

**GENDER DIMENSION IN THE ATTITUDES OF FORMAL SECTOR WORKERS
TOWARDS SAVING FOR RETIREMENT WITH THE NATIONAL SOCIAL
SECURITY FUND (NSSF) KENYA**

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DECLARATION

This project paper is my original work and has not been presented for a degree in any other University.

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DEDICATION

This work is dedicated to my family whose encouragement and support gave me the drive to carry on and to my friends who have been my inspiration and mentors.

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ABSTRACT

The purpose of this study was to examine the attitudes of formal sector workers' towards saving with NSSF, and whether this has a gender dimension. The study was guided by the following objectives: to describe the attitudes of formal sector workers' towards saving with the NSSF; to establish factors that influence formal sector workers' attitudes towards saving with NSSF; and to determine whether there are any gender-driven attitudes among formal sector workers' towards saving with NSSF.

The study population consisted of employees from Ministries and organizations housed at the Social Security House, Nairobi, who contribute to NSSF as a statutory requirement. The researcher used stratified sampling techniques to stratify the gender of the participant in order to highlight whether there exists a gender dimension in workers'' attitudes towards saving with NSSF. Survey questionnaires, key informant interview guides and focus group discussion guides were used to collect the data. The Statistical Package for the Social Sciences (SPSS) was used to analyse the quantitative data while Ms-Excel was used to analyse the qualitative data.

The study findings suggest that the dissatisfaction of workers on services rendered by the Fund were in the areas of benefits claims payments and survivor benefit claims payments. Also payment of interests to members' accounts was shown to be a major cause of the negative attitudes that workers have towards saving for retirement with NSSF. In addition, lack of proper communication by the NSSF on members' funds and how interest is credited to members' accounts was cited as a major area of concern. The study finding indicate that members' attitudes influence how they save for retirement with NSSF. Also factors such as access to information, familiarity and awareness of services offered by the Fund, perception of services offered by the Fund to contributors, education and financial obligation, do influence how members save for retirement with the NSSF. However, the study found that gender did not influence workers' attitude to how members save for retirement with NSSF. Based on the

conclusions of the study, the researcher recommends that NSSF educate and sensitize contributors on benefit of saving for retirement with the Fund. The Fund should also improve on service delivery to its customers.

LIST OF ABBREVIATIONS AND ACRONYMS

DB	-	Defined Benefit
ILO	-	International Labour Organization
ISSA	-	International Social Security Association
KNBS	-	Kenya National Bureau of Statistics
NSSF	-	National Social Security Fund
PBC	-	Perceived Behavioural Control
RBA	-	Retirement Benefits Authority
RSSB	-	Rwanda Social Security Board
TNSB	-	Tanzania National Security Board
TPB	-	Theory of Planned Behaviour
TRA	-	Theory of Reasoned Action
TRB	-	Theory of Reasoned Behaviour
UN	-	United Nations

CHAPTER ONE

BACKGROUND TO THE STUDY

1.1 Introduction

the central pillar of social security systems in most member States, yet it tends to focus Social protection has been defined as ‘public actions taken in response to levels of vulnerability, risk and deprivation which are deemed socially unacceptable within a given polity or society’ (Conway *et al.*, 2000:6). Social security protection refers to programmes established by statutes that insure individuals against interruption or loss of earning power.

In Kenya, many private institutions (insurance, self-help, community-based mutual) can take responsibility for providing selected services or fulfilling selected social protection roles. The country has made achievements in establishing the basis of social protection floor. However, substantial gaps in coverage - specifically of vulnerable populations – still exist and must be addressed (ILO, 2010a:15).

The concept social security protection is understood in many ways by different people. Its definition often depends on the goals to be pursued, the entities involved and the socio-political environment within which these goals are to be achieved.

Article 22 of the United Nations Charter on Human Rights states that, “Everyone, as a member of society, has the right to social security”. Article 25 of the same Charter provides for “...the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control” (UN, 2008: 8-9).

Article 10 (2) (b) of the Constitution of Kenya, 2010 provides for national values and principles of governance including, “human dignity, equity, social justice, inclusiveness, equality, human rights, non-discrimination and protection of the marginalized.” In addition to the above broad values and principles, Article 41 (4 & 5) of the constitution recognizes

workers' rights to organize and engage in collective bargaining and, in particular, states that every worker has a right to: fair remuneration; reasonable working conditions; form, join or participate in the activities and programmes of a trade union; and go on strike. Articles 40 (2) and 27(2) guarantee the rights of all persons, providing a framework for organizing and advancing the right to social security, among other rights of workers'. Article 43 (3) of the Constitution of Kenya (Republic of Kenya, 2010), provides for social security in more direct and specific ways by way of economic and social rights, rights of children and youth generally, minority and persons with disabilities and the elderly. Therefore, it is fairly progressive not only in as far as human rights go generally, but also the right to social security in particular.

According to the International Social Security Fund (ISSA, 2011:5), most mandatory social security programmes are created by legislation, decree or some official act of government, to define the mandate of the institution responsible for the implementation of the programme. Members and beneficiaries must be regularly and periodically informed of their rights and privileges, as mandated by the legislation, policy or decree that establishes the social security programme (ISSA, 2011:21). The social security institution should provide its members with quality service in the distribution of programme benefits (ISSA, 2011:59).

Coverage by old-age pension schemes around the world, apart from the developing countries, is concentrated on formal sector employees, mainly in the civil service and large enterprises. The highest coverage is found in North America and Europe, the lowest in Asia and Africa. Worldwide, nearly 40 per cent of the population of working age is legally covered by contributors' old-age pension schemes (ILO, 2010a:20).

The National Social Security Fund (NSSF) was established by an Act of Parliament (Cap 258 of the Laws of Kenya) in 1965 to offer formal sector workers' a tool to accumulate and invest their savings for social security protection in old age. The NSSF covers formal sector employees in Kenya other than employees covered under the public service pension

scheme. With an estimated population of 43.3 million and only 18.89 million in active labour force and about 12.7 million who form the workforce, and a youth unemployment that is as high as 70 per cent, and the value for age dependency ratio (% of working-age population) of 82.18, there is need for social security that is real (KNBS, 2012: 29).

According to Kenya National Bureau of Statistics (2012: 29), in the year 2008 NSSF had 61.4 registered employers. In 2009 the number rose to 72.6, and was the same in 2010. By 2011 the number of registered employers stood at 84.2. During the same period, the number of registered employees with NSSF (Unit 000) was 3,169.00 in 2008, 3,395.40 in 2009, 3,402.00 in 2010 and 3,655.18 in 2011. Annual Contribution towards NSSF was KES 5,368.60 in 2008, 5,640.97 in 2009, 5, 531,71 in 2010 and 5,990.56 in 2011. Though there is an increase in membership and in contribution rates this is minimal.

All the formal social security institutions referred to above cover only about 6% of the population in the country in the formal sector. A majority of the population involved in the urban areas and those in the rural agricultural economy are excluded. The people still depend on the traditional and informal social security arrangements for their protection against hunger, sickness, old age, homelessness, unemployment, maternity care and injuries (Barya, 2011:61).

A large informal economy constitutes a particular challenge for the extension of social security coverage. Currently voluntary contribution to NSSF is possible. Social insurance remains on formal employees (ILO, 2012:16). This voluntary coverage is possible with the NSSF. Both employer and employee contribute KES 200 each as statutory contributions. To ensure security and safety of retirees' funds, NSSF brought on board other stakeholders forming a tripartite organization run by the Government, workers' and employers with representation from the board of trustees, consisting the Government, the Federation of Kenya Employers and the Central Organization of Trade Unions, Kenya (ILO, 2010b:19). The first

contributions (from men only) were received in July 1966. Female employees first registered in January 1975 but started contributing in 1977 (ILO, 2010b).

Between 2005 and 2010, social protection expenditure in Kenya rose from KES 33.4 billion to 57.1 billion, which was equivalent to 2.28 per cent of the gross domestic product (GDP) in 2010. Analyzing year-on-year coverage of these programmes shows that the coverage of contributors schemes increased by 134 per cent from 2005 to 2010 and safety nets (temporary or short-term programmes and social transfers) increased by 35 per cent over the same period. By the end of 2010, safety nets covered almost 14 per cent of the population and, in spite of rapid growth, contributors' schemes covered only an estimated 1 per cent (Republic of Kenya, 2012:14).

NSSF has had challenges in coverage of formal sector workers'. Also with the constant changes in appointment of new managing trustees, there is likelihood that such happenings can impact on contributors' attitude. NSSF was set up to cater for private and public sector social security. It is a statutory requirement for all public and private sector firms employing five or more workers' to make monthly contributions to the NSSF which should be made readily and easily available. Access to adequate social protection is recognized by International Labour Standards and the UN as a basic right. Extending coverage to those excluded should not necessarily be seen as broadening the scope of an existing social security scheme. Even if the scheme is compulsory and based on pooling of risks and contributions, it will experience difficulties if it is not seen by those it covers as efficient, transparent and relevant. Too often, public schemes have failed to meet these requirements whether because of bad planning, internal mismanagement, inappropriate external interference or adverse political circumstances (ILO, 2004:13).

According to Hockenbury and Hockenbury (2003:315), attitude is a learned tendency to evaluate some object, person or issue in a particular way; such evaluations may be positive,

negative, or ambivalent. The three components of attitude are (a) cognitive, which are thoughts and conclusions about a given topic or object, (b) affective, which is feelings and emotions about a topic or object, and (c) behavioural, which reflects a person's actions.

Workers' attitudes towards saving for social security protection with NSSF could directly be linked to how satisfied they are and how this satisfaction leads to their registering and contributing to the Fund. Attitude influences an individual's choice of actions and responses to challenges, incentives and rewards. Heskett *et al.* (1997:18) provide evidence in support of a "service profit chain" in which companies that provide high quality service have satisfied and loyal customers and loyal employees, and higher revenue growth. Our expectations and response sets partly determine how we see the world. Attitudes, suspicions, and conclusions about others also determine how we relate to people.

One of the major sources of distrust in social security institutions in Africa has to do with mismanagement of some of these schemes, that is, high administration costs and absence of budget constraints on administrative expenses. Service has generated substantial dissatisfaction among members of social security schemes. Most complaints revolve around inadequacy of benefits, delays in payment, lack of up-to-date information about the schemes and the amount of individual contributions made and estimated benefits (Olivier, 2005:40). In realizing the prime importance of customer loyalty to organizations, a major concern is to determine how it is affected. A review of studies by Kumar *et al.* (2011:160) indicates that service quality, corporate and brand image, perceived value, trust, dependability and development of good relationships are the drivers of customer loyalty.

The NSSF is currently structured as a provident fund, meaning that beneficiaries are paid only once (in a lump sum) upon retirement (Republic of Kenya, 2012:11). On-going corporate transformation programmes at the NSSF are aimed at clearing misconceptions on

the Fund's statutory mandate. Last year (2013), NSSF was awarded ISO 9001:2008 Certification.

1.2 Statement of the Problem

After a lifetime of hard work, people deserve the opportunity to live out their golden years with dignity and financial independence. At the beginning of this century before western influence was felt by many Kenyans, family land units were sufficient to support all family members including those who worked away from home and returned home after retirement. Ethnic customs decreed that the welfare of the aged was the responsibility of the family and the community. However, due to increase in population land units have become smaller and are unable to support all family members. Also the young and educated people no longer feel bound by their customs to support the aged.

Currently few workers are registering and contributing for their retirement with the National Social Security Fund in Kenya (Republic of Kenya, 2012:14). In spite of this state of affairs, there has not been sufficient information on workers attitudes to saving for social security protection with NSSF. It was therefore important that an investigation be made into how attitude affects the use of social security protection offered by NSSF. This study sought to understand the attitudes of formal sector workers' towards saving with NSSF, the factors that influence these attitudes and whether these attitudes have a gender dimension. To do this, the study sought to answers to the following research questions:

- a) What attitudes do formal sector workers have towards saving with NSSF?
- b) What factors influence these attitudes?
- c) What gender- driven attitudes exist among formal sector workers towards saving with NSSF?

