2050. With majority of the population working in the informal sector, appropriate pension arrangements are needed to ensure that the informal sector participants do not fall into the poverty trap after retirement.

The main reason for the existence of pension systems is the provision of basic income security and poverty alleviation especially to the elderly (Holzman and Hinz, 2001). Pension schemes contribute significantly to the reduction in old-age poverty since a large proportion of the incomes of retirees is derived from their previous pension arrangements (Kakwani, Sun and Hinz 2006). According to the Alliance Global Investors (2007), 75% of the elderly population in the world relies on pension income in South Africa while 82% of the retirees depend on pension income in the United States of America. Kakwani et al (2006), report that retirement income accounts for 68% of the total income of retirees in Kenya.

In the Sub-Saharan Africa, 85% of the aged population lives in abject poverty because less than 5% of the labor force is covered under the formal pensions system (Palacios and Pallares-Millare 2000). Further support for the importance of pension schemes to the low income earners in the alleviation of poverty comes from Stewart et al (2009) who report that: Pensions reduce the poverty gap ratio by 13% in South Africa and increase the income of the poorest 5% of the population by 50%; In South Africa, families receiving a pension are 11% less likely to be poor; In Tanzania where there is no pension, out of 146, 000 children orphaned by HIV and AIDS only 1000 attended secondary school in 2007 because their

grandparents could not afford the required school fees; and In Zambia, a pilot cash transfer to older people caring for orphans improved school attendance.

2.1.2 The Informal sector

Most countries in the developing world have experienced an uneven rise in urban population, urban poverty and under employment in the last few decades. Large sections of this population are concentrated in slums and are engaged in a number of irregular occupations. These people and their engagements have been popularly termed as urban informal sector. According to the ILO, the informal sector is defined as enterprises with all or most characteristics in a list that includes -family ownership ... small scale of operations ... labor-intensive methods...ø These early definitions of informality were criticized for being ambiguous (Sethuraman 1981) or simplistic (Bromley 1978). Recognizing the difficulty of providing a strict, universal definition of informality, Castells et al. (1989) offer the following context-specific definition: informal activities are a -process of income generationø that is -unregulated by the institutions of society, in a legal and social environment in which similar activities are regulated.ø The informal sector, in this broad sense, includes all production establishments that fail to comply with government regulations such as taxes and the labor code and all workers who fail to receive government-mandated benefits or are paid below the minimum wage. While there are many definitions of the informal sector, those who work in the small enterprises are usually invisible workers who create their own niche of employment e.g. make products, vend wares, sell services, and manual labor without regulation, protection or support from the government or formal credit and training(Jumani,1987). Informal sector enterprises are characterized by their smallness (less than 10 workers), frequently relying on family labor.

The lives of informal sector workers are a daily struggle to meet basic needs, usually in poor working conditions where people endure long working hours for minimal and fluctuating income (Chambers, 1982). They have neither income nor social security; many are self-employed, but the sector includes also people who are in waged employment, traineeships, work as industrial workers and unpaid family members(Young,1993). Their struggle is also a long term one to gain control of assets and to make provision against contingencies (Chambers, 1982).

2.1.3 The current state of affairs

Total employment outside rural small scale agriculture and pastoral activities was estimated at 8.7m in 2006 in Kenya. Of this, formal sector employees comprised 1.9m (or 21% of total recorded employment) and the informal sector which covers informal urban and the agriculture workers comprised 79% of the total recorded labour force. More importantly, over 80% of the new jobs in the last three years have been created in the informal sector (Economic Survey 2007).

Kenya, like many nations seeking to develop expediently, is pursuing economic development along the lines anticipated by industrialized countries through a capitalist economic system. This has over the years led to significant changes in social and economic lifestyles arising from the transition we have had to make from a once traditional system of living to a modern capitalistic lifestyle. One area of life that has undergone a radical change is that of social security, particularly the guarantee of security from poverty in old age. In the traditional African society, social security systems were assured. These took the form of practices and social norms that ensured that disadvantaged members of the society such as the elderly were taken care of by other members of the society. The socio-economic changes brought about by

the pursuit of globalization are increasingly leading to a breakdown in traditional systems of old age security.

The Kenyan government through the Retirement Benefits Authority and the National Federation of Jua Kali Associations collaborated to establish a suitable retirement benefits scheme that would cater for people in the informal sector. The "Mbao" Pension Plan was set up and was officially launched on 28 June 2011, for the Medium and Small Micro Enterprises (MSMEs) Sector and to help members of different Jua Kali Associations to save regularly to provide a long-term and reliable income when they retire from their jobs or businesses. The name "Mbao" refers to the amount of 20 Kenyan Shillings (KES) which is the minimum daily contribution that members can make. Members can join and pay KES100 as a registration fee and then commit to saving at least KES20 a day, KES100 a week or KES500 a month (International Social Security Association, 2011).

The main objectives of setting up the scheme were to:

- Extend coverage of retirement benefits to Jua Kali workers;
- Create a National Retirement Benefits Scheme for Jua Kali workers;
- Educate, train and sensitize members of the scheme on matters regarding retirement benefits;
- Promote the Jua Kali National Scheme amongst Jua Kali workers;
- Research and compile statistics regarding the scheme.

2.1.4 Challenges of implementation

The major challenges towards saving for old age in the informal sector include; illiteracy, inexperience with formal financial institutions, low incomes, inadequate government support and lack of pension schemes to join (Uthira & Manohar, 2009). The supply side challenges relate to; collection of contributions, payment of benefits, regulation, communication with clients, governance and offering of financial education to the clients (Ross, 2004), lack of

expertise in development of the product (McCord & Buczkowski, 2004), separating fund management and pension distribution, complexity of administration, high transaction costs and premature withdrawals (Bhattacharya, 2008).

2.2 General attitudes towards pension in the informal sector

Informal sector workers have little or no security of employment or income. Their earnings tend to be very low and fluctuate more than that of other workers. A brief period of incapacity can leave the workers without enough income to live on. The sickness of a family member can also result in additional costs that can easily destroy the delicate balance of the household budget. The working conditions are often intrinsically hazardous and more so, the fact that it takes place in unregulated environment.

Most informal sector workers feel that they already have other ways of meeting their retirement needs. For example, Indian women accumulate small amounts until they buy gold that they use as collateral for loans while others buy land in installments for their long term cash flow generation (Alcala & Koshy, 2007); in South Africa and India, village savings and loan schemes are common while in Kenya the culture of reliance on children for old age support is widespread (Odundo, 2008). Most people believe that they educate their children as an investment which would pay off in old age.

Another major issue is that many of these workers are unable to contribute a percentage of their incomes to financing social security benefits and unwilling to do so when these benefits do not meet their immediate or priority needs. Therefore, anything that is not addressing the immediate needs is seen as unnecessary. They feel less need for pensions, for example, as for many of them old age appears very remote and the idea of retirement unreal. Unfamiliarity with social security schemes and distrust of the way the schemes have been managed in the

past (example is the NSSF) compound to their reluctance to contribute to a retirement benefits scheme (Orina,2010).

2.3 Impact of Gender on Saving

There is a general inequality in access to opportunities between men and women spilling over to female employment. Inequalities between men and women in assets, earnings, education and employment still dominate the work place in Kenya. In addition, men largely control decision making on household expenditure, thus constraining women's ability to make strategic investments. These affect women's ability to improve their human capital status and hence their access to employment (ILO, 2004). Women in the informal economy do not benefit from safeguards and benefits related to child rearing that in principle apply to women in the formal wage employment such as paid maternity leave and assistance towards child care. Women also tend to be more dependent as compared to men and therefore, rarely do they put up contingencies for life after retirement. For long term security such as old age, this difference has important implications, as women tend to live longer than men. In Kenya, women are by statistics more than men and lesser educated although the number of boys and girls in school is roughly equal at the primary level; men substantially outnumber women in higher education. 70% of illiterate persons in the country are female; they constitute 75% of the agricultural work force, and have become active in urban small businesses. Women also experience a wide range of discriminatory practices, limiting their political and economic rights and relegating them to second class citizenship (AFROL Gender Profile of Kenya, 2009). However, they have a societal obligation of upbringing children and safeguarding homes.

ILO (2002) statistics show that in most countries, informal economy accounts for a higher portion of total urban employment for women than the case for men. There is a wide spread

tendency for women to be trapped in the informal economy for much of their working lives, whereas for men, in the industrialized countries at any rate, it is less likely to be permanent. Women operate at different levels in the informal sector, which are not mutually exclusive. They may be assisting their male partners/husbands who are directly involved in productive, distributive or service activities. Examples would be women preparing food at home for sale by men on the streets. In such cases, men control their wives labor and income. Men can enlist the unpaid labor of their wives for productive work but women have little control of their husbands' income and can therefore, not make any financial decision (Tokman, 1978).

