



ASSESSMENT ON EMPLOYEES' ATTITUDE TOWARDS THE
IMPLEMENTATION OF PRIVATE PENSION SCHEME: THE CASE
OF SAVE THE CHILDREN INTERNATIONAL

By: Netsanet Abebe

**A Thesis Submitted to the School of Graduate Studies of Addis Ababa
University in Partial Fulfillment of the Requirements for the Degree of Masters
in Public Management and Policy in the Department of Public Administration
and Development Management.**

Advisor: Mulugeta Abebe (PhD)

Addis Ababa

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School of Graduate Studies

College of Business and Economics

Department of Public Administration and Development Management

This is to certify that the thesis prepared by Netsanet Abebe entitled “*Assessment on Employees’ Attitude towards the Implementation of Private Pension Scheme: The Case of Save the Children International*”, which is submitted in partial fulfillment of the requirements for the Degree of Masters in Public Management and Policy (MPMP), complies with the regulations of the University and meets the accepted standards with respect to standards to originality and quality.

Approval Board Examiners:

Mulugeta Abebe (PHD) _____

Advisor

Signature

Date

Internal Examiner

Signature

Date

External Examiner

Signature

Date

DECLARATION

Student ID: GSE/1449/06

I declare that this study entitled “*Assessment on Employees’ Attitude towards the Implementation of Private Pension Scheme: The Case of Save the Children International*” is my own original work with assistance and guidance from my Advisor and not submitted before for any institution and any purpose. I further declare that all resources used in this study have been properly recognized and acknowledged and that all source of materials used for the study have been duly acknowledged.

Netsanet Abebe

Signature

Date

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ACRONYMS & ABBREVIATIONS

CSA	Charity and Society Agency
DB	Defined Benefit
DC	Defined Contribution
ILO	International Labor Organization
PF	Provident Fund
PAYGO	Pay-as-you-go
NGO	Non-Governmental Organizations
SCI	Save the Children International

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ABSTRACT

The primary objective of this study is to assess the attitudes of employees, at Save the Children, on the implementation of the recently introduced private pension scheme. In this sense, self-administered structured questionnaire was used to collect quantitative data while in depth interview was used for the qualitative study. Simple random sampling was used to select respondents from the total population of Save the Children Addis Ababa/International –based staff members who were previously part of provident fund scheme. The researcher has followed the approach of descriptive qualitative research method and applied simple random sampling technique. The data have been collected using structured, semi-structured questionnaires and interviews, as well as reading materials of the target area. The finding from the descriptive analysis revealed that employees of Save the Children International were well aware of the pros and cons of both the pension and provident fund schemes. The second finding disclosed that the majority of the employees prefer the provident fund over the pension scheme. The analysis also indicated employees' dissatisfaction with the implementation of the private pension scheme and the consequent several different factors were attached with the dissatisfaction. The findings, therefore, suggested the need for government to further improve the implementation modality of Private Employees' Pension Proclamation No. 715/2011 in such a way it protects the safety of all citizens. Among such complementary measures is the provision of preretirement withdrawals/loans to those NGO employees with less than 10 years of experience and who would be forced to leave a certain job and wait for the other to come as the lifetimes of jobs in the NGO sector are naturally contract-based and obviously are regulated by the phasing-in and phasing-out projects. The measures, therefore, must protect the interests of the services and tributes of this section of the society from this danger of ending-up with being nothing for their later times; and, in this sense, the measures must benefit these employees to be able to get their genuine tributes and possibly invest for other sources of income that would ensure their living during their retirement ages.

Key words: Pension Scheme, Private Pension Scheme, Provident Fund

CHAPTER ONE: INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Hu, Y. and F. Stewart (2009) state that old-age social assistance programs have already existed in many countries for a long time. Pension is one of these programs that is designed to provide the employees of an organization with a means of securing on retirement a standard of living reasonably consistent with that which they enjoyed while in service. Mitchell and Fields (1996) correspond the term pension with a benefit that would be paid to an employee when she/he retires from the work after reaching a certain prescribed age. Moreover, the eligibility of a beneficiary for this periodic income or annuity payment is also appraised on the basis of her/his earnings and services.