1.3 Research objectives

1.3.1 Overall objective

To explore the formal sector workers' attitudes towards saving for retirement with NSSF and how these attitudes affect effective rates of registration and contribution to the Fund.

1.3.2 Specific objectives

- a) To describe the attitudes of formal sector workers towards saving with the NSSF.
- b) To establish factors that influence these attitudes.
- c) To determine whether there are any gender-driven attitudes among formal sector workers towards saving with NSSF.

1.3.3 Assumptions of the Study

- a) Workers' attitudes towards NSFF influence how they save for retirement with NSSF.
- b) These attitudes are influenced by some factors.
- c) There are gender-driven attitudes among formal sector workers towards saving for retirement with the NSSF.

1.4 Justification of the Study

This study is important to various stakeholders in the pension industry, in the academic sectors and in policy developments. Specifically, this study is beneficial to the stakeholders in the following ways. One, academics should be able to borrow from the findings of this research to support literary citations as well as develop themes for further research. Specifically, the study makes theoretical, practical and methodological contributions. The study findings should enable academics and researchers to understand how formal workers' attitudes influence their saving for retirement. Two, the findings could be useful to employers and policy makers who may wish to understand how formal workers save for retirement.

1.5 Scope and Limitations of the Study

The study population consisted of formal sector workers' working in ministries housed at the Social Security Building in Nairobi. The study focused on attitudes of formal sector workers towards saving for retirement with the National Social Security Fund, the factors that influenced these attitude, and whether the attitudes are gender-driven. The study was guided by the theory of perceived behavioural control which argues that people consider the implications of their actions and act on the basis of the reasonable assessment of those implications. This study suffered from certain limitations such as assessing content and also being able to evaluate workers' degrees of favour and disfavour towards NSSF. Another limitation was the significant risk of confusion between attitudes and norms since attitudes can often be reframed as norms, and vice versa. It was also impossible to make sweeping generalizations about formal sector workers' attitudes towards saving with NSSF. Nevertheless, the assessment should offer general patterns or trends, that is, a glimpse into the potential workers' attitudes.

This project was considered sensitive given the investigative nature into the respondent's personal views. However, the researcher assured participants that the data they provided were confidential and would not be traced back to them in reports, presentations or any other forms of dissemination.

1.6 Definition of Terms

Attitude - The way you think and feel about someone or something.

Social security protection - A government programme that provides economic assistance to persons faced with unemployment, disability, or agedness, financed by assessment of employers and employees.

Formal sector worker - In economic terms, the difference between formal and informal sectors is a thing of regulation. The formal economy includes reported payroll items, income taxes, employee taxes and any other official economic factors.

Contribute - To give or supply in common with others; give to a common fund or for a common purpose.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature on attitudes towards saving for retirement in an attempt to answer the questions raised in the first chapter. It also looks at various theories on attitudes and behavior, as well as aspects that revolve around saving for the retirement ideology.

2.2 Literature Review

2.2.1 Attitude

According to Schiffman and Kanuk (2007: 258), attitude is a learned predisposition to behave in a consistently favourable or unfavourable way with respect to a given object. Attitude is one of the most influence factors on intention to purchase a product. There are three components of attitude: cognitive, affective and connative. Cognitive is knowledge and perception that are acquired by a combination of direct experiences with the attitude object. Connative component of attitude refers to the likelihood or tendency that an individual will undertake a specific action or behaviour in a particular way with regard to the attitude object.

Research has shown that attitudes that develop via direct experience (e.g., product usage) tend to be effective, more enduring and more resistant to influencing consumer attitude towards a new product than those developed via indirect experience (Schiffman and Kanuk 2007: 258).

According to Kotler and Armstrong (2010:37), attitudes are a composite of a consumer's beliefs about, feelings about, and behavioural intentions towards a product or service. These components are viewed together since they are highly interdependent and together represent forces that influence a reaction.

The first component is that of *beliefs*. A consumer may hold both positive beliefs towards an object as well as negative beliefs. In addition, some beliefs may be neutral and

some may differ in valence depending on the person or the situation. Note also that the beliefs that consumers hold need not be accurate and some beliefs may, upon closer examination, be contradictory (Kotler and Armstrong, 2010:38). In terms of behavioural intention, it has been observed that individuals who hold favourable attitudes are likely to notice, attend and process primarily the object's positive attributes whereas individuals with unfavourable attitudes towards an object are likely to direct attention to its negative qualities (Ajzen and Fishbein, 1980:185).

2.2.2. Shaping Retirement Decision-Making

According to Weber (2003:2) retirement planning and voluntary as well as mandated contributions to pension plans require a series of initial decisions about the magnitude of contribution and allocation across different investment options and choice of option providers to periodic review of these decisions in light of possible changes in goals or circumstances. Weber suggests that the initial decisions to save anything at all, the consideration of plan providers and investment vehicles, the periodic examination and readjustments of one's investment portfolio, all constitute a risk management process with important individual and societal consequences.

2.2.3 Perceived Risk

People's visceral reactions to risky situations often had little correspondence to other measures of risk that consider either the informal-theoretical uncertainty of outcomes or the magnitude and dispersion of material consequences. Instead, visceral judgments of risks are determined by a small number of situational characteristics that elicit affective reaction as part of our evolutionary heritage. Differences in risk perception lie at the heart of many interpersonal and societal disputes about the best course of action (Weber, 2003:5). Gender difference in perceived risk reverses only in the social domain, in which women have greater familiarity with risks and risk taking (Weber *et al.*, 2002: 55).

According to Sachse *et al.* (2012: 3), risk is an inherent feature of all investment options. They argue that current ways of informing clients about investment risks by providing detailed information about financial market mechanisms and statistical risk measures fail to address the needs of the clients. This can in turn result in suboptimal investment decisions where aspects of risk are not fully taken into account. To provide comprehensible and relevant information concerning the risks of different financial options, it is necessary to take the risk understanding of the clients into account. Hence, financial advisors should know how investment risks are perceived by private investors and if and how these risks are considered for investment decisions. According to this study by Sachse *et al.* (2012:5), gender and age seem to play a minor role in the perception of investment risk.

However, no evidence was found suggesting that women perceive higher risks than men do. On the other hand, age was significantly related to perceived risks. Perceived risk decreased as age increased, but the correlation was rather low and it disappeared when controlling for knowledge and experience.

2.2.4 Behavioural Saving Incentives

Behaviour around saving is complex. Not only are the psychological tendencies apparent from the growing number of relevance but how these are translated into actual behaviour depends on a whole range of factors, not just behavioural (Hardcastle, 2012:22). Individuals are increasingly in charge of their own financial security after retirement. But how well-equipped are individuals to make saving decisions? Do they possess adequate financial literacy? Are they informed about the most important components of saving plans? Do they even plan for retirement? According to Lusardi (2008:2) low literacy and lack of information affect the ability to save and to secure a comfortable retirement; ignorance about basic financial concepts can be linked to lack of retirement planning and lack of wealth.

2.2.5 Attitudes, Savings and Aspirations

A study conducted by Pandiyan (2012:40) on Savings and Investments Attitude of Salaried Class in Cuddalore District in the United States of America, revealed that the attitude of the respondents plays an important role in their decision-making process on saving and investments. Also, changes in attitude were likely to affect the overall savings habit of the people. Attitude as a variable was found to be important to loss avoidance, whereby people's behaviours differ when faced with prospects of loss of benefit. There are several further issues arising from consideration of the impact on enrolment and saving, towards a retirement income that will meet their pension participation. According to the study, an individual member's capability might well determine the nature and complexity of heuristics adopted and patterns of saving. Saving incentives seem to be fairly fluid. It is, therefore, useful to distinguish the promotion or use of positive incentives to save and lower negative disincentives to save. People alter their behaviour in line with changes in the value and nature of the incentive offered.

2.2.6 Gender dimension

Although cultural variability manifests itself in the actions, customs, and behaviours of whole social groups, the most fundamental expression of culture is found at the individual level. However, there are significant differences between the behaviour of men and women in the labour market and these affect the pensions they receive upon retirement. This is in respect to (a) labour force participation rate; (b) segmentation of the labour market; (c) part-time work; ((d) short-term contracts; (e) unemployment; and (f) participation in the informal labour market (Gilbert, 2006:83).

Given their divergent social and economic circumstances within and outside the household, women and men may have differing propensities to save at the household level. If so, shifts in women's relative bargaining power are likely to affect household saving rates and,

by extension, domestic saving rates. However, Bernasek and Shwiffs (1996:7) doubt this and argue that there is no clear mechanism through which gender is likely to affect saving rates. The factors that affect women's and men's propensity to save may be contradictory in their effect. For instance, women's care responsibilities and role in household management may lead to more consumption spending and thus less saving. On the other hand, this responsibility may lead women to save more than men for precautionary reasons, due to a stronger perception of the need to smooth family consumption.

Social security measures in many developing countries tend to be restricted to the small, male-dominated section of the workforce employed in the formal and private sectors. On the other hand, although their market contributions have become more important within household livelihood strategies, women are concentrated in informal and labour intensive work, often face particular risks and vulnerabilities, e.g., health risks, interrupted and insecure employment, and are less likely to have been able to save or contribute to pensions (Thakur *et al.*, 2009:169).

Literature on gender differences in saving behaviour is sparse and has focused primarily on developed countries. That research has found significant differences in individual retirement savings and investment decisions by gender. For example, Sunden and Surette (1998:208) provide empirical evidence demonstrating that gender and marital status influence investment allocation decisions in the United States. Jianakoplos and Bernasek (1998:620) examined the evidence on gender differences in risk aversion when an individual's entire portfolio of assets is considered, using the U. S. Survey of Consumer Finance. They found that single women are more risk-averse than single men and married couples. As an individual's wealth increases, the proportion held in risky assets was found to increase but for single women, the effect was significantly smaller than for single men and married couples. On

gender differences in attitudes towards financial risk, Bernasek (2000:10) argues that such differences in perceived risk result from women's vulnerability.

Women on average experience greater vulnerability than men since they earn on average less than men, are more likely to care for children and the elderly, are more likely to live in poverty, and are less likely to have insurance or pension coverage in their jobs. According to Gilbert (2006:1), differences in traditions and cultures significantly affect women's levels of activity in the labour market but so too do economic conditions.

2.2.7 Gender as an Organizing Principle

According to ILO (2008:1), The most obvious reason for addressing gender issues is that women workers' make up the overwhelming majority of the workforces of labour-intensive, export industries in developing countries, dominate the international migration of care services workers', and tend to be concentrated in the most vulnerable jobs of global production systems. Women and men are differently, often unequally, positioned in the economy, perform different socially determined responsibilities, and face different constraints; thus, they are unlikely to respond in the same way to policies and market signals. Workers in precarious employment, without economic and social entitlements, and without long-term career prospects or equipped with few skills and are more vulnerable to risks of unexpected economic downswings, job and wage losses than other workers (ILO, 2008:8). However, according to Lusardi (2003:5), there are important gender differences that emerge in the study; women are less likely to plan for retirement and to have attended a retirement seminar. Women display characteristics that may be conducive to low savings.

2.2.8 Education Level and saving for retirement

All human behaviour is based on the economic self-interest of individuals operating within freely competitive markets. According to Johannes (2005:57), in Sub-Saharan Africa, "over the decades, most women have received some sort of informal education, but formal

education has been reserved for men who occupy the most important and elite roles in government and society”. Education conditions cannot be overlooked when dealing with education achievements and challenges. However, according to Johannes (2005: 68), additionally providing women with opportunity to receive education at par with men appears to be a daunting challenge, it must be pursued. Education informs setting of schools, and universities shape our lives. The experiences we receive from education builds over time into inter-subjective patterns and shape what kind of individuals we recognize ourselves to be, what we believe ourselves able to do and handle. However, according to a study by the Investment Company Institute (2011:23) on investors’ attitudes and actions in the U.S.A., households’ changes in regular saving activity varied with the employment status of the household at the time of the survey.