Women and men are exposed to different kinds of risks and when risk materializes, the impact on men and women may vary. Women and men resort to different coping strategies and the effectiveness of these may also differ. Women on average experience greater vulnerability than men since they earn on average less than men, they are more likely to care for children and the elderly, more likely to live in poverty, and are less likely to have savings for pension (Bernasek, 2000). Women tend to be more risk averse in their action, maybe a rational response to their greater vulnerability and lack of control over their lives (Floro and Seguino, 2002).

The main characteristics of women owned enterprises in the informal sector are also important for employment generation and how they react to any shocks like the economic crisis. They start small, grow slowly, and end smaller than the men owned enterprises (McCormick and Mitullah 1995). They locate more in the home, rely more on less skilled and unpaid workers, and are less likely to diversify into other activities. In addition, women's activities tend to be less remunerative than the men's. Women face a number of obstacles in entering business, which mostly condemn them to low income occupations. By comparison,

men working in the informal sector in pursuit of fulfilling their bread winning role are relieved of many household tasks (Goddard,1981) and the free mobility that they enjoy facilitates greater access to contacts for markets, credit and raw materials (Moser, 1989). It also provides them with a forum for meeting, learning from, and gaining the support of other informal sector workers. These networks create a very crucial avenue of awareness creation and general knowledge

2.4 Impact of Attitudes on savings

Many people disregard the need for old-age provision beyond the statutory pension system, although a decreasing rate of birth will undoubtedly make it necessary to save money for retirement in private or occupational pensions. Behavioural finance applies principles from both psychology and economics to attempt to understand financial decision making, combining individual behaviour and market phenomena. It considers susceptibility of individuals to frames and other cognitive errors, varying attitudes towards risk, aversion to regret, imperfect self-control and preferences (Statman 1999). Degrees of involvement in retirement savings can relate to relatively simple decisions such as merely making contributions in a mandatory system or deciding on the type of fund and amount to contribute in a voluntary system. For example, the Mbao pension scheme has a wide range of options, one can choose the amount of money that they want to save the minimum being Kshs.20 daily, the frequency of remittance, whether it is daily, weekly or monthly and the mode of remittance.

Some of the key attributes that foster the illusion of control are choice, familiarity, information, and active involvement (Nofsinger 2001). Choice, for example, is based upon the belief that active choice induces control. The more information a person has about a task, the greater the level of participation and more familiar people are with a task, the more likely

they are to feel in control. Yet in some retirement savings system, individuals may be given little if any opportunity to exercise any choice. Others offer a bewildering array of options that potentially can overwhelm individuals who feel that they have little knowledge let alone understanding of investments. Consequently, the line of least resistance may be followed with individuals putting the decision in the too hard basket as justification. This may involve not actually joining the retirement savings plan, or at the very least using the default option

Consequently, the individuals concerned have little (real and/or effective) control and potential little connection with their retirement savings and therefore the level of perceived ownership of those savings is likely to be low. Attitude will therefore affect choice.

Attitude toward retirement and retirement planning behavior are important in satisfactory adjustment to retirement. It directly impacts on dependency ratio and general wellbeing of the society.

2.5 Theoretical framework

2.5.1 Summary of Robert Havighurst's Developmental Task Theory

One of earliest writers on adult development, Havighurst identified roles and expectations and linked them to adult development. Robert Havighurst emphasized that learning is basic and that it continues throughout life span. Growth and development occurs in six stages, which include;

1. Infancy and Early Childhood
2. Middle Childhood
3. Adolescence
4. Early Adulthood
5. Middle Age
6. Later Maturity

Havighurst's stages and ages have largely been refined by more current research, but two important concepts he proposed are fundamental assumptions that underlie all of the schools of thought in developmental theory. First, he defined a "developmental task" as that "which arises at or about a certain period in the life of the individual, successful achievement of which leads to his happiness and to success with later tasks, while failure leads to unhappiness in the individual, disapproval by the society, and difficulty with later tasks" (Havighurst 1953, p. 2). Havighurst (1972) also coined the term "teachable moments," in which people are ready to learn and apply information because of their life situation. Havighurst's adulthood tasks arise from a combination of social expectations and personal values.

From a developmental theory perspective, psychological adjustment across the life span requires the successful negotiation of specific developmental tasks that enable adaptation to successive developmental stages. Havighurst (1953, 1972, and 1982) conceptualized specific developmental tasks for each stage of the individual life cycle from birth through old age. He described a developmental task as "those things that constitute healthy and satisfactory growth in our society. They are the things a person must learn if he (she) is to be judged and to judge himself (herself) to be a reasonably happy and successful person" (Havighurst, 1953, p. 2). Havighurst (1982) has delineated four major developmental tasks directly related to work, one for each stage of the adult life cycle. The task for adolescence is to prepare for an economic career. The young adult task is to get started in an occupation. The mid-life task is to reach and maintain satisfactory performance in one's occupational career. The work-related task in late-life is adjustment to retirement which requires the termination, or at a minimum a significant decline, in one's career activities and status as well as a significant decline in income. Such a transition between tasks would be difficult without two further steps that enable the successful movement between these two work-related tasks.

Vondracek and Lerner (1982) contend that "survival at any point in the life span obviously depends on adaptive links between the individual and his/her context" (p. 603). They further suggest that developmental tasks provide that linkage and that such tasks are age-graded by society. Retirement is an age-related societal expectation for most employed individuals. The transition from full-time work to retirement requires an adaptive link in order to assure survival, as well as satisfaction, in the retirement stage of life.

2.5.2 Relevance of the theory to the study

The adaptation required between the midlife and the late-life tasks indicates the need for further midlife tasks that facilitate the movement from the world of work to satisfaction in retirement. Based on Havighurst's (1953, 1972, 1982) definition of a developmental task, it would appear that the appropriate developmental tasks that must be successfully completed for one to adequately adjust to retirement are the related tasks of developing a positive attitude toward the retirement experience and adequately planning for retirement.

The interconnected factors found to be related to attitude toward retirement and retirement planning behavior are exemplary of the biological, societal, and personal pressures that Havighurst (1953, 1972, 1982) found to be central in the origination and successful achievement of developmental tasks. Therefore, they are important considerations in any effort to examine the proposed developmental tasks of developing a positive attitude toward and planning for retirement. Developmental theorists (Erikson, 1965; Gilligan, 1982; Rubin, 1979) have suggested that whereas men's identity is more likely to be centered on work and career orientations, women are more likely to be identified by the relationships in their lives even when they have significant career achievements. Family roles have been found to remain a priority for women even when they are involved in high status professional careers (Turner, 1985). Therefore, the contextual factors that facilitate the completion of midlife developmental tasks might be expected to differ for men and women. This study investigated

workers attitudes toward retirement and planning for retirement, and further sought to explain how pre-retirement attitudes and planning would differ for men and women. The main tenet of the theory that this study is anchored on is the midlife task of planning for retirement. This is because attitudes towards saving for retirement directly affect this.

3.0 METHODOLOGY

The purpose of this section is to describe the research site, design, and population universe, study population and sampling; data collection methods, data analysis and interpretation and ethical concerns.

3.1 Research Site

The study was conducted at the Kamukunji Jua Kali shades, located in Nairobi City County, Nairobi East Sub-County, Kamukunji location in Pumwani division. It is approximately two kilometers from the Nairobi central business district. Kamukunji Jua Kali was started in 1961 by nine former detainees of the British Government during the Mau Mau rebellion. They had acquired skills in working with metal while in detention. This number rose rapidly as more detainees were released and other people also came in for training. By the mid-70s, the number of the artisans had risen to 350. All this while until 1986, these artisans used to work in open air, hence the name *õJua Kaliö*, a Swahili word for hot sun. (Kamukunji Jua Kali Association website at www.kamukunjiuakali.com) Over the course of the years, the term has come to be used to refer to the informal or non-formal sector of the economy. In 1986, the then president Daniel Arap Moi heard of their plight and built for them shades. Kamukunji Jua Kali currently consists of 37 sheds. Each shed has a shed leader who is essentially the shed owner. The top 5 most produced products are storage boxes, (energy saving) jiko's, sufurias, gutters, and basins.