In Ethiopia, the first law that guaranteed social security for employees was proclaimed in 1963. However, up until 2011, one concern was the fact that the Ethiopian pension system has a partial coverage, governing exclusively the public employees, and without covering the private sector. Thus, the government had to introduce mandatory pension system in the private and Non-Governmental Organization (NGO) sectors. Therefore, the Ethiopian Government issued a new law which extends pension benefits to the permanent employees of the private organizations in July 2011. The Federal Negarit Gazeta cited this Proclamation as the “Private Organization Employees’ Pension Proclamation No. 715/2011”.

The Proclamation provides the employees of the private sector with four types of pension benefits: retirement benefits, invalidity benefits, incapacity benefits and reimbursement of contribution. According to the Proclamation, the organizations which are covered by this scheme are those private and non-governmental organizations that have salaried employees and are established to engage in commerce, industry, agriculture, construction, social services or any other lawful activities (Proclamation, 715/2011).

Save the Children International is one of such organizations in Ethiopia; and its employees, therefore, are also need to be liable for the benefits and obligations of the Proclamation. However, despite the continued evolution and development of modern pension systems in the world over the past century, one issue which is yet to be resolved is how to extend such structured pensions schemes to the private sector workers. Similarly, as the entire population of the sector had been

through their own distinct social security systems before, the smooth introduction and implementation of the ideas of the Proclamation into practice has appeared to seek more careful attention and further technicalities as it has resulted in discomfort and disappointment among the employees of (presumably) the sector in general and the organization in particular.

Finger (2005) asserted that improvement of employee morale and spirit can be done by addressing the issues of morale. Attitude survey, welfare measures, salary addition from time to time can be some other ways of improving productivity and thus reducing employees' turnover or dissatisfaction. Nonetheless, the coincidence in the timing of the Proclamation and the unification of the tender organizations into a single organization- changing their employment status from seniorship to new-fangled and the arbitrary nature in the process of the implementation of some of the Proclamation have been unleashed being sources of grievance, disappointment and dissatisfaction and among the employees of Save the Children International, ultimately affecting their attitude to the progressive reform.

The crux of the matter lies on the way some sections of Part Three of the Proclamation were implemented. For instance, this part of the Proclamation states that those employees, who have pension scheme or provident fund before the coming into force of this Proclamation, may either decide to continue to benefit from the pension scheme or the provident fund or agree to be covered by this Proclamation (Proclamation, 715/2011). On the other hand, as to the Human Resource Manual (HRM) of Save the Children USA, each of the employees had a provident fund, which was raised from the employer organization (15%) and the employee (10%); whereas the Proclamation states the funds to be raised are to be 11% and 7% respectively. Moreover, previously, a staff member who wishes to take from his/her saving in the provident fund was allowed to take up to 50% of his/her saving per year (HRM, 2007). These kinds of advantages were long established as one of the evident incentives of the employees, as many had used the money to invest and establish supplementary small businesses, build residences or continue further higher education for better economic and intellectual positions, which in turn contributed for betterment of their retirement age.

These greater benefits, therefore, might have been very good reasons for the majority of the employees to decide to continue benefiting from the provident fund than the pension scheme. However, during the implementation of the Proclamation, all the employees are now part of the pension scheme. This paradox, therefore, deserves further researching, not only, at least, to

scientifically cross-check whether the employees were urged to be part of the pension scheme but also to further increase the efficiency of the reform in questioning the existing actual implementation.

1.2 STATEMENT OF THE PROBLEM

The Proclamation No. 715/2011 was issued in July, 2011, when Save the Children International was in the process of being formed as a single organization that was actually happened in the following year through the unification of Save the Children Organizations (USA, UK, Norway, Sweden, Denmark and Finland) that had been working throughout Ethiopia. Several employees, who were hired in those different member organizations, were transferred to the “newly” created Organization (Save the Children International).

Following the Proclamation, just as it has clearly stated, the previous employees were requested to willingly resort whether they would remain benefiting from the provident fund or join the pension scheme. However, as to the HR Profile of Save the Children, USA only few did resort to join the pension scheme at that time. Soon, since October 2012, those different member organizations of Save the Children made the alliance and formed Save the Children International. The Ethiopian Charities and Societies Agency (CSA) registered it as a “new” organization. Accordingly, all the employees were obliged to join the private pension scheme as the law requires any new employee of a new organization to do so. Here, even if the employees are, in principle, not “newly” recruited staff members of a “new” organization, they were left with no chance without ending up being considered so with no option of benefiting from the provident fund.