2.2.9 Individual Saving for retirement

According to Dummann (2008a:140) demand for old-age pension products such as private or occupational pensions cannot be assumed to be homogeneous as it depends on socio-economic attributes and differs with individual saving motives as people try to maximize utility over the life-cycle. Significance in saving is based on education level and marital status. Three factors influence individual actions in long-term planning: self-control, mental accounting, and framing. Individuals try to build a plan for retirement saving, acquire information about options for funding their plans and, finally, execute a plan. The primary conclusions of the behavioral life cycle hypothesis are that individuals do not act according to rational expectations, but that factors other than age and wealth have an effect on saving, (Dummann, 2008b:10).

While it might be argued that female participation has increased substantially in recent years, it should also be noted that age-specific participation rates are still lower for women (Dummann, 2008:10). According to Lusardi (2003: 4), the responsibility to save and

contribute to a pension is increasingly left to the individual worker. Also, there is little research, however, on the difficulties that people face in making decisions about pensions and saving and how they overcome the complexities of devising saving plans.

Chetty *et al.* (2012:3), in a study on whether saving policies such as tax subsidies, employer-provided pensions, and saving mandates raised total wealth accumulation or simply induced individuals to shift across accounts, concluded that the impact of retirement saving policies on wealth accumulation depend on whether individuals change behaviour through active or passive choice. Policies that rely upon individuals to take action to raise savings have significantly small impact on total saving than policies that raise saving automatically even if individuals take no action.

2.3 Theoretical Framework

2.3.1 Theory of Reasoned Action (TRA)

Attitude theories focus on understanding how to produce change in explicit or deliberative attitudes. Measurement of attitudes is important for determining what people's current attitudes are and whether or not they can be changed. The theory of reasoned action (TRA) is a widely studied model from social psychology, which is concerned with the determinants of consciously intended behaviours. It was developed in 1967 by Martin Fishbein. Later, Fishbein and Ajzen (1975:185) came together to explore ways to predict behaviours and outcomes. They assumed that, "individuals are usually quite rational and make systematic use of information available to them. People consider the implications of their actual behaviours before they decide to engage or not engage in a given behaviour. In order to understand why a person holds certain attitude toward an object it is necessary to assess his salient beliefs" about that object (Ajzen and Fishbein, 1980: 63).

TRA hypothesizes that behaviour is predicted by an individual's intention to engage in a given behaviour. Intention, in turn, is predicted by two factors, the individual's attitude

towards the outcome of the behaviour and by the opinions of the person's social environment, which is called the subjective norm (Fishbein and Ajzen, 1975:280). By 1980 the theory was being used to study human behaviour and develop appropriate interventions.

According to TRA, a person's performance of a specified behaviour is determined by his or her behavioural intention to perform the behaviour, and this is jointly determined by the person's attitude towards using positive or negative feelings about performing the target behaviour and subjective norm concerning the behaviour in question. Behavioural intention is a measure of the strength of one's intention to perform a specified behaviour (Fishbein and Ajzen, 1975:288). A person's attitude is defined as an individual's positive or negative feelings (evaluative affect) about performing the target behaviour (Fishbein and Ajzen, 1975:216). Subjective norm refers to "the person's perception that most people who are important to him think he should or should not perform the behaviour in question" (Fishbein and Ajzen, 1975:302).

2.3.2 Theory of Planned Behaviour (TPB)

The theory of planned behaviour is an extension of the theory of reasoned action (Ajzen and Fishbein, 1980; Fishbein and Ajzen, 1975) made necessary by the original model's limitations in dealing with actual behaviours over which people have incomplete volitional control. TRA works most successfully when applied to actual behaviours that are under a person's volitional control.

According to Ajzen and Fishbein (1980:7) behavioural beliefs link the actual behaviour of interest to expected outcomes. A behavioural belief is subjective probability that the behaviour will produce a given outcome. Attitude towards behaviour is the degree to which performance of the behaviour is positively or negatively valued. It is determined by the total set of accessible behavioural beliefs linking the behaviour to various outcomes and other attributes. It is assumed that the subjective norm is determined by the total set of accessible

normative beliefs concerning the expectations of important referents (Ajzen and Fishbein, 1980:9).

As in the original theory of reasoned action, a central factor in the theory of planned behaviour is the individual's intention to perform a given behaviour. Intentions are assumed to capture the motivational factors that influence actual behaviour; they are indications of how hard people are willing to try, of how much of an effort they are planning to exert, in order to perform the actual behaviour. As a general rule, the stronger the intention to engage in actual behaviour, the more likely should be its performance. Although some behaviour may in fact meet this requirement quite well, the performance of most depends at least to some degree on such non-motivational factors such as availability of requisite opportunities and resources. Collectively, these factors represent people's actual control over the behaviour. To the extent that he/she has required opportunities and resources, and intends to perform the actual behaviour, he or she should succeed in doing so. "People consider the implications of their actual behaviours before they decide to engage or not engage in a given behaviour" (Ajzen and Fishbein, 1980:5).

2.3.3 Perceived Behavioural Control (PBC)

Perceived behavioural control refers to people's perceptions of their ability to perform a given behaviour. Perceived behavioural control (PBC) factor reflects past experience as well as external factors, such as anticipated impediments, obstacles, resources and opportunities that may influence the performance of the actual behaviour (Ajzen and Fishbein, 1980:12). Perceived likelihood of encountering factors that will facilitate or inhibit the successful performance of the actual behaviour weighted by their perceived power to facilitate or inhibit performance. Perceptions concerning ability may be different from actual control. Behavioural intention has long been recognized as an important mediator in the relationship between

behaviour and other factors such as attitude, subjective and perceived behavioural control (Ajzen and Fishbein, 1980:8).

According to the theory of planned behaviour, perceived behavioural control together with behavioural intention, can be used directly to predict behavioural achievement. Perceived behavioural control may not be particularly realistic when a person has relatively little information about the behaviour, when requirements or available resources have changed, or when new and unfamiliar elements have entered into the situation. Under those conditions, a measure of perceived behavioural control may add little to accuracy of behavioural prediction (Ajzen and Fishbein, 1980:184). Attitudes towards the behaviour, subjective norms with respect to the behaviour, and perceived control over the behaviour are usually found to predict behavioural intentions with a high degree of accuracy (Ajzen and Fishbein, 1980:206).

The researcher used the theory of reasoned action, theory of planned behaviour and perceived behaviour control in this study. These theories are based on the assumptions that human beings are usually quite rational and make systematic use of the information available to them and that people consider the implications of their actions in a given context at a given time before they decide to engage or not engage in a given behaviour. The reasoned action theory uses two elements, attitude and norms, which are the expectations of people, to predict behavioural intent created through evaluation and strength of a belief. Fishbein believed that people consider the implications of their actions and act based on a reasonable assessment of those implications. This can be conceptualized as shown in Fig. 2.1 below.

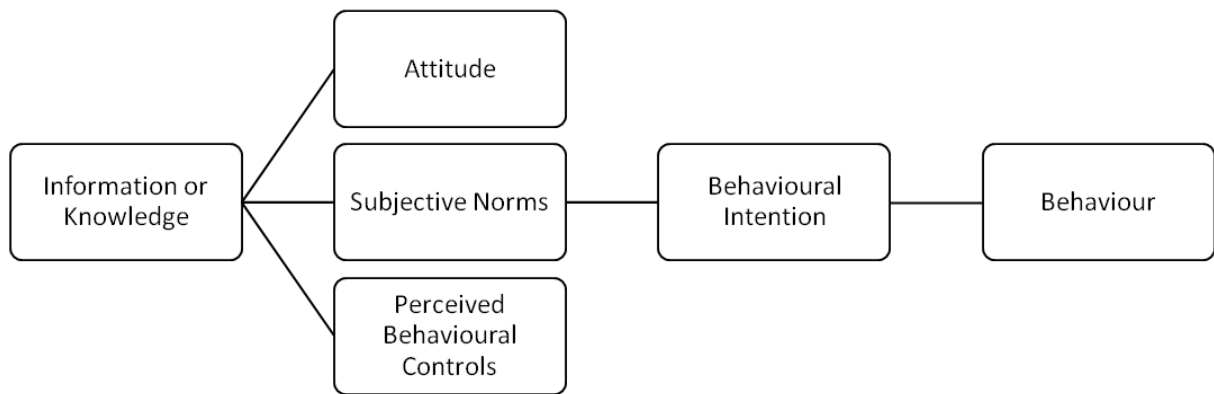


Figure. 2.1: Theoretical model

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter describes the study site, the study design, study population, sampling procedure and sample size, data collection methods and data analysis. The chapter finally discusses the ethical considerations that guided the study.

3.2 The Study Site

The study was carried out at the Social Security Building, along Bishops Road, in Nairobi City County (Fig. 3.1).

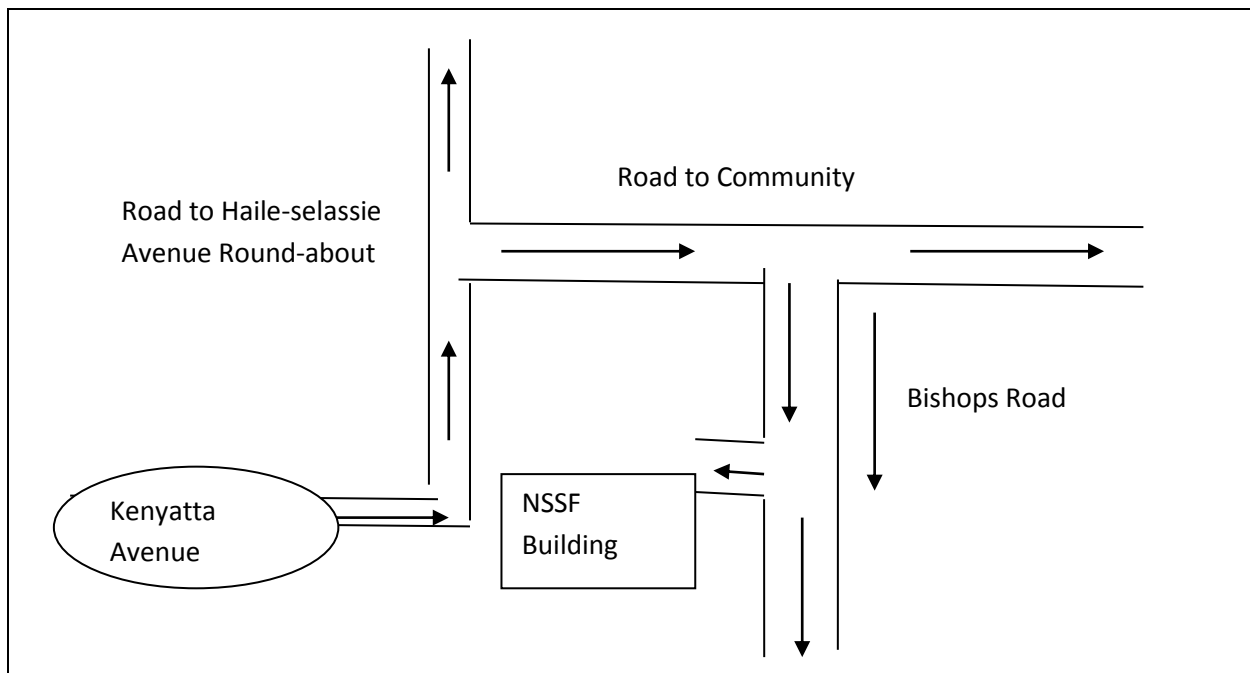


Fig. 3.1: Location of NSSF Building, Nairobi

3.3 Research Design

The study adopted a cross-sectional descriptive research design. A standardized questionnaire, key informant interview guide and focus group discussions guide were used to collect the data. In a descriptive study, the researcher takes out samples to make statements about the population on basis of sample analysis. The questionnaire method was useful in collecting extensive inquiries in order to come up with reliable results from the respondents

(Kothari 2012:28). Statistical Package for the Social Sciences (SPSS) was used to analyse the quantitative data while qualitative data were coded into themes and content expressed in numbers and analysed using Ms-Excel. The findings from quantitative data are presented in tables, graphs and charts, while those from qualitative data are presented in verbatim quotes and selected anecdotes.