The cluster serves local, national and regional markets (mainly Uganda and Rwanda). Nairobi and its environs are the largest source of customers. Wheelbarrows, sewing machine stands and boxes are the main products distributed in the national and regional markets. Chicken troughs and chaff cutters are sold to rural areas. Potato chips cutters, deep fryers and warmers are sold in small towns as well as the city of Nairobi. Most of the enterprises have regular customers some of whom are drawn from the entrepreneurs' rural homes while some belong to the same ethnicity of the entrepreneur.

The Kamukunji Jua Kali Association, founded in 1984 was formally registered in 1992. The main functions of the association include, providing security and protection to the workers, promote marketing and sales of products, promote innovations and representation and partnership with other organizations. Since then, the group has been much more organized hence ease of penetration by other sectors e.g. banks, microfinance institutions, insurance companies, and lately the Retirement Benefits Authority. The Kenyan Bureau of Standards and the Kenya Industrial Research and Development Institute (KIRDI) are working very closely together with the Jua Kali, through the initiative of the government to do quality checks and innovation of technology (Kamukunji Jua Kali Association, 2010).

3.2 Research Design

The study being exploratory in nature employed the use of two qualitative methods that is focus group discussions and in-depth interviews. The researcher was interested in the perception and belief of the respondents being interviewed to uncover and understand their feelings towards saving for old age. Qualitative methods are said to be especially effective in studying the subtle distinctions of attitudes and behaviors and for examining social processes over time. As such, the principal strength lies in the depth of understanding it may permit.

3.3 Sample population

The current population is estimated to be 5000 workers which consist of artisans, shop owners, suppliers and service providers. The population has since expanded and not everyone can fit in the sheds anymore. A large number of them have spilled on to the major roads around the sheds. The major businesses at Jua Kali can be divided into four main categories:

Suppliers, - The supplying businesses consist of hardware stores, paint stores and scrap metal suppliers

Producers, - these are the artisans that produce the products available in the Jua Kali. They are the largest in number consisting of 80% of the total population. An average worker works 6 days a week, 10 to 12 hours a day. Some of them work independently by making and selling their products but most of them are employed by the shade owners and are paid per piece work. Those that are employed earn an average of 500 shillings per day.

Shop keepers, - these are mostly owners of the shops where the products are sold. They are the employers of most artisans, who make for them products to sell. There are also people who are known as the 'brokers' who buy products from the artisans and sell to the public. They act as the middle men. They do not own shops, but do hang around the major roads in search of customers who want to buy the products.

Service providers-these are mostly those that sell food stuffs, transporters, provision of sanitation services e.g. sell water and use of toilets.

The study sample only included the producers/artisans and the service providers. This is because the researcher was targeting the low income earners only.

3.4 Sampling procedures

The sampling procedure used in this research was purposive. Participants were therefore selected because they were likely to generate useful data for the research. The sample covered the main groups of interest. Key demographic variables that were likely to have an impact on participants' view of the topic were selected. These included earning brackets, based on the kind of work they do and gender. The association's register was used and the names stratified according to different cadres of the members, that is, the suppliers, producers, shopkeepers and service providers. A pre-qualification guide was then used to aid in the recruitment for those that were invited for the different group discussions.

3.5 Data Collection Methods

Focus group discussion with different groups of participants and key informant interviews are the methods that were used to collect data. Notes were taken down during the discussions and interviews and tape recorders were used to capture the information.

3.5.1 Focus Group Discussions

A total of six focus group discussions were conducted; three for female and three for males. Each gender was separated into three age groups, consisting of ages 18-29, 30-40 and 41-55. The female age group of 18-29 had 10 participants while the male one had 9. For the 30-40 age group, both male and female discussions had 8 participants each. And the 41-55 age group 7 males and 6 females were in attendance. Issues that were discussed included attitudes towards saving in general, retirement and pension, knowledge and trust levels on pension schemes and whose responsibility they felt it was to take care of old people. The participants in all the groups were very proactive and open and were all willing to share their opinions. The discussions were lively.

3.5.2 Key Informant Interviews

The key informants who were interviewed consisted of a shop steward for the Mbao pension plan, the secretary of the Jua Kali Association, and an artisan who has worked in the cluster for several years and was perceived as an opinion leader. Also interviewed was an artisan who has been saving for retirement for the last one year and a hotel owner who has knowledge of the scheme but does not see any compelling reason to save. An interview guide was used to provide direction (Appendix IV).

3.6 Data Analysis and presentation

Thematic analysis as described by Braun and Clarke (2006) was used to analyze the data. The researcher transcribed into written form the recordings from the focus group discussions, making sure that the transcript retained the information needed from the verbal account, and in a way which is true to its original nature. After reading and getting thoroughly familiar

with the data, the researcher generated an initial list of ideas about what was in the data and produced the initial codes.

When all data had been initially coded and organized, the researcher arranged the different codes into potential themes, and organized all the relevant coded data extracts within the identified themes and sub-themes.

The identified themes were then reviewed, dropped those that did not have enough data to support them, merged the similar ones, and broke down those that are too wide.

A thematic map of the data was developed, and the themes named and defined accordingly. For each individual theme, a detailed analysis was conducted and written, and its relevance to the research questions ascertained.

A report detailing the results of the research was then produced as documented in chapter four .

3.7 Ethical Considerations

Two key ethical issues that should be considered in any project are consent and confidentiality.

(i) Consent

Each participant in the study was freely consented individually, without being coerced or unfairly pressurized. They were well-informed about what participation entails, and reassured that declining would not affect them in any way.

Participants were also informed of their right to withdraw from the study anytime they wished to and the fact that participation was purely voluntary. A proper introduction and purpose for which the information will be used was clearly explained to the studied. An informed consent that briefly described the purpose of the study, benefits and the risks

involved in the study was given to the participants to read, understand and sign (Appendix I). This was also signed by the researcher and both parties kept a copy. The participants were also asked for permission to allow for tape recording of the discussion.

This same consenting procedure was followed with the respondents in the key informant interviews.

(ii) Confidentiality

The discussion was carried out in a private place with only the researcher and participants present. The researcher ensured that the information was and will not be made public or divulged to anyone.

Participants' names were not attached to the information given. The researcher assigned a specific identity code to each participant's information for anonymity.

4.0 INFORMAL SECTOR WORKERS ATTITUDES TOWARDS SAVING FOR OLD AGE

Fig 4.0 A photo showing artisans at work in one of the Jua Kali Sheds



As illustrated in the photo above, the artisans each have a work station. The raw material is provided by their employers. They make as many pans as they can and are paid a piece rate depending on the number of finished products at the end of each day. They make an average of Kshs. 300 every day.

4.1 Introduction

This chapter reports the findings of the study in line with the set objectives. It presents data obtained from the participants during the focus group discussions and key informant interviews conducted at the Kamukunji Jua Kali sheds. The details of both the discussions and interviews are included as well as analysis of the data to support the discussions of the study.

It looks at the assumption that attitude and awareness are barriers to saving for retirement, and draws upon the views of respondents in the study to draw certain conclusions. It further reveals the possible disparities between policy aims and the real world experiences.

Six group discussions were conducted and a total of forty six participants attended. Among these, twenty eight were male and twenty two were female. Eight males and five females had completed secondary school as the highest educational level, fourteen males and sixteen females had completed primary school and the rest of them had either not completed primary level education or had never been to school. Out of the twenty two females present, six were producers, who engaged in painting of the finished products and making of small parts of the products like the box, jiko and pan handles. The rest of them were service providers who sold food stuffs, water and toilet services. Seven of the male participants were in the service provider category, providing these services, while the rest were all producers, all of them artisans. Among all the participants, only two females were small scale business owners, all the rest were employed. The average wage among all the participants was three hundred shillings per day. The participants' ages varied between nineteen to fifty two years old.

The key informants who were interviewed consisted of a shop steward for the Mbao pension plan who has been stationed at Kamukunji Jua Kali for the last eighteen months, the secretary of the Jua Kali Association, who has held the position for the last six years, and an artisan

who has worked in the cluster for the last twenty eight years. Also interviewed was a thirty two year old artisan who has been saving for retirement for the last one year and a thirty year old hotel owner who has knowledge about the scheme but does not see any compelling reason to save.

4.2 General attitudes towards saving, pension and retirement

First, it was important to find out if the participants' attitudes were hostile to the concept of saving. This was achieved by using the typology put forward in a study by Rowlingson et al, (1999) in which the participants were asked to choose the statement that best suited them when describing their view on saving.

1. You should always try to save some money for a rainy day
2. You should save some money at some stages in your life but not all the time
3. You should live for the day and not worry about saving for the future.

It was found out from the responses to these statements that the general attitude towards saving is positive.