Moreover, most of NGO jobs are project-based jobs and there is a greater potential for employees to lose their jobs during phase-out periods. Therefore, as there is tough competition in the market to be hired again, the employees may struggle to earn income in a sustainable manner and the pension scheme is not an excellent choice in such circumstances. Further, when the employees get other job opportunities after certain period of interruption, there will be always a gap in the contribution of the pension and yet there is no clear direction regulating this and such circumstances in the Proclamation.

According to the Proclamation, if an employee would resign from his/her job before 10 years' service, he/she will not be reimbursed, be it is the amount contributed by the employer or the employee himself/herself. An employee who contributes to the pension fund and leaves office willingly prior to 10 years of service will not receive any compensation. In the majority of NGOs, like Save the Children International Ethiopia, whether they like it or not, employees are usually offered one or two years renewable contract and they may be forced to leave the organization before 10 years' service based on the situation of project funds and they may end up powerless to claim for the pension reimbursement. There are also arguments regarding the value of money.

Despite the fact that the pension scheme for the employees is considered mandatory and the government has disclosed its benefits for citizens in some way, several issues have started to emerge immediately after it has officially been implemented. The issues have a lot to do with job security, post-termination claims and monetary values as well as rehiring processes. The way the government and the employed citizens perceive, react to and handle those issues will surely determine the success and failure of the pension scheme.

Scientifically investigating and experimenting the position of employees towards good/bad pension schemes and evaluating the significance of such matters in the career development efforts of employees as well as the reciprocal success/failure of a certain organization and country are one of the prevailing schools of thoughts in the modern global academic circle. In this sense, different international scholars have provided useful theories on the subject.

For instance, Steer (1977) is one of the scholars who augment this same idea. In this sense, he mentions that scholastic views about the factors related with workers' commitment towards organizational/state goals have received wide attention by scholars. Workers commitment here entails the level of job involvement (Lodahl and Kejners, 1965). It includes internal work motivation (Hackman and Oldham, 1978) and the willingness of an employee to invest personal effort for the sake of the organization and/or the country (Agba, Nkpoyen and Ushie, 2010). It involves attitudes or orientation towards the organizational and state goals or objectives and the jobs they would perform (Hall and Schneider, 1972).

Commitment is positive and consistent attitude towards organizational and state goals and priorities that are produced by the exchange consideration. Commitment is tied to how well an employee is

motivated. Motivation here entails the process of influencing employees' behavior towards the attainment of organizational and state goals (Dhameji and Dhameji, 2009). Motivation includes meeting the psychological, financial and emotional needs of workers. An accepted pension scheme is part of motivation and could help the employees to attain the fit attitude and satisfaction towards what they are doing. Therefore, a good pension scheme could determine the level of workers commitment and influence whether an employee will do his/her work properly or not. According to Sule and Ezugwu (2009), a good pension scheme guarantees employee's comfort and commitment to the organization during his/her active years too, as it assures them of life after retirement.

In spite of the immensity of the international scholars on this subject matter, however, until recently, the available few research on the Ethiopia's pension system and its impact on the employees' attitude and in turn performance and productivity is what is missing. Moreover, as far as the researcher's investigations are concerned, different topics like the factors affecting the choices of employees while choosing from different types of retirement schemes i.e. provident fund, pension scheme, compulsory vs voluntarily pension schemes; experiences of different countries towards the theme; etc are among those of which are more widely studied by several international scholars in the field. In this sense, some researchers have also revealed that there are diversified types of social security pension schemes (being) applied by different countries of the world. However, as a little percentage of (local) scholars have nothing to say with respect the Ethiopian private pension schemes and experiences, this means is that there is much left to be dealt about this matter, probably owing to its novelty in the country, and like about the attitudinal impact that its implementation would create among those involved private employees in general and/or the employees in the NGO sector in particular. Nevertheless, this thesis, other than calling more scholastic attentions to the matter, cannot possibly claim to present an exhaustive and complete picture of the issues it had tried to deal with.

1.3 RESEARCH QUESTIONS

Having the aforementioned framework in mind, this study will seek to answer the following key research questions and achieve underlying objectives in relation to employees' attitudes towards the pension scheme in Save the Children International in particular and in the NGO sector in general:

- How do the employees of Save the Children perceive the pension scheme compared to the previous provident fund scheme?