3.4 Study Population

The study population comprised employees from ministries and private organizations housed at the Social Security Building, registered with NSSF. Each individual contributor was the unit of analysis.

3.5 Sample Size and Sampling Procedure

The study sample was made up of 10% of a possible 400 formal sector workers working with the Ministries and private organizations located at the Social Security House, Nairobi. Forty respondents, 20 males and 20 females, were randomly sampled to enable the study highlight whether there was a gender dimension in workers' attitudes.

3.6 Methods of Data Collection

3.6.1 Structured Interviews

A structured questionnaire (Appendix 1) was administered to 40 respondents. The questionnaire was divided into 3 sections that enabled collection of the respondents' bio-data, their attitudes, beliefs and behaviours towards saving for retirement with NSSF.

3.6.2 Focus Group Discussions

The researcher conducted two focus group discussions, using a focus group discussions guide (Appendix II). The study was used to moderate for the discussions. Purposive sampling was used to select participants for the FGDs. Two groups of six participants, 6 men and 6 women were selected for the discussions. The purpose was to enable the researcher find out if there existed a gender dimension in the workers' attitudes, and whether there existed

similarities in the outcomes from these discussions with those raised by respondents in the questionnaires.

3.6.3 Key Informant Interviews

The study also used key informant interviews. A key informant interview guide (Appendix III) was used to collect the data. The researcher identified five participants from the management level of the NSSF who were knowledgeable on the processes, procedures and financial status of NSSF. The five participants were attached to different divisions of NSSF.

3.6.4 Secondary Data Sources

Secondary data were collected from external sources. These included existing reports, media including broadcast, print and the Internet.

3.7 Data Processing and Analysis

Before the questionnaire responses were processed, the completed questionnaires were checked and edited for completeness, consistency, relevancy and validity. They were then analyzed using the Statistical Package for the Social Sciences (SPSS) software. For the qualitative data, descriptive statements were formed and analyzed highlighting common themes by the participants, which were then rearranged into thematic content and coded to capture the informants' and discussants' experiences and opinions. The data were then analyzed using Ms-Excel in numerical form to understand underlying patterns and trends. While quantitative data was analyzed using SPSS by counts or frequency of how responses fit into a particular category in percentage. Percentages were used to express information as a proportion of the whole. The data was then presented using graphs and charts and tables for ease of interpretation.

3.8 Ethical Considerations

During fieldwork, the study subjects were duly briefed on the purpose of the study, the target population, selection procedures and the duration of the study and potential use of the research results. Recruitment was made based on informed consent upon being satisfied with the objectives of the study and accompanying explanations about their selection for the study.

The right of respondents to disqualify themselves at any point of the study was clearly explained. However, measures were taken to encourage full and informed participation of the respondents throughout the study period to ensure that the objectives of the study were met. The researcher maintained anonymity of the respondents, and also ensured that easy-to access groups of people who did not meet the study criteria were not taken advantage of.

CHAPTER FOUR

**ATTITUDES OF FORMAL SECTOR WORKERS TOWARDS SAVING FOR
RETIREMENT WITH NSSF**

4.1 Introduction

This chapter presents the study findings. The collection of data was achieved through use of questionnaire, focus group discussions and key informants interviews. The questionnaire was categorized into three sections; I on bio-data; II workers perception of the Fund and III subjective norms. The data was analyzed using likert scale. Through use of thematic approach data was coded and analyzed into numbers, by counting how many times a specific theme appeared in the interview. Focus group discussions included questions about workers experiences and satisfaction of services offered by the Fund. The key informant interviews were conducted in order to gain better understanding of Fund services. These tools enabled capturing of facts of respondents and participants attitudes towards saving for retirement with NSSF. The quantitative and qualitative data were then analyzed using SPSS and Ms excel and results presented using charts, graphs and tables as presented below.

4.2 Socio-Demographic Characteristics of the Respondents

The respondents comprised 50% females and 50% males. Two-fifths (40%) of the respondents were in the age bracket of 26 – 30 years; 25% were aged 31-35 years, 12.5% were aged 19 -25 years, 10% were 36-40 years old, while 12.5% of the respondents were aged above 40 years. A majority (53%) of the respondents' highest level of education was tertiary, that is diploma and certificate graduates, 23% of the respondents had an undergraduate degree, 15% had a masters degree, while 10% had a secondary school certificate.

Fourty per cent of the respondents were married, 30% were single, 20% were cohabiting, 5% were widowed , and 5% were either divorced or separated. Table 4.1 below summarizes these findings.

Table 4.1: Respondents' Socio-demographic Characteristics

Gender		
	Frequency	Percentage
Female	20	50
Male	20	50
Total	40	100.0
Age		
	Frequency	Percentage
19 – 25	5	12.5
26 – 30	16	40
31 – 35	10	25
36 – 40	4	10
Above 40	5	12.5
Total	40	100.0
Education Level		
	Frequency	Percentage
Secondary complete	4	10
Tertiary	21	53
Undergraduate	9	23
Masters	6	15
Total	40	100.0
Marital status		
	Frequency	Percentage
Single	12	30
Cohabiting	8	20
Married	16	40
Divorced/Separated	2	5
Widowed	2	5
Total	40	100.0

4.3 Access to Information

The study aimed at establishing whether the contributors to the Fund were able to access adequate and correct information from and about the NSSF and also if they were able to regularly access information on their accounts and statements. The findings indicate that the respondents had a better experience in accessing information from the Fund on how to register and contribute savings compared to accessing information on their NSSF accounts and statements.

About thirty three per cent (32.5%) and 45% of the respondents strongly agreed and agreed, respectively, that they were able to access information on how to register and contribute savings to the Fund. On the other hand, 7.5% disagreed, while 7.5% neither agreed nor disagreed that they were able to access information on how to register and contribute savings to the Fund. In comparison to 22.5% of the respondents who strongly agreed and 27.5% who agreed that they were able to access information on their NSSF accounts regularly, 7.5% disagreed, 7.5% neither agreed nor disagreed. This information is illustrated in Figure 4.1 below.

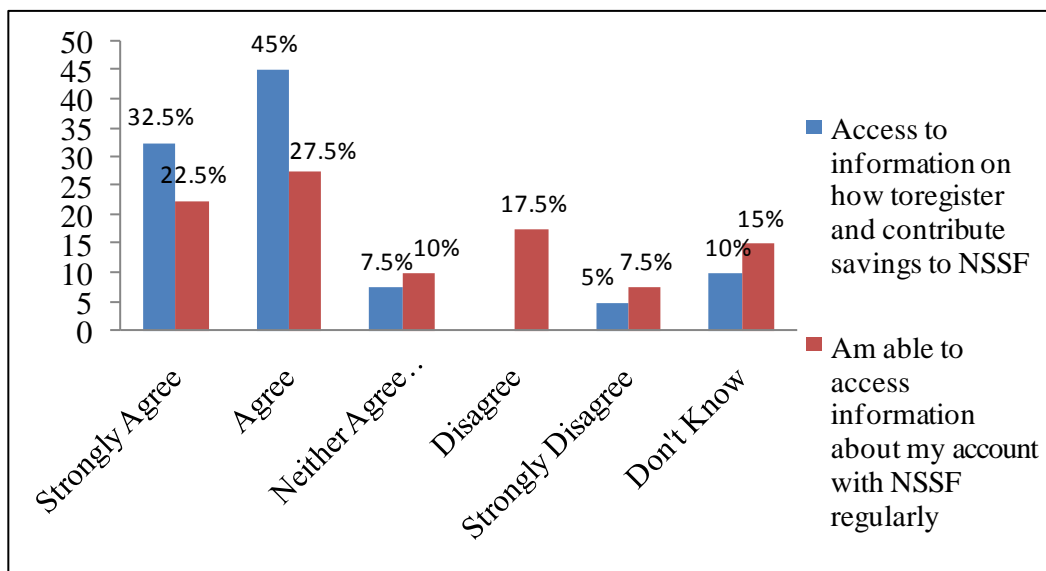


Fig. 4.1: Access to Information

The focus group discussions established that the workers got to know about NSSF when they were employed and/or from relatives who had collected their benefits from NSSF after they retired. The discussions also revealed that the radio and TV messages sponsored by NSSF do not reach all the corners of Kenya.

4.4 Familiarity and Awareness Levels

4.4.1 Familiarity and Awareness of Services offered by NSSF

Familiarity and awareness levels generally influence attitudes and thus behaviour. The Research sought to investigate the familiarity and awareness of the services offered by the NSSF by the respondents. The survey established that familiarity of the services offered by NSSF to its customers was high. Most (70%) of the respondents stated that they were familiar with the services offered by the NSSF. On the other hand, 12.5% disagreed that they were familiar with the services offered by NSSF. Figure 4.2 below illustrates this finding.

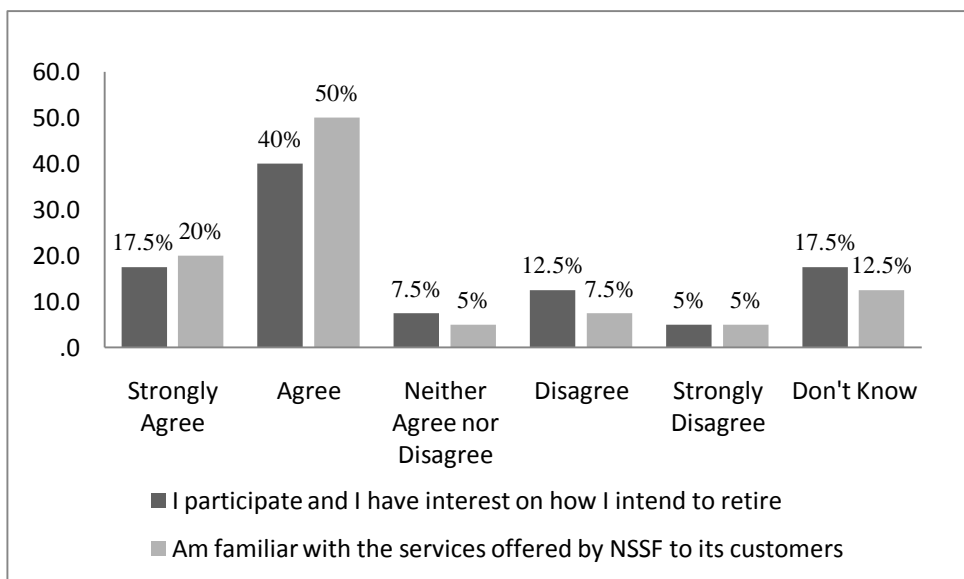


Fig 4.2: Familiarity and Awareness of the Fund’s Services

Approximately fifty-eight per cent (57.5%) of the respondents agreed that they participated and had interest in how they intended to retire. In contrast, 7.5% neither agreed

nor disagreed, 12.5% disagreed, while 5% strongly disagreed that they participated and had an interest in how they intended to retire. Additionally, 17.5% stated that they did not know if they participated and have an interest in how they intended to retire.