When asked why they had this view, the participants' replies referred to: parental/family advice; peer advice life experience; the responsibility of having children; future unpredictability/security; media and common sense as the avenues that informed their attitudes towards saving.

These findings showed therefore, that for most of them, life experiences that they had either gone through or that people they know had gone through had had a big influence on their attitudes. The media and peer advice also shaped the attitudes of quite a big number. Others had the fear of the future and this had caused a positive influence on attitudes to saving, whilst for others personally they thought that it is common sense to save. As one said,

'I worked it out for myself, because no one knows of tomorrow' (a 34 year old female).

There were also a few participants who claimed not to believe in savings and said they would always spend all of their income. These participants did not see any point in saving; they said that it was impossible to know what the future might hold and that they could not guarantee being around to reap the rewards. In one case, where a person had a 'live for the day' attitude towards saving, the 26 year old female food seller said,

'Life is too short to worry about tomorrow, both my parents died at a very young age. And as a child I can remember my mum saying to my dad, let's do this, let's do that and my dad saying, no, no, no, we can't afford it, let's wait until we retire. So I never wait for anything until I retire - ever'.

When asked what they thought about retirement, participants in the 18-29 age group admitted that they had given very little thought to the kind of life they would lead during retirement prior to taking part in the research. Instead, they tended to concentrate primarily on their current life and events in the near future, such as family life, acquiring property and putting children through school. Participants had little desire to think too much about their own old age and retirement as they regarded such concepts irrelevant to them.

'You don't think about getting old when you're young, do you? I'm speaking for myself really. I don't think about getting old. I think about staying young.' (Eighteen year old male painter)

When asked about the cost of living after retirement, here was a general belief that current financial commitments, such as paying house rent, school fees or supporting a family, would not be applicable once they reached retirement. Therefore, they felt that the cost of living

would be greatly reduced in old age. Many also imagined that they would socialise far less during retirement as older people were perceived to have fewer social opportunities and activities. Thus, the proportion of income spent on social activities would also reduce in comparison to their current spending. Others mentioned that it would be likely that they would have children and grandchildren and would want to assist them financially, which would also impact on the amount of disposable income they would have. This is a position that was widely held by the women.

‘When you get old, that’s your time to relax, you can’t do nothing, you can’t move much, you just sit down, just relax.’ (35 year old food kiosk owner).

When asked if they thought pension savings were important, all the groups had a general opinion that it was. As one participant comprehensively summarized it;

“If all the old people had a source of income, it would lessen the burden on the younger population who currently has to take care of them. It would reduce poverty in general, making life easier for everyone and also increase the life span of the old people. Most people who die out of old age is because of poor healthcare, starvation or general neglect. All these can be avoided if they had a steady source of income.”(37 year old male artisan)

This opinion collaborate the fact that in the Sub-Saharan Africa, 85% of the aged population lives in abject poverty because less than 5% of the labor force is covered under the formal pensions system (Palacios and Pallares-Millare 2000). It is also supported by Stewart et al (2009) who report that: Pensions reduce the poverty gap ratio by 13% in South Africa and increase the income of the poorest 5% of the population by 50%; In South Africa, families receiving a pension are 11% less likely to be poor.

Participants perceived themselves as having many years ahead, during which they would be better off and more responsible with their finances. This enabled them to continue to spend and enjoy their money currently, whilst at the same time sustaining a belief that they will be able to save more when they get older.

'There will be time to save later – you'll know it's the right time when you get there.' (22 year old female painter)

The participants were then asked if their attitude towards saving for pension changed with age. In reflecting on how they used to think, the older ones (Group discussion of age group 41-55) had the following types of responses they said that they used to save less and lived for the day a bit more or they did not think about saving at all when they were younger. They always thought that they had more time to save later in life.

The younger ones (group discussion of age group 18-29) said that they were still too young to start saving and that they had a lot of time to think about pension. They felt that they have more pressing needs to take care of immediately. As one of them reported,

"If I start thinking for retirement now and putting money aside, who will feed my family? Who will pay school fees for my children? That is having misplaced priorities. What if I die without getting to old age? I will have wasted time." (A 27 year old artisan)

They said that they would be able to save more when they are older. But others were of the opinion that the responsibilities increased with age and therefore they thought that they will save less when older.

The participants in the 30-40 age group said that they would have liked to save more as compared to when they were younger but the money is just never enough. They mentioned school fees for their children as being the most money spender in their budgets. As one 39 year old male artisan said,

“I would like to save something for my retirement because I know that I will not be strong enough forever to keep doing this kind of work, but again my children must go to school; and that is all I think of now. Maybe when my last child finishes school I will start thinking about pension.....If it will not be too late already.As at now, pension is the least of my problems.”

A consistent theme across all of the discussion groups was the importance to young people of living for now and enjoying themselves. The younger participants had few responsibilities and their lives revolved around their social groups and going out, and these were the focus of their spending. These participants did not manage their money too closely and did not take a proactive or planned approach to their finances. Those that did pay attention to financial management tended to be older and had greater financial responsibilities, for example, they had to pay bills, rent or school fees. They also had different aspirations and priorities at this stage in their lives, for example spending more of their money on their homes and/or choosing to spend a night in with their partner instead of going out.

There was a general perception that this sort of spending would change as people got older. Taking on greater financial responsibilities was often seen as something to defer to an imagined point in the future when it was perceived to be more appropriate, for example when they settle down. This perception was held by participants across all age ranges and it appeared that spending behaviour and priorities changed as people moved through different stages of their lives.

There was a broad consensus that saving was a good thing and that people should be making provision for the future ó both in the long- and short-term. This perception of savers clashed with what participants believed being young was all about. Participants were familiar with the arguments in favour of saving, but these tended to be a less important motivation than other things they wanted in their lives, such as socialising with friends or spending money on goods such as clothes, there was a general sense of 'living for the moment'

There was broad consistency across the groups in terms of attitudes towards saving and 'savers' in particular. There was a strong sense that saving is a good thing, in principle, and that people should ideally be saving ó including themselves.

'Saving is very important...if you want to make a better life for yourself and be able to afford more things in the future, and have any money, in case you get a big problem that you need to sort out.'

(26 year old male water seller)

However, there were also negative stereotypes of typical savers and the sort of lifestyle they led; many had a vision of 'misers' living rigid lives. Typical 'savers' were thought to be sensible, organised people who were forward looking and responsible. Views did not seem to be affected by the participant's own saving behaviour. However, there was also a persistent sense that savers were excessively economical, to the extent that they were characterised as 'boring' There was a general belief that savers have to make cutbacks and therefore, would not be able to do as much as those that were not saving.

'It means having a worse time now for a better time later, which is never fun.'

(19 year old male artisan)

Some younger participants imagined that the typical saver would be older and probably well off, although there was disagreement about the impact that personal wealth might have. For example, some suspected that those with more disposable income might be less disciplined in how they spent their money. They also believed that older people were better able to save since they were less socially active and therefore, spent less money on going out. These negative images and associations were common even among those who were savers themselves, although participants were aware that this excessively miserly image was often only a stereotype.

This contrasting vision of saving and savers is of importance when understanding how participants' attitudes to these concepts linked to their behaviour. They thought that saving was something that was good and should be done, but also that it clashed with an idea of what being young is all about. The young people understood the importance of saving and were familiar with the arguments in its favour, but these tended to be a less important motivation than the other things they wanted in their lives. A general sense of living for the moment, socialising with friends and purchasing goods such as clothes were more important.

Furthermore, when asked about the future, and the attitude they were likely to have they said that they would like to be saving more.

4.2.1 Income and pension saving

As previously discussed, another issue affecting the informal sector workers is periods of unemployment. The uncertainty in their work reflects the uncertainty of markets, the recession or boom, the needs and whim of an employer, the political situation, changing policies and other factors. In summary, the economic security of workers in the informal sector is dependent on a variety of factors over which they have no control. Unlike the formal sector employees who are shielded from economic insecurity by an employer or an institution, the informal sector workers have to face the risk on their own (RBA, 2008).

In the case of Kamukunji Jua Kali sector, most products have high seasons and low seasons. For example the high season for metal boxes is the beginning of the year when schools open, and for jikos is the end of the year. All of the participants in the age groups of 30 ó 40 and 41 - 55 had experienced unemployment at some point in their life for over six months. All of them were worried about joining a scheme and not being able to remit payments at some point. They thought they would then end up losing what they had already saved. The service providers cited harassment by the local authority and the Ministry of Public health officials as a reason for lack of stability in their income.