- To what extent are the employees within Save the Children satisfied or dissatisfied with the introduction of the new pension scheme?
- What is the level of dependability, reliability and practicality of the pension scheme over the provident fund in the situations of the employees of Save the Children and other NGOs?
- What are the points to be taken into account while implementing the Private Organization Employees' Pension Proclamation No. 715/2011 in the NGO sector?
- How does the position of the employees towards the implementation of the pension scheme would affect their respective productivity?

1.4 OBJECTIVES OF THE RESEARCH

1.4.1 General objective

The overall objective of the study is to assess employees' attitude towards the pension scheme implemented in Save the Children.

1.4.2 Specific objectives

In order to realize the general objective of the study, this research aspires to meet the following specific objectives:

- To document the perception of the employees of Save the Children towards the pension scheme in comparison to the previous provident fund scheme;
- To assess the level of satisfaction or dissatisfaction of employees of Save the Children with the introduction of pension scheme;
- To assess the level of dependability, reliability and practicality of the pension scheme over the provident fund in the situations of the employees of Save the Children and other NGOs;
- To scientifically disclose the points to be considered in implementing the Private Organization Employees' Pension Proclamation No. 715/2011 in the NGO sectors.
- To assess the extent to which the attitude of the employees towards the implementation of the pension scheme would affect their respective productivity.

1.5 SIGNIFICANCE OF THE STUDY

As the private pension scheme has been implemented only very recently, to the knowledge of the researcher, there are only limited numbers of researches found in the area. Beginning, therefore, from interested scholars on the matter, different governmental and nongovernmental offices could benefit from the research's potentiality of being an important reference material. It would be used as a benchmark and also to call the attention of other scholars. This study, therefore, is useful to extend frontiers in knowledge on the aforementioned theme that it sought to answer, which is the relationship of employees' welfare schemes and productivity in service delivery, and how this would in the long run influence the organizational/institutional productivity.

Moreover, generally, the purpose of this study is to assess the attitude of the employees of Save the Children International in Ethiopia towards the private pension scheme which is recently applied in the entire NGO sector in the country. There is also, therefore, a possibility that the results of the study can be carefully used to further investigate the attitudes of employees in the entire NGO sector in the country towards the scheme.

Understanding the attitude of the employees towards the pension scheme and what is missing in its implementation would, therefore, contribute its part for the formulation of organizational and, more importantly, governmental policies and measures.

1.6 SCOPE OF THE STUDY

Spatially, this study was undertaken in the Save the Children International-Ethiopia Country Office at Addis Ababa only. The research is, therefore, focused at the employees from the specified organization. Periodically, the study tries to mainly be focused within the timeframe following the enactment of the Private Organization Employees' Pension Proclamation No. 715/2011, which was made in 2011. Conceptually, the research is as limited as it did not go deeper to examine the effect of other employee welfares other than and beyond the implementation of the new private pension scheme in the country; and its place in setting up the attitude of the involved employees towards itself; as well as the conditions to be considered during its application in the cases of these

employees in particular and other NGO employees in the country in general. The scope of the study with regard to population is, therefore, the involved employees of the Organization.

1.6 LIMITATION OF THE STUDY

With regard to its limitation, as the private pension scheme is a very recently introduced system in the country, the availability of other secondary source materials to be referred is the restraint from which the study would suffer. Given the availability of other research materials would have been entertained, the theme of the study would have been investigated and cross-checked deeper.

1.7 ORGANIZATION OF THE PAPER

This research paper is organized into five different chapters. The introductory chapter is concentrated on explaining the problem of the study. It includes the background, the statement, the questions and objectives, the significance, the scope as well as the limitation of the study. The second chapter is all about the general literature review on the materials that are appropriate to the research and the conceptualization of the theme of the study. The third chapter describes the methodology and approaches the research employed. Chapter four is employed to present, discuss, analyze and interpret the data used in the study. The last chapter focuses on the summary of the findings, the conclusions and the recommendations of the study.

CHAPTER TWO: REVIEW OF RELATED LITERATURE

In this section, the study will review academic literatures that are useful towards the formation of the theoretical background and conceptual framework for its major theme: assessing the attitude of the employees in Save the Children International towards the implementation of the private pension scheme in their (NGO) sector and other supportive topics and comparative models like provident fund and the experiences of other countries in the field.