4.4.2 Awareness of Pension Size and Sufficiency

Results of the study show that 20% of the respondents strongly agreed whereas 42.5% agreed that they were aware that the amount they contributed to the NSSF was a determining factor in the amount of pension funds they will receive at retirement. Five per cent neither agreed nor disagreed, 15% disagreed and 7.5% did not know that the amount they contributed to the NSSF was a determining factor in the amount of pension funds they will receive at retirement. This can be attributed to the ongoing campaigns on the increase of NSSF contribution amounts by the contributors.

The survey established that 40% of the respondents were of the opinion that the amount they contributed to the NSSF will be sufficient to meet their basic needs in retirement. However, 37.5% of the respondents disagreed that the amount they were contributing to the NSSF will be sufficient, 10% neither agreed nor disagreed, while 12.5%, stated that they did not know if the amount they were contributing to the NSSF will be sufficient for their basic needs in retirement. Figure 4.3 below illustrates this finding.

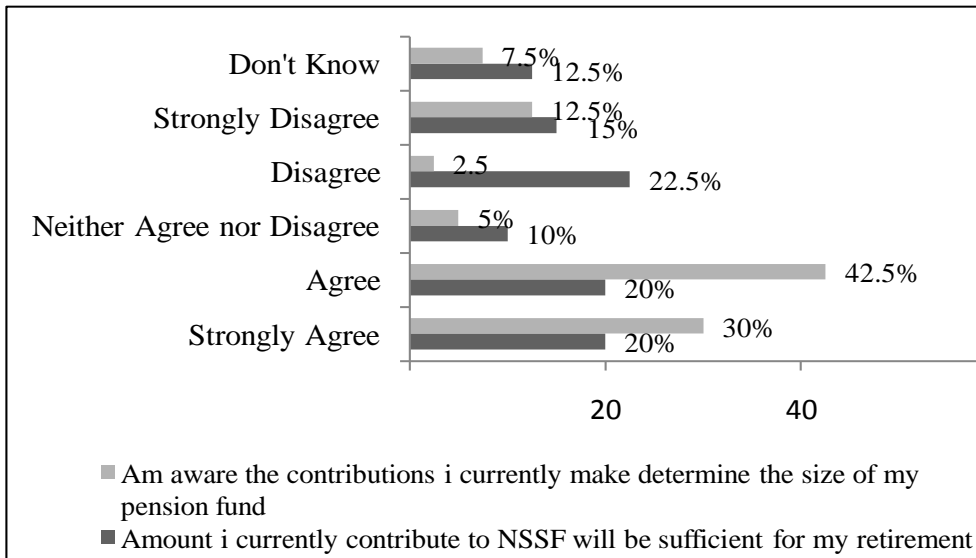


Fig. 4.3: Awareness of Pension Fund Size and Sufficiency

4.4.3 Perceptions of Services offered by NSSF

The research investigated if the NSSF offers the contributors' support programmes, facilities and operations that enhance the members' contributions to the fund. Results of the survey showed that about one-fifth (22.5%) of the respondents did not know if NSSF offered the contributors support programmes, facilities and operations that enhanced the member contributions to the Fund. On the other hand, 35% of the respondents either disagreed or strongly disagreed, 15% neither agreed nor disagreed, while 27.5% of the respondents either strongly agreed or agreed that NSSF offered the contributors support programmes, facilities and operations that enhanced the members' contributions to the Fund. Figure 4.4 below illustrates this finding.

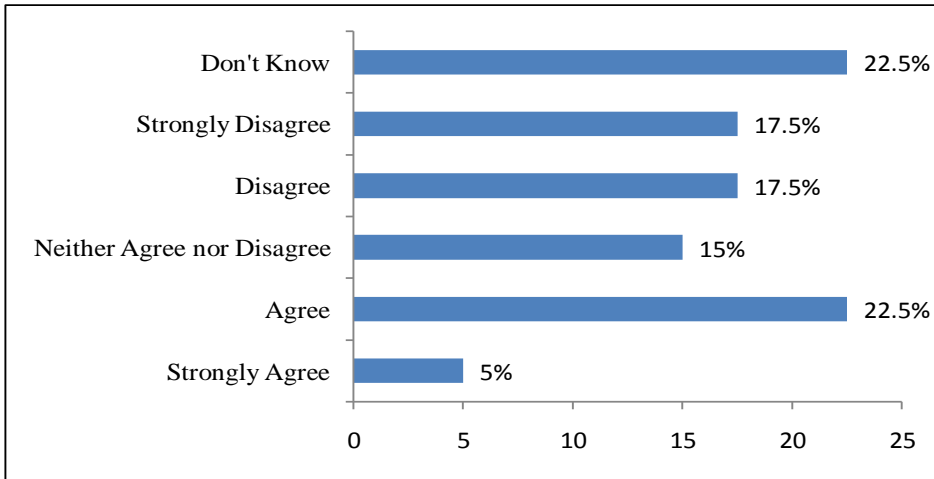


Fig. 4.4: Awareness of NSSF Support programmes, facilities and operations

The survey also sought to establish if the respondents' experiences with NSSF made them feel valued as customers. Figure 4.5 below illustrates that most of the respondents did not rate the services offered to them by the NSSF too highly. The study reveals that 5% of the respondents strongly agreed while 25% agreed that NSSF values its customers and offers them quality services. Fifteen per cent of the respondents neither agreed nor disagreed, 25% strongly disagreed and 17.5% disagreed that NSSF values its customers and offers them quality services, while 12.5% of the respondents could not rate the services offered to them by the NSSF.

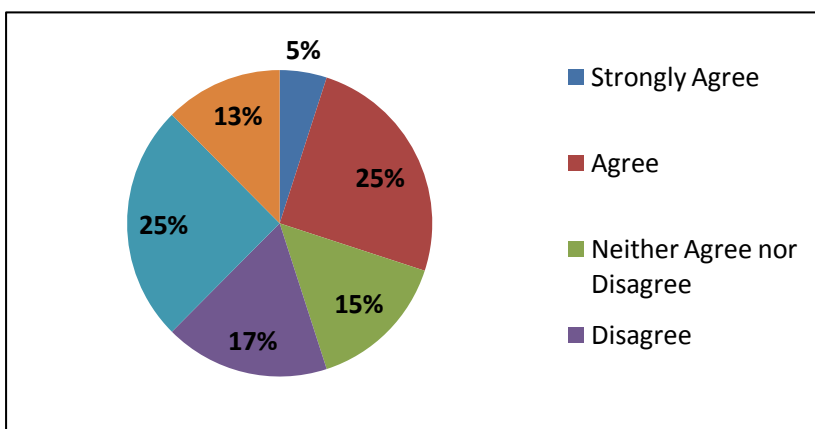


Fig. 4.5: NSSF Values its customers and offers them quality services

A discussion with an official of NSSF ascertained that most of the major issues that have been affecting NSSF such as the ICT system, delays in benefit payments and transparency of systems, have been addressed through the SSPAS system installed by the Fund. What remains now is proper implementation of existing policies and improvement of performance by the NSSF staff. Implementation of the existing policies, improvement of performance by the NSSF staff members and effective use of the system will improve the services NSSF offers its customers, thereby improving the image of the Fund.

4.5 Workers' Attitude towards NSSF Policies

The survey aimed at ascertaining the respondents' attitude towards NSSF policies. To investigate this, the study sought to find out if the respondents felt that the policies enabled them to express their dissatisfaction with the services rendered to them by NSSF and if formulation of policies incorporates the contributors' views. The findings suggest that 7.5% and 25% of the respondents either strongly agreed or agreed respectively, 35% disagreed, while 12.5% neither agreed nor disagreed that NSSF enables contributors to express their dissatisfactions with its services. However, 20% of the respondents stated that they did not know if the NSSF had a way of enabling its contributors to express their dissatisfaction with the services rendered to them.

In terms of gender, 17.5% of the female compared to 15% of the male respondents agreed that the NSSF policies allow them to express their dissatisfaction with its services. In contrast, 17.5% of the female compared to 20% of the male respondents disagreed that the NSSF policies allow them to express their dissatisfaction with its services. Five per cent of the female respondents and 7.5% of the male respondents neither agreed nor disagreed, while 12.5% of the female respondents and 7.5% of the male respondents stated that they did not know if the NSSF policies allow them to express their dissatisfaction with its services. These findings are summarized in Table 4.2 below.

Table 4.2: Attitude to NSSF Policies allowing for expression of dissatisfaction

	Attitude	Female		Male		Total	
		N	%	N	%	N	%
NSSF enable contributors express their dissatisfactions on services	Strongly Agree	1	2.5	2	5	3	7.5
	Agree	6	15	4	10	10	25
	Neither Agree nor Disagree	2	5	3	7.5	5	12.5
	Disagree	1	2.5	3	7.5	4	10
	Strongly Disagree	5	12.5	5	12.5	10	25
	Don't Know	5	12.5	3	7.5	8	20
	Total	20	50	20	50	40	100

Five percent strongly agreed and 35% agreed that NSSF has formulated ways of incorporating workers' views in its policies. However 10% neither agreed nor disagreed, 7.5% disagreed and 25% strongly disagreed that NSSF has formulated ways of incorporating workers' views in its policies. Finally, 20% of the respondents did not know of such ways.

In terms of gender, 17.5% of the females compared to 20% of the males agreed that NSSF has formulated ways of incorporating workers' views in its policies. About three per cent (2.5%) of the females and 7.5% of the males neither agreed nor disagreed, 17.5% of the females and 17.5% of the males disagreed, while 12.5% of the females and 7.5% of the males did not know if NSSF has formulated ways of incorporating workers' views in its policies (Table 4.3).

Table 4.3: Perceptions of Formulation of NSSF Policies

	Perception	Female		Male		Total	
		N	%	N	%	N	%
NSSF has formulated ways of incorporating workers' views in its policies	Strongly Agree	1	2.5	1	2.5	2	5
	Agree	6	15	7	17.5	13	32.5
	Neither Agree nor Disagree	1	2.5	3	7.5	4	10
	Disagree	1	2.5	2	5	3	7.5
	Strongly Disagree	6	15	4	10	10	25
	Don't Know	5	12.5	3	7.5	8	20
	Total	20	50	20	50	40	100

FGD participants pointed out that the most efficient departments are the Registration and the Cards Replacement departments. On the other hand, the Benefits and the Claims Payment department was said to be the most inefficient. The inefficiencies were attributed to files misplacement in the benefits department and long queues and delays in settling the claims in the Benefits Claims Payment department.

According to an officer at the Fund, the delays in the Benefits Department are attributable to the current new system that has computerized all benefit payment processes and that enables detection of errors. In the current system, files are processed in batches of large numbers, e.g., a batch can contain 600 to 700 files at a time. If a file in a batch has an error, this will slow down the process, thus affecting all the files in that particular batch. However, efforts are made to avoid such instances. NSSF makes payment through the Electronic Fund Transfer (EFT). Also claims that need verification with employer records slow the payment process.

An interview with an official of the Fund ascertained that workers' views and opinions are taken into account by the management of the Fund. According to him, the Fund is run by a tripartite, i.e., Central Organization of Trade Unions (COTU), Federation of Kenya Employers (FKE) and the Government of Kenya. Workers affiliated to COTU have their views incorporated in policies made by the NSSF as their representatives sit in the NSSF Board.

4.6 Perceptions of Saving with NSSF

More than half (55%) of the respondents agreed or strongly agreed that NSSF is worth saving with even without the mandatory requirement. In contrast, 7.5% of the respondents neither agreed nor disagreed, 22.5% disagreed and 15% strongly disagreed.

Looking at the gender dimension, more of the female respondents (63.2%) agreed, while 36.8% disagreed, neither agreed nor disagreed or did not know that it is worth saving with NSSF even without the mandatory requirement. In contrast, 47.6% of the male respondents agreed that it is worth saving with NSSF even without the mandatory requirement, while 52.4% either disagreed, neither agreed nor disagreed or did not know that it is worth saving with NSSF even without the mandatory requirement. Figure 4.6 below illustrates this finding.