“For most of the schemes once you join, you cannot leave before a certain period of time elapses. Our jobs here are not stable, and sometimes you can go for a whole year without a job, like what happened during the post-election violence. Then you end up losing all your savings even if you had saved for several years but stopped before the stipulated time. I know someone who lost more than 48 months’ worth of savings” (46 year old male artisan said).

In all the groups, there was a general opinion that they could not save for pension because they earned too little. They said they are not even able to meet their immediate needs and therefore, find it hard to start thinking about the future instead of now. Although saving was thought to be desirable, it was also thought that it should not be to the detriment of their current lifestyle. In order to save, participants believed they would require a higher income rather than making any cutbacks to current spending. It sometimes appeared that no salary was high enough to motivate saving behaviour in itself.

“Surely, is it rent, food or school fees that I will worry about or is it saving for retirement? Do I even know if I will live long enough to retire with all this stress that I go through daily?” (Posed a 35 year old male water vendor).

But still there were a few dissenting voices who thought that saving for retirement had nothing to do with the amount one was earning and that it was all about attitude and commitment. As one woman, a 25 year old food seller said,

‘If you wait to earn a lot of money to start saving, then you will never do it, money will never be enough.’

This was also stressed by a key informant. He noted that getting the workers to save even the Kshs.20 per day is not easy since for these people, every penny counts.

“Most of them would give you 1001 things that are more important to them and that they would rather spend the money on. One person once told me that he walks home to save that same kshs.20 so that his 6 month old baby can drink milk!” (Shop Steward in charge of the artisans shed).

Many argued that they would start to save when they start earning more. This argument was often made by participants in all of the groups regardless of how high their current income was.

Younger participants often imagined that beginning their first good job would be the appropriate time to start saving. A good job was regarded not only as one with an increased income, but also one that had a sense of stability and longevity.

“I think as soon as I’m working, if I’ve got a steady job and I know I’m going to have a proper career, then I will think [about saving], well as soon as I start working, what I am doing now is not work!” (21 year old female waitress)

As with income, the idea that getting a better job might motivate saving was common amongst participants, regardless of age or career history. A “better” job was often defined as one with a higher salary, but it also applied to having a job with career prospects and job security – a role participants believed they would be in for a length of time.

4.2.2 Knowledge levels of the schemes

Significantly, the findings showed the importance of media coverage and that experiences of pension schemes shaped people's attitudes towards them. All the participants who knew about Mbao pension plan first heard about it over the radio or television. The other means of knowledge included the shop steward who sells the policy in the area, advertisements on billboards, from other people, like colleagues, friends and relatives. But they all had only a basic understanding of the schemes, which is Mbao pension plan and NSSF. The detailed technical knowledge was lacking as would be expected and thus the full implications of the benefits or risk involved in most schemes was not understood. Poor awareness was as seen as preventing people from making informed choices. This led to, in some cases, distrust in the pension system per se.

“All I know about Mbao pension plan is what I heard over the radio. They said that I need to save Kshs.20 daily and when I retire; they will take care of me. I do not know how they will do that.” (A 28 year old female painter said).

“I think that if I give them the money to keep for me then once I retire they give it back to me in lump sum, it makes no sense. I would rather keep the money myself.

Unless they will give me back with an interest, I would not join the scheme.” (A 34 year old male handcart puller said).

“The sales person would tell you what you want to hear to make you join the scheme, after that you are on your own. Most people here who have joined these schemes do not even know where their offices are; let alone what they do with your money.” (A 26 year old male artisan commented).

“I want to access my savings at my convenience not to be told to wait till I am 55 years old!” (An 18 year old male artisan)

A few participants understood the basic principles of pension schemes, but generally there was little understanding of different types of pensions and how they operate. For some non-savers, a simple lack of knowledge about how saving products operate, how to open an account and how to choose between the available options was a barrier to saving. While some of this apprehension seemed to be due to limited financial literacy and participants admitting that they would not know enough about how to open such an account, people were also influenced by negative coverage of financial issues in the media.

Most participants across all the groups especially the women, had a very low level of awareness and understanding of pensions. Although they recognised that a pension provides a source of income in retirement, they were not clear about how they work or aware that there were different types of pensions.

‘I’ve no idea but I’ve always imagined it as you put in a certain amount of your income every month or so, and you’re not allowed to touch it until you’re 55 or

you're retired, and you get it back, and some interest or something. ' (38 year old female water seller)

Amongst the few participants who were already saving, there was low awareness of how the schemes worked. Most were unsure about what happened to their contributions and whether they were invested, and had little knowledge about how pension savings would be translated into a monthly payment during retirement (e.g. through an annuity). The advantages of tax relief were not widely understood.

A few more financially smart participants were aware of some aspects of pensions, including the different types that exist and the role of incomes. Those with this level of financial knowledge tended to feel that other investment options (particularly property or starting a business) would be likely to outperform pensions

4.2.3 Pension schemes and trust

Of those who said it was important, a widespread theme was the acceptance that pension schemes are corrupt and therefore, they would lose their money. A common opinion in all the groups was that they simply did not trust the state to manage the schemes.

As one 46 year old male artisan said, *"I don't trust the state as different governments at different times have changed things,"* the informant then went on to say that he did not trust pensions because *"there had been examples where pensions have been real disasters for people investing in them."*

Many examples were given of personal and other experiences with the state run pension scheme (NSSF). More than half of the respondents said that it was a way for the government to make money from them. Some said that the benefits are never paid on time. All of them

were for the opinion that the government and its officers are too corrupt to be trusted with anything, let alone pension. As one key informant who is not saving said;

“How can you trust a father who steals from his own children? In this country, every man is for himself and God for us all. You cannot trust anyone to keep money for you for several years. I will keep it myself if I have to” (48 year old artisan/shop owner who has the ability to save but does not want to).

Of those who knew about Mbao pension plan, all of them thought that it is a private enterprise, and they said that they trust it more because the private sector is efficient and more accountable than the state. They also thought that at least in case of anything the state can compel the private companies to compensate them. But there were also those who did not trust the private firms saying that these are individuals who are out to make profits from the poor majority. As a 36 year old female water seller said;

“The poor will continue being poor and helping the rich to make more money. When they take all our savings and invest, in a month they will have made more money than what they took from us, I would rather save on my own.”

4.2.4 Alternatives to saving money

When asked about how they expected to take care of themselves when they would be too old to do productive work, the participants mentioned several alternative means. The men in all the age groups agreed that investing in property is the way forward. They talked about buying livestock, poultry and parcels of land.

“I have invested in a piece of land.....When the time comes, I can till the land, lease it out to someone or even sell a small piece and use the money to build houses that I can then rent out. I chose land because I think the returns will be better as the value of

land can only appreciate. And I also want something that I can control.” (A 38 year old male toilet owner said).

Other alternative means mentioned included bank savings and setting up businesses. Some of the men did say they were likely to be left something as inheritance from their parents specifically land and livestock and is what they would rely on after retirement. The bank savings got a lot of negative opinions as the participants in all the groups thought that it would not be an efficient way of saving for a long term goal. They thought that unless one has self-control, it was not possible to save for retirement in a normal bank savings account. But the men said that maybe the women would manage to use this alternative since they had more self-discipline when it came to money that lacked in the men. One man said;

“A woman can have money in her purse, but if she had decided that it is meant for a particular thing, she will not use it otherwise even if it is an emergency. And you would never know that money existed in that purse.” (A 52 year old male artisan).

In the female groups, the general opinion was that it is their children's responsibility to take care of them when they will be too old to work. Most of them therefore said that they were educating children as an investment.

“Right now, all the money I am making goes into feeding and clothing the children and most of all paying their school fees. All for what reason? So that I do not sleep hungry when I am too old. They are my investment because that burden cannot allow me to do anything else like buy property or save for retirement.” (A 42 year old female who sells food stuff lamented).

But the male participants thought that they could not burden their children with this sort of responsibility. They also said that the world is changing and life becoming too hard to have such expectations. As one put it;

“Currently I have too many problems of my own taking care of my family. If my parents were to rely fully on me to take care of all their needs, I will not manage. Of course I can chip in every now and thenbut only if I have something extra, it is not a must.” (A 26 year old male artisan).

Another one had this to say;

“Long time ago, people were expected to take care of the entire extended families, but things have changed. I can barely make enough money to meet the needs of my family, how then would I be expected to run another household? And things are getting worse as children of today know their rights and they will tell you that it is your responsibility to take them to school.” (A 49 year old male artisan).

Nevertheless, women, predominantly single, widowed and divorced ones, thought that they would set up some sort of businesses to rely on after retirement.