2.1 THEORETICAL LITERATURE REVIEW

2.1.1 Definition of Pension

Pension is one of the social security programs in the modern world where money is paid at regular bases by a government of a country or by any establishment to someone who is officially considered retired from active service provision after serving for a certain stipulated time duration (Mitchell and Fields, 1996). Armstrong, on his part, described pension scheme as a system through which a certain employer or government provides pensions to its former employees during the time after their respective retirements, or to their heir dependents beginning from the time of their deaths, up until to a certain legally specified time (Armstrong, 1999).

Pension schemes are social security maintenance plans for workers after their disengagement as employees through retirement (Ilesami, 2006). Pension schemes are, therefore, expected to have multiplier effect on employees' attitude towards retirement, commitment to duty, and labor retention as well as their attitude towards corruption especially in the civil or private service administrations programs. In this sense, employees' uncertainty or certainty towards receiving the deservingly pension and gratuity after their retirement or before; as well as the fairness or unfairness they would sense within every step and procedures of the scheme's functionality could be what matters most towards their attitudinal configuration and the consequent factors to proceed (Sule and Ezugwu, 2009).

2.1.2 Purpose of Pension Scheme

Within the existing global academic circle, pension scheme is referred as one of the components of the wider social security package that governments are supposed to apply for their citizens. In this sense, pension schemes are widely associated with employer-employee relationships. This idea is duly justifiable as the agenda of discussing about the pension is definitely absent if the employee was not employed in the first place and/or vice-versa. Nonetheless, the meaning of social security should not be simply or solely pointed to overlap with the meaning of pension scheme. In this regard, Adesina (2011) argues that the current narrow social security paradigm, which is widely prevailing especially within the existing systems of the majority of the developing states, tends to concentrate on the social protection efforts that are incomplete in reducing the crippling poverty among the beneficiaries. That explains how the social securities are being corrupted among the developing states to only imply the provision of pension benefits.

Under this circumstance, similarly, the main purpose of pensions is also getting more diminished towards simply giving some little amount of monthly money to the retired employees. However, such condensed type of security does not reasonably meet its primary purpose- which is poverty reduction and beyond. In this sense, Rudrabasavaraj (1979) states that the standardized purpose of pension plans should meet the following advantages of:

- Attracting new and retaining the existing employees of a certain system.
- Reducing the turnover and recruitment costs through making best employees to stay in the organization.
- Permit retirement of the superannuated employees.
- Improve the employees' morale.
- Promote the employees' goodwill and loyalty.

Ideally, given the mass based poverty and social deficits, the developing world will require an active social protection systems that reduce poverty, contribute to asset redistribution and that include measures to address the structural basis of poverty and social exclusion (Taylor, 2009). Similarly, it can be argued that the attainment of these and such purposes in a certain pension scheme is easily possible when the basic paradigm is sincerely set on the intentions of addressing

poverty reduction social security purposes. The pension scheme would, therefore, be bitterly made certain towards the attainment of the above purposes when their programs and plans are prepared in incorporating those features that suit both the public and private organizations in accordance to their respective contexts and realities among the employees.

2.1.3 Types of Pension Plans

Robolino (2006) notes that many countries have opted for different forms of contributory pension schemes, in which employees and their employers are expected to pay certain percentages of their monthly earnings to be saved as retirement account, from which they would be drawing their pension benefits after retirement. Pension plans are broadly categorized as: Pay-As-You-Go (PAYG) and Funded- based on the way they finance the benefits they promise; Defined Benefit (DB) and Defined Contribution (DC) – based on the benefits they promise.

Furthermore, based on the types of the employees they benefit and the options they involve while administered, the pension schemes are also categorized into another four differ types as: Public vs. Private and Mandatory vs. Voluntary respectively.

For the purpose of providing further clarification towards the main theme of this study, here-under are some more explanations made on each type of the pension plans/schemes:

i) Pay-as-you-go vs. Funded schemes

The PAYG type of pension plan is where the retirement pensions are funded over a given period of time from the contributions made over that same period of time both by the employee and the employers. On the other hand, in the implementation of the Funded type of pension scheme, the contributions are paid into a fund from which capital and interest are accumulated and then are used to pay out the pensions (Mesfin, 2003).

According to Gebrehiwot (2007), the Ethiopian pension plan is mainly categorized as PAYG pension plan as the retirement pensions are paid out over a given period time being financed

from the contributions made over the same period mutually by the employees and employers.

ii) *Defined benefit (DB) vs. Defined Contribution (DC)*

DC is a kind of pension arrangement that is made to benefit the beneficiary on the basis of his/her accumulated assets for the purpose of his or her pension. In DC plan, the contribution is pre-specified; however, the amount of the final pension to be offered is uncertain (Hiwot, 2012).