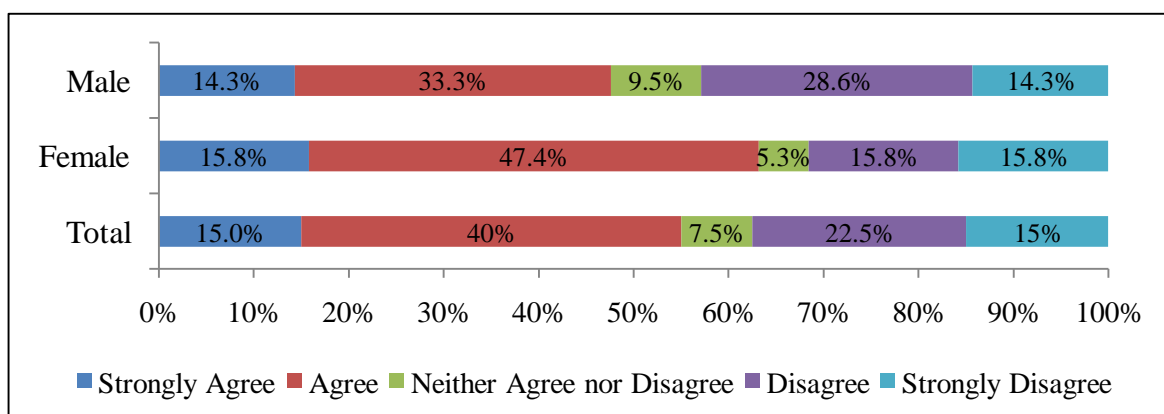


Fig 4.6: Perceptions of Saving with NSSF

4.7 Security of Contributors' Funds

The research sought to establish whether the NSSF contributors felt that their contributions were secure. Over half (52.5%) of the respondents stated that they felt their savings were secure, while 5% neither agreed nor disagreed. However, 25% of the respondents felt that their contributions were not secure, while 17.5% stated that they did not know if their savings with NSSF were secure or not. Some of the respondents who felt that their savings were not secure attributed their opinion to the cases of mismanagement of the NSSF in the media. Others revealed that they had experienced non-payments by NSSF to some of their relatives and neighbours due to payment delays and improper registrations. Further, the contributors confirmed that they did not take the time to visit the NSSF to access their NSSF statements; therefore they were not sure about their savings. Figure 4.7 below illustrates this finding.

A cross-tabulation of gender of the respondents revealed that the members who felt that their retirement savings were secure was higher for males (57.2%) than for females (47.3%). The males were thus more confident about security of their funds than the females.

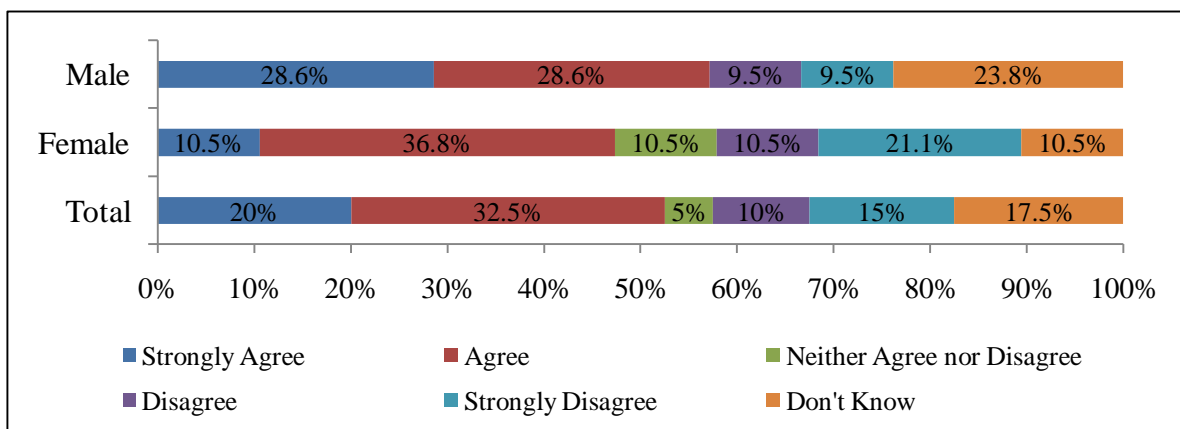


Fig 4.7: Perceptions of Security of Contributors' Funds

FGD participants were of the opinion that NSSF retains a lot of money from the deceased. The next of kin do not know the processes to follow or what documents are needed

to access the deceased’s contributions and benefits. Some people try to follow up their deceased’s contributions but give up with time.

4.8 Factors that influence Attitudes to NSSF

Influence is a major factor that shapes attitude. The study sought to establish the sources of influence that had helped shape the contributors’ attitudes to NSSF. The survey asked respondents to disclose whether their influences/mentors believe in saving for old age with the Fund. The findings in Figure 4.8 below show that 52.5% of the respondents revealed that their influencers/mentors believe that NSSF is the institution to save with for old age. In contrast, 12% of the respondents neither agreed nor disagreed, 25% disagreed, while 10% did not know.

Looking at the gender aspect, a higher proportion of the males (66.7%) affirmed that the people who influence them believe the NSSF is the institution to save with for old age. On the other hand, only 36.9% of the females stated that the people who influence them believe the NSSF is the institution to save with for old age.

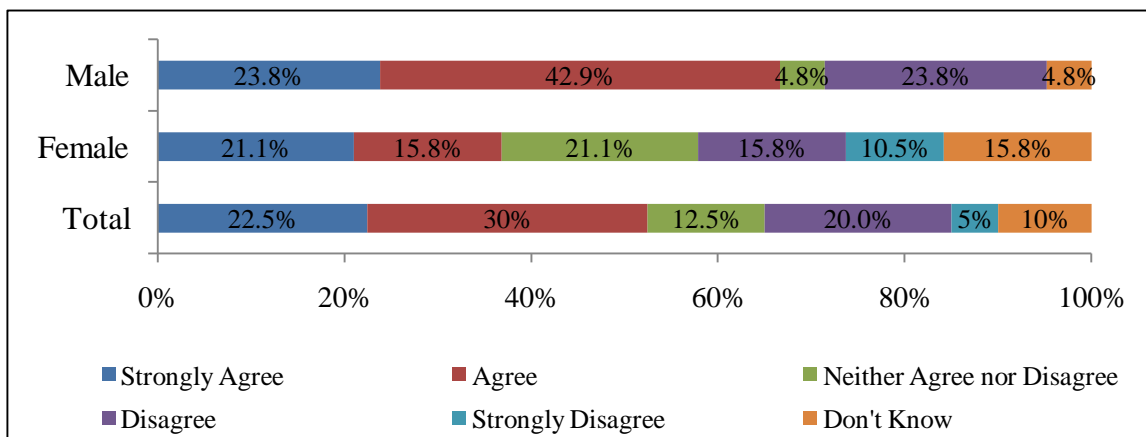


Fig 4.8: People who influence me believe in NSSF

The FGD discussions revealed that the participants' perceptions of the Fund were greatly influenced by past experiences by their relatives and neighbours. Their attitudes towards NSSF were either positive or negative, depending on the experiences their parents, relatives and neighbours had with it.

4.9 Factors that influence and/or hinder Saving for Retirement

4.9.1 Financial Obligations

The study further sought to establish the factors that may influence and/or hinder an individual from saving for retirement. The results of the survey revealed that the majority (70%) of the respondents agreed that financial obligations greatly influence the respondents' ability to save for retirement.

More of the female respondents (73.7%) agreed that financial obligations affect interests in saving for retirement as compared to the male respondents (66.7%). Figure 4.9 below illustrates this finding.

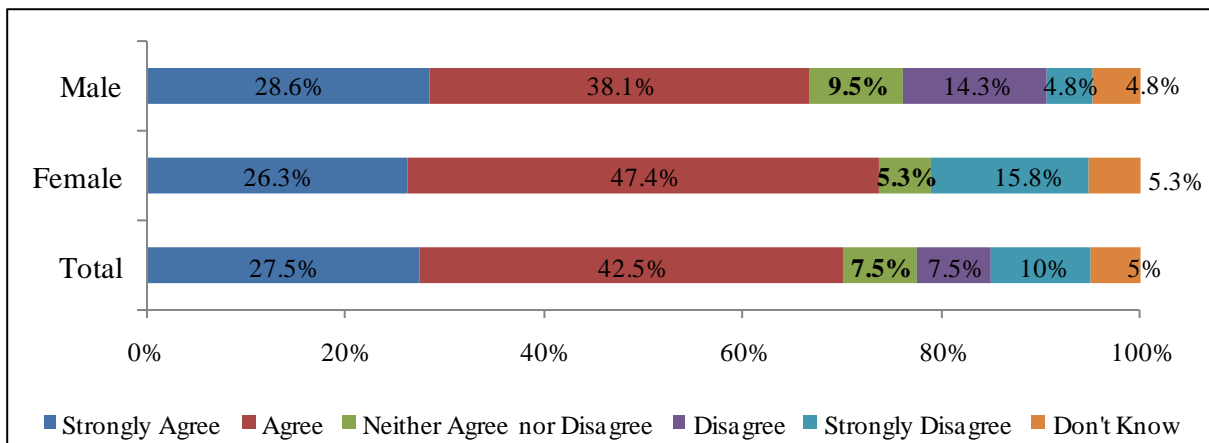


Fig 4.9: Financial Obligations affect Saving for Retirement

4.9.2 Gender socialization

Overall, gender socialization was not seen as a major influence/hindrance to saving for retirement. Forty per cent of the respondents strongly agreed or agreed that gender socialization affects an individual's influence in saving for old age. On the other hand, 20%

neither agreed nor disagreed, 22.5% disagreed and 12.5% strongly disagreed that socialization influences an individual in saving for old age. Finally, 5% did not know if gender socialization affects an individual's influence in saving for old age.

More of the females (47.4%) stated that they believe that gender socialization affects an individual's influence in saving for old age, than males (33.3%). Figure 4.10 below illustrates this finding.

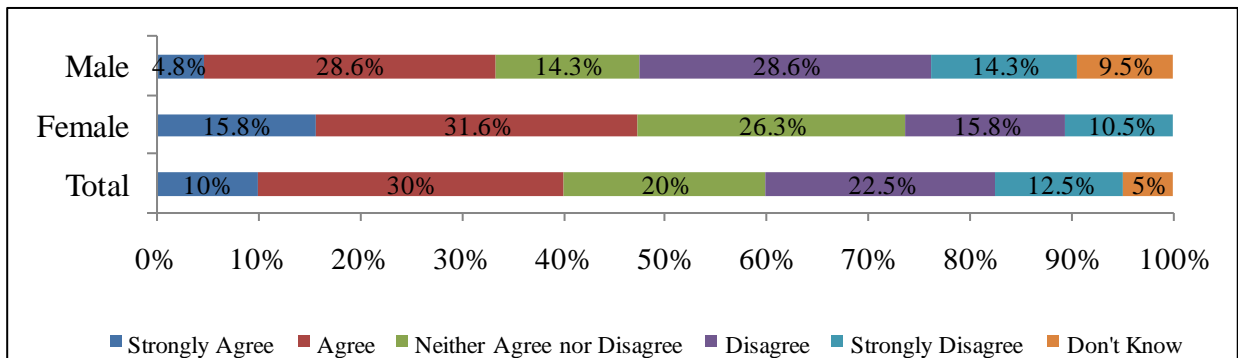


Fig 4.10: Gender Socialization affects Saving for Retirement

4.9.3 Perceived behavioural Controls

Perceived behavioural controls by society were rated by more than half of the respondents as an influence on saving habits. Overall, 20% and 37.5% of the respondents strongly agreed and agreed, respectively, that perceived behavioural controls by society influence saving habits. Nearly thirteen per cent (12.5%) neither agreed nor disagreed, 17.5% disagreed, 2.5% strongly disagreed and 10% affirmed that they did not know if perceived behavioural controls by society influence saving habits. Analysis of the gender dimension disclosed almost a 10% difference between the females (63.2%) and the males (52.4%). Figure 4.11 below illustrates this finding.