4.2.5 Responsibility and pension

Asked whose responsibility they felt it was to provide for pension, all the female participants and the male group of age 41-55 said that the state should have the greatest role in providing pension. One person said;

“It should be the state's role to take responsibility for its citizens.”(A 38 year old, male artisan).

They held the view that the state is providing pension for the formal sector workers and should therefore do the same for them too. And as a 29 year old female artisan saidø

“We make a very big contribution to the economy of this country and so the government should organize to take care of us in old age just as it does the civil servants.”

They said that matters of pension should not be left to the private sector as they would only be interested in making profit for themselves.

“I think too much is going over to the private sector and it creates too many inequalities in society.”(A 48 year old male artisan).

In the male group 29-29, the participants felt that the individual should be responsible for their retirement plans as they are responsible for their lives in general. All the participants agreed that affordability is a major concern.

“The government does not force you to have a job now.....it is your own responsibility. The same way, you should take it upon yourself to make arrangements on how you will survive in your sun set years. The state should only put up the needed infrastructure.”(40 year old toilet owner who is saving for pension).

One person simply accepted the government position without question (which promoted an increased individual role in pension provision), saying;

“The individual needs to take up more responsibility and be aware so as to provide their own pension as it is too costly for the state, how do you expect a government that

cannot take care of itself to take care of you?” (36 year old male artisan who is saving for pension)

In both the male and female groups of age 18-28 participants felt that the employers should have the most significant role in providing a pension.

“I definitely say your employer. It should be a product of the job, remuneration of work and appreciation for your loyalty; it should be a way that your employer identifies all the good work you've done and the time you've done it. And anyway that is what happens in other private sectors, why not here?” (A 26 year old male artisan).

Another said,

“I'm not sure whether it's their job really, but I can see the advantage to the employer because it would produce loyalty.” (A 24 year old female food seller).

The participants in the older age groups (29-40 and 41-55) felt that it would be too much disorganized to get employers to contribute for their employees as most jobs in the informal sector were temporary, and the workers moved from one employer to another. They felt that unless a proper data base was put in place with proper registration numbers unique to both employees and employers, this would never be possible.

“I do not see how the government would keep a tab of all of us because there is no formal registration here. The government should first have records of who does what job and maybe issue a unique personal number to each worker like the national identity number.” (A 32 year old male artisan).

Also they said most of the employees worked on piece rate especially the artisans and painters) therefore they can really not be categorized as employed. This sentiment was also pointed out by a key informant who said;

“These artisans work on piece rate. I can have 5 pieces, someone else has 10 and a third person has 20. The artisan will be paid according to the number of pieces he is able to complete. In such a scenario, who then is his employer?”(An official of the Kamukunji Jua Kali Association).

However, when the respondents were asked if they thought employers should be compelled to contribute towards their employees' pensions, all of them said yes without question, including those that had earlier said that it was not the employers' responsibility. One respondent said;

“They should show gratitude and be compelled to pay at least more than the employee.” A 36 year old female painter.

Others said some companies should be compelled but not all: a typical response here was;

“I think that depends on what business you are in, I think sometimes for a bigger company it's a bit easier, but for a small business I think employers would get into financial difficulties, most of them might not afford it and if it is made compulsory, they will only employ less people and so we will lose jobs” (30 year old female hotel employee).

When asked about compulsion on the individual to save for retirement, there was a general consensus that they would be against any compulsion and that it should be left as a matter of personal choice as it is currently. They were intrigued as to how the government would implement this. One participant said,

“Well I don't see how they are going to get blood out of a stone, to be quite honest I would be contributing at the expense of something else as I have more immediate needs now, so something else would have to go.”(A 32 year old male artisan).

They simply did not trust the government with anything and felt that the pension was not in any way going to be available to the individual in the long run due to corruption of state officials. As one participant put it,

“That will be like robbing Paul to pay Peter....” (A 49 year old male artisan).

Others were simply against it. One person said,

“I would be vehemently against anybody telling me how to invest my money more so not the government that do not care about my rights as a worker right now”(26 year old female food kiosk employee).

A dissenting voice accepted compulsion if this was tied in with job security and a guaranteed pension. One person said,

“I wouldn't mind if it was guaranteed and it is a decent pension”. (A 20 year old female artisan)

Another said,

“Fair enough if at the end of the day you get what they say you would; if they say no it didn't perform I wouldn't have any confidence.” (A 37 year old female food seller).

4.3 Gender and pension

In this research some people had spent time out of employment due to raising a family, all of them were women. When asked what effect raising a family had on their work, all of them said it had a negative effect. Those who were previously employed had to find alternative jobs as someone else had been hired to replace them, and those who owned small businesses had to start a fresh. All of them also said that most people did not want to employ new mothers as they were seen as a liability. This confirms the difficulty mothers have when working in the informal sector.

When asked how they planned to take care of themselves when they retire, the women said they would rely on their children or partners to take care of them. One woman, a 48 year old banana seller said,

“If you invest in children you get it back.....If my children can't look after me, after all the sacrifice I have made for them, then that's harsh. In my culture that's what happens, unless it stops in my generation - who knows?”

The others said that with the current unemployment rate, they would not depend on their children to take care of them. The older ones (41-55 group) said that they were still taking care of their children who ought to be working because they could not find work. But they said that earlier in the years they had invested in their children with the hope that they will take care of them in old age.

It also came out that men enlist the unpaid labor of their wives for productive work but women have little control of their husbands' income and can therefore, not make any financial decision as documented by Tokman (1979). And as a 38 year old woman said;

“Mine is to fix the jiko handles and apply the black oxide as my husband makes the jikos. It makes work easier and faster for him. Therefore he earns much more than the people who still have to do all these to have a finished product or those who have to pay someone else to do it. He will take care of me when we retire just as he is doing now.”

Women in the formal sector employment have benefits that help them continue work if they choose, after a break in employment due to bringing up children or caring at home for a sick family member, such as with a brief maternity or compassionate leave. For those in the informal sector employment, and particularly those bringing up children on their own, such opportunities are rare. The result is that for many women, the options are simply to take time out of employment or work part-time. With a pension system in which building up your funds depends on how much you can save, there could be greater pressure on women to join the workforce when they may prefer to stay at home with their children during the early years of their development.

4.4 Attitudes and uptake

From the findings in this research, it was clear that attitudes towards pension does not really influence uptake of the services. All the participants who had a positive attitude, only 15% were actually saving for retirement. The ones who were not saving cited their income levels, lack of transparency of the schemes, difficulty in getting registered and job insecurity as reasons why they were not able to save. Others did not save because they had an alternative means of livelihood after retirement. The participants felt that the companies asked for too many documents in order to get registered most of which they did not have.

On the other hand, attitude towards the schemes was found to be a major influence on uptake. Of all the participants who mentioned corruption, lack of transparency and distrust of schemes, none of them were saving. It is interesting to note that over 80% of these participants had never had any personal experience with the said schemes and these opinions were purely from hearsay while others said that it was just their own perception. Another universal view that the research discovered is that the people did not have any confidence in

anything that is sponsored by the government. All of them agreed that this is because of the corrupt state officials who misuse public funds and get away with it.

5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

Objective 1: To document the attitudes of informal sector workers towards pension

Findings from this research indicate that the informal sector workers have a positive attitude towards saving. Nevertheless what was clear from the findings is that for many, this attitude is clearly a hope as current responsibilities and low pay were all cited as the main reasons why saving is not possible now and even in the future. In this research, many were not saving for retirement, especially via the pension schemes route. Instead, some viewed their property as part of their retirement income. Yet many agreed that pension is very important and can be a major source of retirement income. These attitudes were also seen to change with age, the older ones seemed more positive than the younger workers.

Objective 2: To examine the similarities and differences of the attitudes based on gender

It was also found that the female workers were more likely to depend on others especially children and partners to take care of them during retirement as compared to the men. The men thought more about retirement than the women. The females are in the informal sector are also less likely to have stable income because of their reproductive roles, and therefore are less likely to start and maintain saving. Men were found to be more knowledgeable about the pension schemes and had a deeper understanding on how they work as compared to the women. For those who saved with the Mbao pension plan, more men contributed more than the minimum required amount of Kshs.20 as compared to the women.

Objective 3: To examine the impact of the attitudes towards the uptake of saving services.

The attitude of the workers towards pension was found not to affect uptake of the existing pension schemes. But what came out clearly from the results is that the attitude towards the specific schemes, which was generally negative, affected their uptake.

Therefore as much as these workers would like to save for retirement, they had a negative attitude towards the existing pension schemes and this was brought about by lack of trust and awareness.