DB is also a pension arrangement that is based on the beneficiary's wage history and length of service (Barr, 2014). The most commonly used type of the DB scheme is the one in which the benefits are dependent on the number of years of the pensionable service, the accrual rate and the final salary of the employee.

iii) *Public vs. Private Administration*

Social security schemes are normally financed and administered by the state. Nonetheless, the administration of the insurance schemes may be either public or private from which their respective category as public or private is emanated (Imam, 2011).

iv) *Mandatory vs. Voluntary Participation*

The participation of employees in the pension schemes might be either mandatory or voluntary. Most of the pension schemes in Africa in particular and the developing world in general are mandatory; and other supplementary saving activities might be exercised through voluntary participation (Mesfin, 2003).

2.1.4 Definition of Provident Fund

The word Provident is closely related to the word Prudent. Both have been in use since the 14th - 15th century. Both can be traced back to the Latin word Providere. The Latin Providere originally meant foresee. Later on, it was used to mean exercise foresight by making preparations. 'Provident Fund' thus means: saving some funds for the future (Asher, 2009). According to Asher (2009), Provident Fund (PF) is basically a savings scheme primarily used for retirement financing for private employees. The PF scheme allows members to obtain withdrawals as a loan for housing, education and other purposes.

Sheikh Hussin (2012), in his study- *Employees' Provident Fund (EPF) Malaysia: Generic Models for Asset and Liability Management under Uncertainty*- mentions that PF schemes are still being employed as the main sources of retirement income provision for the private sector employees in countries like Malaysia, Singapore, India and Sri Lanka. In this sense, it cannot be generalized that the PF scheme an outdated scheme to be replaced by a new pension scheme as some African countries (including Ethiopia) are recently making.

PF is essentially a savings scheme. While it is primarily used for retirement financing, it can also enable members to obtain withdrawals for housing, education and other purposes. PF schemes may be mandatory or voluntary. They are Defined Contribution (DC) schemes, in which the contributions are defined but the benefits are left undefined. As in any DC scheme, individual members bear investment and other risks. Participants usually receive a lump sum at a specified retirement age, though annuity features can be easily incorporated. Contributions are typically by employers and employees, though in some cases the government also contributes. In many provident and pension fund schemes, a member is permitted to borrow for housing, education or other purposes, but the loans need to be repaid. This reduces the power of compound interest (Sheikh Hussin, 2012).

PF can be fully refunded with interest on retirement, resignation, retrenchment or death; and partial withdrawal is also possible for the purposes of:

- Housing
- Marriage / higher education

- Medical treatment
- Natural calamity
- Purchasing equipment's for physically handicapped and
- Temporary unemployment.

Most of employees in the NGO sector prefer PF to PS not only for its “I want my money back” advantage; rather it is because of that it can give their money back during their most frequent/probable temporary unemployment as the lifespan of their employment is, most of the time, directly proportional with that of project/s (Dempster and Medova, 2011).

Adams and Prazmowski (2003) also reinforce the idea that the advantages of the early withdrawals in the PF are life cyclical benefits for the employees since the individuals are entitled withdrawing from their PF whenever a budget constraint dilemma is encountered and the need for a supplementary arises during any part of their life span and being aware of their future salary, pension age and life expectancy.

2.2 THE NEED TO REFORM PENSION PAYMENT SYSTEMS

Before 2011, in Ethiopia, it was only the employees in the government institutions that were under the umbrella of social security. Non-governmental and private organization employees were not the beneficiaries of the pension fund scheme. But starting from the year mention above, these employees of the private sector are forced to contribute some fixed amount of money in the pension scheme in order to get its benefits later during their retirement ages.

Until then, the private organizations and NGOs were providing their employees with PF which is paid in lump sum amount at their employment termination. The conversion of the PF into the pension scheme would bring some elements of adequacy into the retirement package. However, the existence of the pension scheme by itself would be meaningless for these employees unless it is properly managed on the basis of their genuine interests and advantages (Asaminew, 2010).

The need for some kind of specific reform measures concerning social security programs, pensions and other components are understandable in any state's system. To justify this argument, at least two imperative themes can be explained. First, there must be a strong case of governments for viewing the social security systems as an integral part of the overall economic, social, human

resources and political management within their respective countries. Here, the need for effective management and application of the principles of pension economics and finance in the social security policy is what needs to be considered as to the imperative reason for the reformation (Asher, 2009).