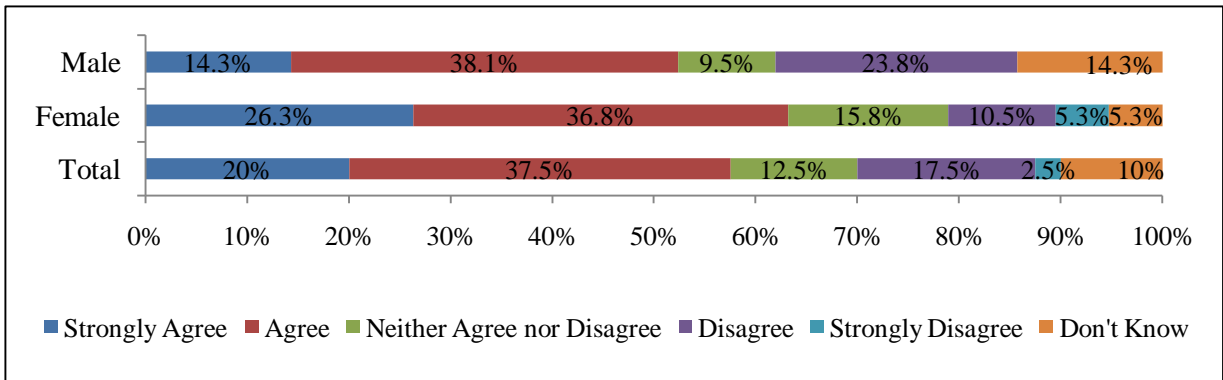


Fig 4.11: Perceived Behavioural Controls Affect Saving for Retirement

4.9.4 Educational Background

A total of 37.5% of the respondents strongly agreed and 30% agreed that educational background influences attitudes towards saving. On the contrary, 7.5% neither agreed nor disagreed, 15% disagreed and 5% strongly disagreed that educational background influences attitudes towards saving while 5% affirmed that they did not know. More males (71.4%) agreed that educational background influences attitude on saving with NSSF than the females (63.2%). Figure 4.12 below illustrates this finding.

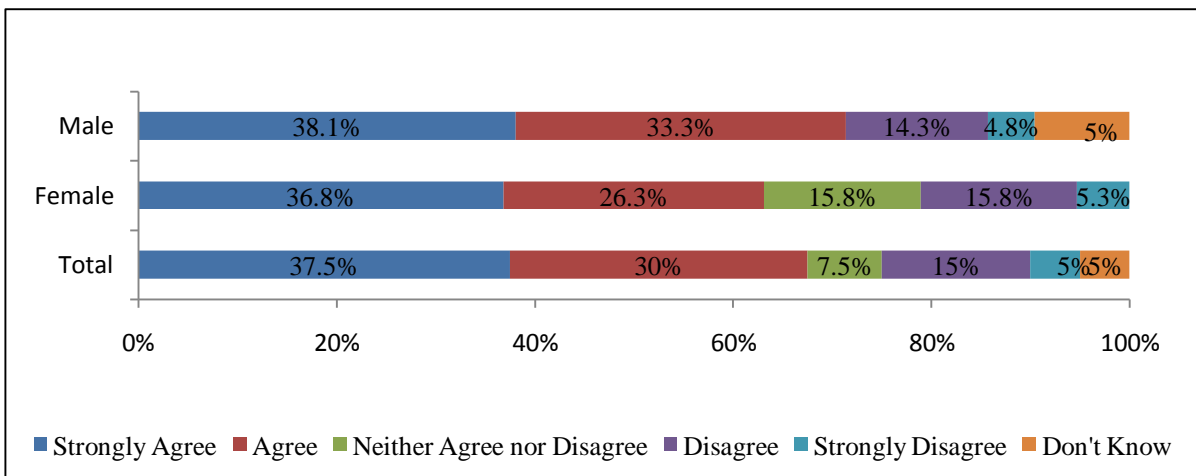


Fig 4.12: Educational background affect saving for retirement

4.9.5 Marital Status

Overall, majority 10% and 17.5% of the married respondents strongly agreed and agreed respectively that it is worth saving for retirement with NSSF, while about three percent (2.5%) neither agreed nor disagreed, 7.5% and 2.5% disagreed and strongly disagreed, respectively, that it is worth saving for retirement with NSSF.

About three per cent (2.5%) and 10% of the single respondents strongly agreed and agreed respectively that it is worth saving for retirement with NSSF, while about three per cent (2.5%) neither agreed nor disagreed and 15% of them disagreed that it is worth saving for retirement with NSSF. Ten per cent of the cohabiting respondents agreed that it is worth saving for retirement with NSSF, while 10% adisagreed that it is worth saving for retirement with NSSF. Three per cent 2.5% of the divorced and 2.5% of the widowed agreed that it is worth saving for retirement with NSSF while 2.5% of the divorced and 2.5% of the widowed disagreed that it is worth saving for retirement with NSSF. Figure 4.13 below illustrates this finding.

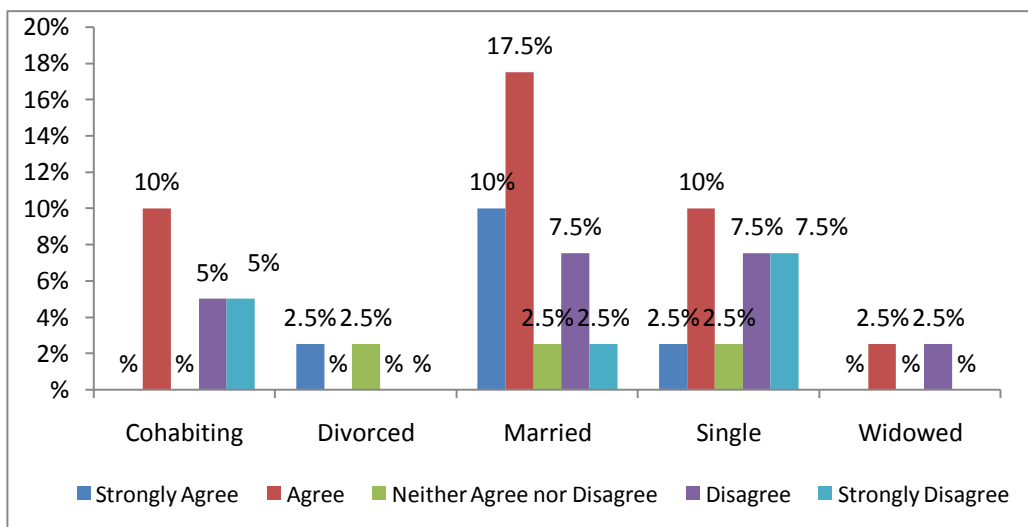


Fig 4.13: Marital Status affect Saving for Retirement with NSSF

4.10 People respondents associate with

Fifty per cent of the respondents disclosed that the people they associate with have a positive attitude towards saving with NSSF. However, 15% neither agreed nor disagreed, 17.5% disagreed and 17.5% strongly disagreed that the people they associate with have a positive attitude towards saving with NSSF.

Looking at the gender dimension, more males (57.1%) than females (42.1%) agreed that the people they associate with have a positive attitude towards savings with the Fund. In contrast, 33.3% of the males and 36.9% of the females disagreed that the people they associate with have a positive attitude towards savings with the Fund. Figure 4.14 below illustrates this finding.

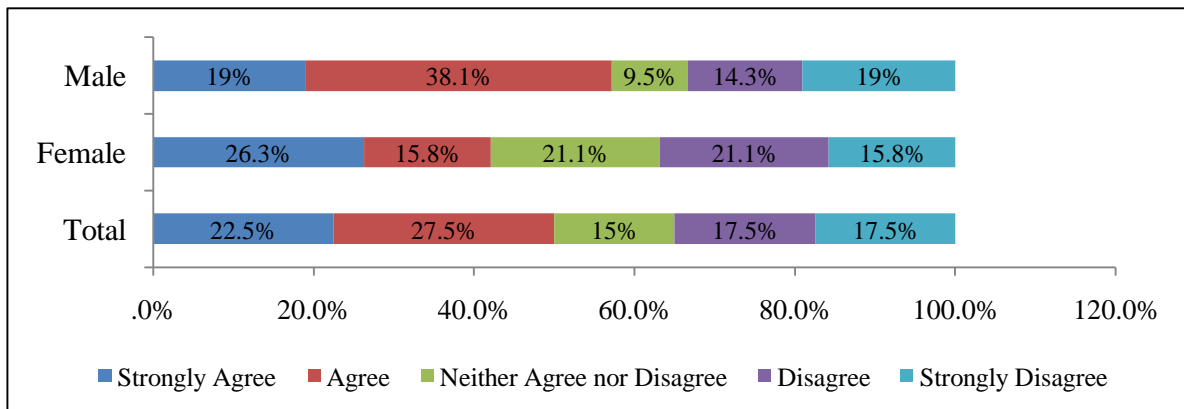


Fig 4.14: People Respondents associate with have a positive attitude towards NSSF

4.11 Recommend saving for Retirement with NSSF

Overall, most (67.5%) of the respondents affirmed that they would recommend to other people to save for old age with the NSSF. On the other hand, 7.5% neither agreed nor disagreed, 17.5% disagreed and 7.5% strongly agreed that they would recommend to other people to save for old age with the NSSF.

The males were more positive about NSSF than the females. This is because more than 70% of the male respondents disclosed that they would recommend other workers' to save for retirement with the NSSF than the female respondents (65%). However, the proportion of the male respondents and that of female respondents who agreed that they would recommend to other people to save for old age with the NSSF only has a 5% difference. Figure 4.15 below illustrates this finding.

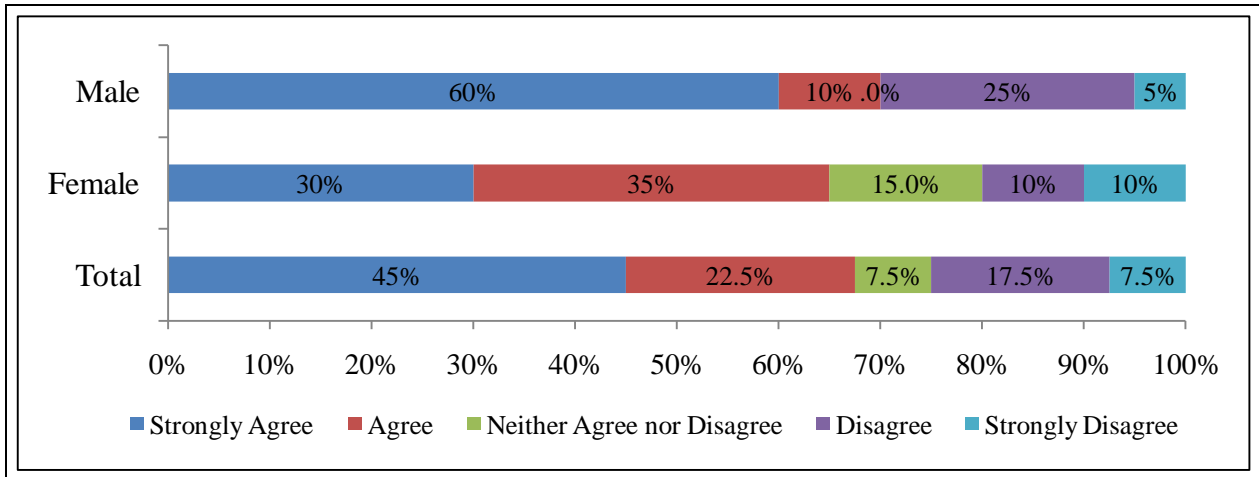


Fig 4.15: I would recommend saving with NSSF

4.12 Areas of improvement on Services by NSSF

The respondents were asked to state some of the changes they would recommend NSSF to implement in order to serve its members better. The recommendations given include accountability and transparency on investment of funds. The respondents recommended that NSSF should invest funds wisely, and that it should avoid any type of corruption. They also recommended that NSSF should educate and sensitize its contributors on the benefits of saving for retirement with the Fund. According to the respondents, contributions ought to be commensurate with the workers’ income. Respondents were of the opinion that NSSF should provide loans to contributors on savings and also give dividends on the savings.