5.2 Conclusion

Although there was widespread acknowledgement amongst participants that saving and planning for the future were important and an individual's own responsibility, other factors conspired to prevent these attitudes translating into behavior. Participants were very much focused on their immediate lives and had rarely given any thought to the future beyond the next few years, let alone their retirement years and how they would fund them. Two related perceptions emerged: first, that people should enjoy spending their money while they are young; and secondly that there will always be a better time to start saving in the future. Both of these contributed to participants' beliefs that there was no immediate need or expectation for young people to start putting money aside for the future (i.e. saving into a 'rainy day' fund) as opposed to saving up for specific purchases, which is a more common experience for young people). Most participants seemingly had a good awareness of the arguments in favour of saving and were in agreement that saving was desirable and something that they should do at some point. Few saw themselves as 'good' savers in as much as they thought that they could do more, if they really wanted to, and that they probably would do later on in their lives. However, despite these positive signs, it was equally clear that many struggled to reconcile their saving intentions with their current lifestyles and consumption habits.

For the most part, these positive triggers conflicted with the barriers in many participants' lives. A particularly strong barrier to saving for the future was the overwhelming view that being young was a time for 'living for the moment', strengthened by the belief that it would

be easier to begin saving in a few years, when they would be in a better financial situation. Other barriers included lack of knowledge about financial products, concern that any savings would count against any benefits they can claim and the need to pay off debts. The desire to clear any debts before beginning saving for the future was common across all groups, but concern about the impact of savings on benefits and lack of knowledge about financial products tended to be concentrated among some of the less affluent participants.

Barriers to taking up a pension

Some of the barriers to saving in general also applied to saving in a pension.

However, there was much greater strength of feeling when discussing the barriers to saving in a pension. These included:

ÉA lack of thought given to retirement planning;

ÉPerceived unaffordability;

ÉLife stage

ÉA perception that other investments (such as property) gave higher returns; and

ÉLack of trust in pension schemes.

Old age tended to be perceived as constrained, boring and depressing and not worth thinking about, although some participants also cited the experience of family members living a positive and happy old age. Few participants were concerned about their own retirement, although they were aware that this time may not always be *rosy*. Participants commonly associated old age with a lower standard of living, physical disability, living alone, a lack of mobility, reduced social contact and greater budgeting. The topic of retirement was regarded as dull, boring and morbid. When considering how their spending might alter when they retire, the first reaction of many participants was that the cost of living would be lower, as

they would have put all their children through school, would be living upcountry where they will not be paying rent and farming for food and would have fewer social engagements and interests. However, some participants had a more optimistic perception of what their own retirement might be like, from personal contact with older people who were enjoying their retirement years. Many anticipated spending quality time with their families, and enjoying a high level of material comfort without the burden of having to fit this around working hours. As well as grandparents, some participants also mentioned other relatives who had retired early and were perceived to be leading a very good life.

Furthermore, no obvious link between low pay and a negative attitude towards saving for retirement was found. After discussing pensions in the group discussions and depth interviews, a number of participants resolved to think a little more about how to fund their retirement. Those who were working and had initially turned down the chance to join a pension scheme had been encouraged to investigate the schemes further following participation in the research. Those already with a pension generally felt reassured that they were doing the right thing and were thankful that they had in the past signed up to a pension scheme. There were also some participants who continued to be less enthusiastic about taking out a pension following the discussions, often because other ways of investing their money (such as property) were still regarded as likely to perform better. Others said they had found the discussion useful and informative, but due to their uncertain financial situation, they would not be likely to take out a pension in the near future, but would look into it again when their employment (and hence their finances) was more secure.

5.3 Recommendations

Pension saving should be made mandatory for each and every worker in the country. The government should put in place incentives to encourage people to save. These could include; shilling for shilling initiative and tax relief among others.

More awareness on the importance of pension should be done through advertisement and campaigns. Also the government should hold frequent workshops and seminars to increase knowledge on importance of pension and available avenues for saving. The workers should be made aware of how these funds are invested and how the returns are achieved. The research highlighted a diverse range of attitudes and experiences amongst participants. This means that it is difficult to treat all the informal sector workers in the same way when discussing saving and planning for retirement. Communications on these subjects need careful design if they are to influence behaviour effectively.

The research underlines the challenges associated with influencing the workers' behaviour. It would be useful to consider ways of helping to link their unspoken knowledge of the benefits of saving and planning for the future to their actual behaviour. This will entail overcoming 'live for now' attitudes and generating a more positive image of pensions and retirement.

A crucial message to convey to young people is the need to begin saving for retirement as early as possible, and that starting early gives the total savings 'pot' longer to benefit from interest or investment growth. It is also important to communicate that saving even relatively small amounts at an early age reduces the need to save in later life; most participants thought that the sums of money they were able to save were not worthwhile amounts.

The concerned parties should keep their promises to their clients to build trust. This was found to be one of the major obstacles towards saving for pension as most people do not trust the private companies or the government to responsibly handle their money. The companies should also put in place guarantees and warranties, a promise to compensate the customer in case of misinformation emanating from their stewa

References

- AFROL-Gender Profiles-Kenya <http://www.afrol.com> (accessed on 23rd April 2013)
- Alliance Global investors <http://us.allianzgi.com/EducationAndPlanning/InvestorEducation>
(Accessed on 2nd May 2013)
- Bhattacharya, P. (2008). *Micro Pension Plan: Indian Perspective*. Paper presented at Living to 100 and Beyond Symposium January 7-9. Orlando.
- Benarsek, A. (2000) *Gender, Risk and Investment : A Feminist Perspective*. Paper presented at the annual IAFFE conference, Istanbul, Turkey, August 15-17, 2000)
- Braun, V. and Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology*, 3 (2). pp. 77-101.
- Bromley, R.T. (1978). *Introduction: The Urban Informal Sector: Why is it Worth Discussing?* *World Development* 6: 1033-9.
- Castells, M, Portes, A . and Benton, L. (1989). *The Informal Economy: Studies in Advanced and Less Developed Countries*, Johns Hopkins University Press: Baltimore.
- Chambers, R (1982), *Rural Development: Putting the Last First*. London. Macmillan
- Dullemen., C.E., Bruijn, J. G. (2011). *Pensions for the poor; a case study of micro financing*. <http://www.rug.nl/gsg/Research/Conferences/EUmicrofinconf2011/Papers/11A.Bruijn-Duallemen.pdf> (15 April 2013)
- Erikson, E. (1965). Inner and outer space: Reflections on womanhood. In R. J. Lifton (Ed.), *The woman in America*. Boston: Houghton Mifflin, Co. 95-101
- Gilligan, C. (1982). *In a different voice*. Cambridge, Mass: Harvard University Press.
- Goddard, V. (1981), The Leather Trade in the Bassi of Naples. *The IDS Bulletin*, 12: 166, Institute of Development Studies, Sussex.

Kenya Economic Survey ó 2007. Kenya National Bureau of Statistics.

Kenya Economic Survey ó 2011. Kenya National Bureau of Statistics.

Floro, S.M., and Seguino, S (2002), *Gender Effect on Aggregate Saving, Gender and Development Working Paper Series no. 23*, Warshington DC: World Bank.

Havighurst, R. J. (1953). *Human Development and Education*. New York: Longmans, Green & Co.

Havighurst, R. J. (1972). *Developmental Tasks and Education* (3rd ed.). New York: David McKay.161

Havighurst, R. J. (1982). The world of work. B. B. Wolman (Eds.), *Handbook of developmental psychology* (pp. 771-787). Englewood Cliffs, N.J.: Prentice Hall.

Help Age International. 2006. Why social pensions are needed now. Available:<http://www.globalaging.org/pension/world/2007/needed/pdf>. (28 March 2013).

Holzmann, R. & Hinz, S. 2001. *New Ideas about Old Age Security*. World Bank. Washington DC.

Hu, Y., & Stewart, F. (2009). *Pension Coverage and Informal Sector Workers: International Experiences*. OECD Working Papers on Insurance and private Pensions. No.31. OECD Publishing

Ikiara, G.K., & Ndungu, N. S. (1999). *Adjustment, Employment & Missing Institutions in Africa*. ILO: Geneva

World employment report-Social Protection Sector. ILO Geneva, 2001

<http://www.ilo.org/public/english>. (Accessed on 5th May 2013)

Decent work: Concepts, models and INDICATORS, Ghai, D., ILS Geneva 2002

<http://www.ilo.org/public/english>. (Accessed on 5th May 2013)

World employment report 2004-2005. Employment, productivity and poverty reduction

<http://www.ilo.org/public/english>. (Accessed on 5th May 2013)

International Labour Conference, 96th Session, 2007 ó Report VI ó The promotion of sustainable enterprises. <http://www.ilo.org/global/resources>. (Accessed on 5th May 2013)

Jumani, U. (1987) The Future of Home-based Production in Singh and Kelles-Viitanen, (eds), *Invisible Hands London*, Sage 88-132

Kakwani, N., Sun, H. & Hinz, R. 2006. *Old-Age Poverty and Social Pensions in Kenya*, International Poverty Center, Working Paper No. 24.