The second theme would concern the need for viewing social security arrangements as a system rather than focusing on individual components or pieces. Whenever different components of the social security system in a certain area have evolved, over time, in isolation, there is limited coordination among different schemes, such as those for civil servants and private sector workers (Hagemeyer, K. 2009).

Therefore, for these and such additional reasons, it would be imperative for the states to proclaim reforms. In this sense, the reasons, for the Ethiopian government to proclaim the Proclamation of Private Pension Scheme in 2011 and connect the private and public pension schemes together into a single model would match with the aforementioned and many other reasons.

The theme of this research is not to deny the fact that as country is addressing the challenges of the twenty-first century and is managing its rise globally, constructing and implementing a modern social security system that would represents among the major imperatives. A modern social security system can enable Ethiopia to cushion the burden on workers of restructuring public and private organizations; to increase the legitimacy of further reforms; and others. Of course, all these are essential for the country to emerge as a resilient knowledge-driven economy and society.

However, considering some undeniable facts like the PF scheme is preferable by the frequently interrupted NGO employees, and mostly based upon the timed-up durations of the projects and mostly under the service years of less than ten years, over the PS that has been made through the Proclamation looks necessary.

2.3 FEATURES OF THE PRIVATE PENSION SCHEME

According to Catalan (2004), in the last two decades, many developing countries implemented pension reforms from publicly managed pay-as-you-go defined benefit systems to privately managed fully funded defined contribution schemes. In this sense, what the Ethiopian government has done in and through the Proclamation would be stated as timely and necessary.

Practically, the Proclamation provides four categories of pension benefits for the private employees: retirement benefits, invalidity benefits, incapacity benefits and reimbursement of contribution.

2.3.1 Retirement Pension and Gratuity

With regard to retirement pension and gratuity, the Proclamation, under article 18, states that an employee of a private organization, who has completed at least ten years of service and retired upon attaining the retirement age, shall receive retirement pension for life. Similarly, an employee of a private organization who has completed at least 20 years of service and separated from the service through voluntary registration or for any other reason, other than those provided in the Proclamation, shall receive retirement pension for life upon attaining the retirement age. And those who has completed at least 25 years of service shall receive retirement pension for life, beginning from five years prior to the retirement age. Article 20 of the Proclamation mentions that if an employee reaches the retirement age before completing ten years shall receive a retirement gratuity (Proclamation, No. 715/2011).

2.3.2 Invalidity Pension and Gratuity

The Proclamation, under Article 22, declares that an employee of a private organization who has completed at least 10 years of service and separated from the service due to health problems that could prevent him from engaging in any remunerated work shall receive invalidity pension for life. Article 24, on its part, states that if an employee of a private organization, who has not completed at least a ten years of service and separated from service due to becoming unfit for service as a result of health problems, shall receive invalidity gratuity (Proclamation, 715/2011).

2.3.3 Reimbursement of Pension Contribution

Under its another Article (26), the Proclamation entitles an employee of a private organization, who has separated from service either due to resignation after completing ten years, but prior to completing twenty years of service, or for any other cause other than those specified in the Proclamation prior to twenty years of service, with the payment of an amount equal to the total pension contributions he had made; but excluding the contributions made by the employer. On

contrary, an employee of a private organization who has separated from his/her job resigning prior to completing ten years of service shall not be entitled to any benefit (Proclamation, 715/2011).

2.3.4 Incapacity and Survivors' pension

Under Article 27 and 39, the Proclamation also entitles employment injury that comes as a result of an occupational accident or occupational disease and survivors' pension.

It also mentions, however, entitlement to any of the pension benefits and payments as dependent upon some specific conditions laid down within it. These conditions are mentioned to be like: the length of service, the reason/s for the termination of the employment contract and the degree of the employment injury. The ground/s for the termination of the employment contract could be those mentioned in the proclamation as "pension law grounds" and those not mentioned in the proclamation as "non-pension law grounds"(Proclamation, 715/2011).

2.3.5 Ground of Employment Termination

There are three acceptable reasons for terminating an employment and continuing to get the pension mentioned in the Proclamation. These are:

- A) Reaching retirement age (60 years);
- B) Incapacity due to illness or sickness- "health problems"- and incapacity due to employment injury.
- C) Resignation- associated with special cases- is also regarded for the entitlement of reimbursement of the employee's contribution or pension payment depending on the length of service.