In addition, the respondents recommended that the Fund should regularly update members on their accounts through use of Information technology and mobile messaging. Furthermore, the Fund should make it easier for retirees to collect their benefits on retirement. Respondents further recommended that NSSF should come up with a way of issuing quarterly statements of accounts to its members.

Participants in focus group discussions recommended that NSSF should seriously sensitize members on the proposed new rates. They stated that the Radio and TV messages that were sponsored by NSSF were not reaching all Kenyans, especially those in the rural

areas. Finally, both focus group discussants and respondents recommended that NSSF should come up with a document where members state their next of kin to enable fast payment of survivor benefits.

CHAPTER FIVE

SUMMARY, DISCUSSION AND CONCLUSIONS

5.1 Summary

This chapter summarizes and discusses the study findings, and then draws conclusions from the discussion. The chapter ends with recommendations on improvements in the services rendered to the contributors of the Fund.

The first research question was on the attitudes of formal sector workers towards saving with the NSSF. The findings indicate that the contributors have a high regard for access to information on how to register and contribute savings to NSSF, access to information about contributors' NSSF accounts, familiarity of the services offered by NSSF to its customers, awareness levels on the amounts contributed and also participation and interest levels on savings for retirement. In addition, the NSSF is seen as worth saving with even if it was not a mandatory requirement, and the respondents were very confident that their retirement savings are secure with NSSF.

On the other hand, contributors do not think that the amount they contribute to the NSSF will be sufficient to meet their basic needs in retirement. In addition, a high proportion of the respondents do not know if NSSF offers contributors support programmes, facilities and operations that enhance the member's contribution to the Fund. Nevertheless, some felt that NSSF policies enable them to express their dissatisfactions with its services. Less than half of the respondents agreed that NSSF has formulated ways of incorporating workers' views in its policies.

The second research question was on the factors that influence these attitudes of the formal sector workers towards NSSF. Results of the survey indicate that more than half of the

respondents disclosed that people who influence them believe that NSSF is the institution to save with for old age. Financial obligations and educational background greatly influence the respondents' ability to save for retirement. In contrast, gender socialization was not seen as a major influence/hindrance to saving for retirement.

The third research question was on the existence of any gender driven attitudes among formal sector workers towards saving with NSSF. The findings indicate that there were no gender driven attitudes towards the support programmes, facilities and operation NSSF offers to its members. The females felt more strongly than the males that the NSSF is worth saving with even without the mandatory requirement. On the other hand, the males felt more strongly that their retirement savings with NSSF were secure. In addition, they felt more strongly that the people who influence them believe that the NSSF is the institution to save for old age and that educational background influences attitude on saving with NSSF.

5.2 Discussion and Conclusion

The researcher rated high or low attitude depending on the percentage rating. A 50 percentage and above was interpreted as a high attitude while 49 percentage and below was interpreted as a low attitude. The survey findings make it clear that access to information influences attitude positively, and vice versa. According to respondents, those who had interacted with NSSF had a positive attitude towards NSSF. The research findings also indicate that the respondents had a high attitude to access to information on how to register and contribute savings to NSSF and access to information about contributors' NSSF accounts. In contrast, the findings suggest low attitude on the NSSF operations and awareness of support programmes, facilities and operations and dissatisfaction with NSSF.

This study agrees with findings by ILO (2004:13) that, even if a scheme is compulsory and based on pooling of risks and contributions, it will experience difficulties if it is not seen by those it covers as efficient, transparent and relevant. The study findings also compare with those of Pandiyan (2012:40) on Savings and Investments Attitude of Salaried Class in Cuddalore District in the United States of America, which revealed that the attitudes of the respondents play an important role in their decision-making process on saving and investment. Changes in attitude were likely to affect the overall saving habits of the people. According to the American study, people change their behaviour in line with changes in the value and nature of the incentive offered.

However, study findings suggest that the contributors had no confidence that their contributions would meet their basic needs in retirement. They also indicate that there was need for NSSF to increase awareness of its systems, policies and benefits to the general public. According to Lusardi (2008:2) low literacy and lack of information affect the ability to save and to secure a comfortable retirement; ignorance about basic financial concepts can be linked to lack of retirement planning and lack of wealth.

According to this study, workers' attitudes influenced how they perceived NSSF as an institution to save with for retirement. This study supports the argument by Ajzen and Fishbein (1975:216) that attitude is an individual's positive or negative feelings (evaluative affect) about performing the target behaviour. According to Ajzen and Fishbein (1980:12) perceived behavioural control factors reflect past experience as well as external factors such as anticipated impediments, obstacles, resources and opportunities that may influence the performance of the behaviour.

In terms of gender, the findings indicate that the female contributors felt strongly that the NSSF is worth saving with even without the mandatory requirement and that they are more likely to be influenced by the society on saving habits. In contrast, the male contributors felt more strongly that their retirement savings with NSSF are secure. They also felt more strongly that the people who influence them believe that the NSSF is the institution to save for old age, and that educational background influences attitude on saving with NSSF.

This study agrees with the findings by Bernasek and Shwiffs (1996:7). Bernasek and Shwiffs found that the factors that affect women's and men's propensity to save may be contradictory in their effect. For instance, women's care responsibilities and roles in household management may lead to more consumption spending and thus less saving. On the other hand, this responsibility may lead women to save more than men for precautionary reasons, due to a stronger perception of the need to smooth family consumption. The study also agrees with the theory that attitudes towards behaviour, subjective norms with respect to behaviour, and perceived control over the behaviour are usually found to predict behavioural intention with a high degree of accuracy (Ajzen and Fishbein, 1980:206).

The study concluded that workers attitudes influence how they are saving for retirement with the Fund. Also that, there are factors that influence the attitudes that workers have towards NSSF such as; customer service delivery, delayed benefits payments, payment of survivor benefits, Fund not updating members accounts and issuance of account statements and lack of public awareness on benefits of saving for retirement with the Fund. However, according to the study, there are no gender-driven attitudes influencing how workers save for retirement with the Fund.

5.3 Recommendations

Based on the findings of the study, the researcher makes the following recommendations.

1. NSSF should educate and sensitize its contributors on benefits of saving for retirement with the Fund. The Fund should also increase the public's awareness on benefits of saving for retirement. NSSF should also improve service delivery to its members in order to increase customer satisfaction and thereby attract new members while retaining its existing members.
2. The Fund should regularly update members on their accounts through use of Information technology and mobile messaging to make it easier for retirees to collect their benefits on retirement. It should also come up with a way of issuing quarterly statements of accounts to its members.

5.4 Suggestions for Further Research

The research questions for this study are important to pursue in order to assist individuals in the transition from career involvement to retirement adjustment. The two steps, developing positive attitude towards retirement and planning for retirement, need further examination to ascertain their role in transition.

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Section II: Workers’ perception of the Fund

Please say how much you agree or disagree with each of the following statements:

Strongly Agree (1) Agree (2) Neither agree nor disagree (3) Disagree (4) Strongly disagree (5) Don’t know (6)

1. I am able to access information on how to register and contribute savings to NSSF with ease. 1 2 3 4 5 6

2. I am familiar with the services offered by NSSF to its customers. 1 2 3 4 5 6

3. I participate and I have interest in how I intend to retire. 1 2 3 4 5 6

4. I am aware that the contribution levels are the key factor in determining the size of my pension fund. 1 2 3 4 5 6

5. The amount that I am currently contributing to the NSSF will be sufficient 1 2 3 4 5 6

Strongly Agree Neither Disagree Strongly Don't
 Agree (2) agree nor (4) disagree know
 (1) disagree (5) (6)
 (3)

to meet my basic needs in
 retirement.

6. I am able to access 1 2 3 4 5 6
 information about my
 account with NSSF
 regularly.

7. NSSF offers support 1 2 3 4 5 6
 programme, facilities and
 operations that enhance the
 members' contributions to
 the Fund.

8. NSSF has policies that 1 2 3 4 5 6
 enable contributors'
 express their
 dissatisfactions on services
 rendered to them.

9. In my opinion NSSF has 1 2 3 4 5 6
 formulated ways of
 incorporating workers'
 views in its policies.

Strongly	Agree	Neither	Disagree	Strongly	Don't
Agree	(2)	agree nor	(4)	disagree	know
(1)		disagree		(5)	(6)
		(3)			

10. I believe NSSF is worth 1 2 3 4 5 6
 saving with even without
 the mandatory requirement
 for workers' to save with it.

11. I have confidence that my 1 2 3 4 5 6
 savings with NSSF are
 secure.

12. In my opinion NSSF values 1 2 3 4 5 6
 its customers, and offers
 them quality services.

13. In my view, the 1 2 3 4 5 6
 information available in the
 local media on operations
 of NSSF has no effect on
 how I participate as a
 contributor to the Fund.

14. I would recommend other
 workers to save for 1 2 3 4 5 6

Strongly	Agree	Neither	Disagree	Strongly	Don't
Agree	(2)	agree nor	(4)	disagree	know
(1)		disagree		(5)	(6)
		(3)			

retirement with the NSSF.

Section III

Subjective Norms

1. People who influence me

believe NSSF is the institution 1 2 3 4 5 6
to save for old-age.

2. believe that perceived

behavioural controls by the 1 2 3 4 5 6
society do influence one's
saving habits.

3. I believe that one's gender

socialization can affect an 1 2 3 4 5 6
one's influence on how to
participate in saving for old
age

4. In my opinion an

individual's educational 1 2 3 4 5 6
background can influence

Strongly	Agree	Neither	Disagree	Strongly	Don't
Agree	(2)	agree nor	(4)	disagree	know
(1)		disagree		(5)	(6)
		(3)			

his/her attitude on how to
save with the NSSF.

5. One's financial obligations 1 2 3 4 5 6
within a family setting can
have an effect on one's
interest in saving for
retirement.

6. NSSF is perceived as an
institution of choice that is 1 2 3 4 5 6
capable of meeting retirees'
social protection.

7. The people that I associate
with have a positive 1 2 3 4 5 6
attitude towards saving
with NSSF and thus
influence my participation
in saving with NSSF.

8. I would recommend other
workers' to save for 1 2 3 4 5 6
retirement with the NSSF.

9. What changes, if any, do you believe that NSSF needs to improve in its services i.e., registration and contribution and investment of funds?

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

10. Do you believe that NSSF values workers' opinions and views? If not, what changes, if any, do you feel it should make to improve a worker's life in retirement?

.....
.....

Appendix II: Focus Group Discussion Guide

1. Please discuss your experiences with NSSF. In what ways are the staff members of NSSF aware of the importance of the services they offer to workers?
2. How satisfied are you with the services you receive from NSSF?
3. To what extent do you believe that workers are receiving accurate information about NSSF?
4. Discuss workers' attitudes towards saving with NSSF and how this may cause them to save or not save for retirement with NSSF.

Appendix III: Key Informant Interview Guide

1. What challenges do you think NSSF is facing in convincing formal sector workers' to save for retirement with it?
2. What needs to be done in order for NSSF to address these challenges?
3. In your opinion, do you think that information available in the social media, both positive and negative, may be having an effect on how workers perceive NSSF and how they save with it?
4. Are workers' opinions and views valued by NSSF and are these included in the formulation of policies by the Fund?
5. How can the NSSF improve on how the workers perceive it?
6. In summary, what do you think NSSF should do to improve its public image?