Kamukunji Jua Kali Association website <https://site.google.com/site/kamukunjiuakali> (accessed on 24th April 2013)

Keizi, L.K. 2006. *Barriers to Pension Scheme Participation by Workers in the Informal Economy*. Retirement Benefits Authority. Available: www.rba.go.ke (15 April 2013)

Keizi, L.K. 2007. *Can Universal Pension help in Reducing Poverty in Old-Age in Kenya?* Retirement Benefits Authority. Available: www.rba.go.ke (15 April 2013)

McCord, M., and Buczkowski, G. (2004). Good and Bad Practices in Micro-Insurance.: CARD MBA, the Philippines CGAP Case Study. [Online] Available: www.microfinancegateway.com (15 April 2013)

McCormick, D., and Mitullah,W. 1995. "Policy Experiences of Women in Kenyan Small Enterprise." Paper presented at UNESCO Meeting on Women in the Informal Sector, Nairobi. September 1995.

Moser, C.(1989), "Projects for Women in the Third World: Explaining their Misbehavior" *World development*, Vol 14. No.5Page 553-664

Nofsinger, J. (2001), *Investment Madness - How Psychology Affects Your Investing, and What to Do About It.* (1st ed.). Upper Saddle River: Prentice Hall

Odundo, E. (2008). *Supervision of Pensions: The Kenyan Experience.* [Online] Available: www.rba.go.ke (15 April 2013)

Orina, R.O. (2010) *Factors Influencing Saving For Pension in the Jua Kali Sector in Kisii Municipality, Kenya*, a Masters Thesis Accounting and Finance department, Kenyatta University <http://etd-library.ku.ac.ke> accessed on 12th April 2013

Palacios, R.; Pallarés-Millares, M. 2000. International patterns of pension provision (Pension Primer Paper). Washington, DC, World Bank. Ross, S. G. (2004). *Collection of Social Contributions: Current Practices and Critical Issues.* Paper presented at International Conference on Changes in the Structure and Organization of Social Security Administration 18-20 March 2004 Cracow, Poland.

Rowlingson, K. ,Whyley, C. and Warren, T. (1999) *Income, Wealth and the Lifecycle.* York: Joseph Rowntree Foundation. Available at: www.jrf.org.uk/publications/income-wealth-and-lifecycle (accessed 20th May 2013).

Rubin, L. B. (1979). *Women of a certain age.* New York: Harper Colophon Books.

Shankar, A., and Asher, G. (2009). *Developing Micro-pensions in India: Issues and Challenges.*

[Online] Available: <http://www.umdcipe.org/conferences/policyexchanges/confpapers/Papers/shankar-asher.pdf> (20 April 2013)

Sethuraman, S.V. (1981). "The Urban Informal Sector in Developing Countries: Employment, Poverty and Environment", International Labour Organization: Geneva

Statman, M. (1999), "Behavioural Finance: Past Battles & Future Engagements," *Financial Analysts Journal*, 55 (6), 18-27.

Stewart, Fiona and Juan Yermo. 2009. "Pensions in Africa", OECD Working Papers on Insurance and Private Pensions, No. 30, OECD publishing.

Tokman V.E. (1978) "An Exploration into the Nature of Informal-Formal Sector Relationships, in *World Development*, vol.6, no 9/10 pp1065-1075

Turner, M. J. (1985). *Psychological attributes of career and non-career married women*. Master's Thesis Department of Economics, Texas Tech University, Lubbock, Texas

Uthira, D. & Manohar, H.L. 2009. Economic Implications and Sustainability of Micro pensions in the Era of Pension Reforms in India. *International Research Journal of Finance and Economics*. Vol 24 (2009), 36-48.

United Nations.(2007). Pensions in Developing Countries: A Quest for Modern Format for Intergenerational solidarity. United Nations.

Vondracek, R. W. & Lerner, R. M. (1982). Vocational role development in adolescence. In B. B. Wolman (Ed.), *Handbook of developmental psychology* (pp. 602-614). Englewood Cliffs, N.J.: Prentice Hall, Inc.

Winters, L.A. (2002). Trade Liberalization and Poverty: What are the Links? *The World Economy*, 25(9), 1337-1367.

World Bank. (2006). The Informal Sector: What Is It, Why Do We Care, and How Do We Measure It? [Online] Available:

<http://siteresources.worldbank.org/INTLAC/Resources/CH1.pdf> (15 April 2013)

Young, K. (1993). *Planning Development with Women: Making a World with a Difference*, Basingstoke. Macmillan

APPENDIX I; CONSENT FOR PARTICIPATION

Participant's Consent for Participation

Hello. I am _____ a Master's degree student at the University of Nairobi. I am doing a project about pension plans and saving for old age among the informal sector workers. The project will help us better understand how the workers at Kamukunji Juu kali workers perceive retirement and their general attitude towards saving for old age.

Procedure

If you agree to participate, we will need your help with information. You will be invited to a discussion group that will have 6-10 other participants. We shall all engage in an open discussion that will take between 60 minutes to 90 minutes. A tape recorder will be used to capture all the information discussed. This will be solely for the use of the researcher to aid in analysis.

Voluntary participation and withdrawal

Your participation in the study is absolutely voluntary. You do not need to talk to me if you do not want to. If you decide to participate, I will keep everything that you tell me entirely private and confidential, and I will not talk to other people about what you have said. I will also keep your name confidential, and not tell anyone that you have talked to me. You have a right to refuse to answer any questions you feel uncomfortable with, and you can even stop whenever you feel like.

Risks

The potential risks for your participation are minimal. To guarantee the confidentiality of your information, the data collection and research teams will handle the information with

strict security norms, as to provide safeguards from outside access to individual data. Any information that might lead to your identification will be removed from the results published from this study.

Benefits

There is no direct benefit to participating in this discussion; however, you will receive compensation in the form of airtime worth Khs.100 as an appreciation for your time.

Permission to Proceed

Is it okay to proceed with questions and data collection?

Check one: Yes

No

Participant's Name: _____

Signature:-----

APPENDIX II;GUIDE FOR THE FOCUS GRUOP DISCUSSION

Introduction

É Introduce self (moderator)

É Introduce and explain the nature of discussion (feel free, no wrong answers, confidentiality)

É Introduce recorder

É Let respondents introduce themselves

É Talk about duration of the discussion

Warm up and acclimatization

É What do you do during your free time?

É What are your aspirations (probe around goals and what they are doing to achieve them?)

É What are some of the impediments you meet while trying to achieve these goals (probe anything that can be done to help

Associations

É In our society, how do people prepare for old age/retirement? (Probe what they do, how they do it, where they do it)

É When you think of pension/saving schemes, what comes to your mind?

É What kind of people are mostly involved in these schemes (probe around, social class, occupation, gender, age)

Knowledge

É Do you know about any pension schemes/ savings for old age? (Probe for examples of schemes known)

É What do you know about them, please tell me more

Attitude

- What is your opinion towards pension/saving schemes?
- What are the advantages?
- What are the disadvantages?
- Would you personally be a member of any pension/savings plan for old age?

Why

- If not a pension scheme how else would you save/invest for retirement?

Focus on Mbao pension plan

É Do you know about Mbao pension plan? (How does it work, who offers it, what happens if you are a member, advantages, disadvantages)

APPENDIX III; GUIDE FOR KEY INFORMANT INTERVIEW

- Are you saving for retirement? If yes, how. If no, why?
- What is your opinion towards pension/saving schemes?
- What are the advantages?
- What are the disadvantages?
- Would you personally be a member of any pension/savings plan for old age?(Probe)
- If not a pension scheme how else would you save/invest for retirement?
- Is there anyone who you would expect to take care of you when you stop working?

- Is there any particular reason that would make people not save in this environment?

APPENDIX IV; SHOP STEWARD INTERVIEW

- Approximately how many people/what percentages of people have registered for the scheme?(Probe according to gender, age groups, and income brackets)
- In your opinion, how can you explain these numbers?
- In your opinion, do they understand the concept behind the scheme?
- What is the attrition level?
- What is the general attitude of these workers towards the plan?
- What are they not happy about/ that they would like to be done differently?
- Are there any particular complaints that these workers have concerning the scheme?