Once an employee has reached the retirement age, he/she will be paid either retirement pension or retirement gratuity depending on his/her length of service. Pension benefit for invalidity is paid for an employee who is unable to be engaged in any type of remunerated work due to illness or sickness caused by factors not related to his work or work place. Depending on the length of the service of the employee, the pension benefit to be paid could be either invalidity pension or invalidity gratuity. Lastly, incapacity benefit refers to payments to be made to an employee for the total or partial loss of capacity to work that is caused by employment injury.

2.4 COMPARATIVE EXPERIENCES OF OTHER COUNTRIES WHILE EVOLVING PROVIDENTFUNDS INTO PENSION SCHEMES: GHANA, NIGERIA AND ZAMBIA

Pension reform, around the world until the recent decades, has been focused mainly on the public sector only. Consequently, many of those working in the private sector have been left out of structured pension arrangements- they were outside of its experience and results: whether there would be benefits or losses. However, since the turn of the millennium, efforts in a range of countries have increasingly highlighted improving pension coverage for private sector workers.

In this sense, similarly, many countries have recently been embarked on this effort of changing national PFs into pension schemes (Bailey, 2004). These conversions towards the compulsory saving schemes have mainly been encouraged due to the advantages of the heir dependents through the survivors' pension within the pension schemes. Some of those African countries that have exercised this change so far are Ghana, Nigeria and Zambia. I choose these three countries as good examples because of their effort of changing national PFs in to Pensions were related to the argument of this study. I feel their experiences could be more suitable for us than the other African countries

One of the original features of the reforms made in these countries (Ghana, Nigeria and Zambia) is its permission for the involved employees to withdraw their contributions they had made in the PF in a lump sum if they became unemployed for at least 6 months. This became always the most popular and accepted provision as it accounted for the majority of beneficiaries' claims. Moreover, the new scheme will also provide the member employees with entitlement to a basic pension and to other social security benefits including the right to withdraw part of their contributions in a lump sum to meet their immediate needs. This provision in these countries was made on the understanding that the employees are getting subjected to the regulation that would reduce the amount of money they will be entitled during the time their retirement ages. (Bailey, 2004).

In general, the experience of these countries illustrates the need for flexibility in introducing new social security designs, taking the needs and interests of the beneficiaries involved into account.

In this sense, Reynaud (2002), in his study made on the extension of social security coverage within the developing world, advocates the need to consider the approaches of the International Labour Office (ILO) while preparing and implementing reforms on the packages of the social security schemes. According to the ILO, during any effort of extending the social security coverage

programs, just as several governmental or institutional systems were making so far, the focus should not be only at the old age pensions and other long-term benefits; since this was not actually enough to realize the achievement of the major theme of such efforts. The short term benefits such as health care and immediate compensation for loss of income should also be considered necessary as well.

Therefore, in this sense, to follow and implement the rules of the ILO in Africa, the aforementioned countries are not the only ones. To mention some more, the recently introduced social insurance scheme in Namibia has included those benefits like of sickness, maternity and death (funeral expenses). Furthermore, the national provident fund in Tanzania is partly used for the pension benefits and partly for those benefits of maternity, employment accident and sickness insurance (Reynaud, 2002).

Similarly, the newly introduced pension scheme in Ethiopia that have been made to replace the benefits of the previous PF scheme for the NGO employees would require to consider those similar issues raised in those countries and other possible contextual issues in the involved employees during its.

2.5 EMPIRICAL LITERATURE REVIEW

Millar and Devonish (2009) are those scholars who have carried out a study that is related to the theme of this research. Their study was conducted on those topics of attitude, saving choices, level of knowledge and investment preferences of employees in relation to their pension and retirement plans. The survey was made and the evidence data were collected from 134 sample respondents in Barbados. The findings of their study reveals that those employees, who do not have the sufficient basic knowledge about their own pension plans, often treat issues pertaining retirement with low priority. Furthermore, the research also shows that inclination of such employees is to use their properties and lands as an asset for their retirement.

The other study conducted in relation to the theme of this research is the one that was made by Tolos (2012) on topics like the choices of employees towards their retirement schemes and those factors that determine those choices, which are primarily related to the level of satisfaction the employees experience as a result of each scheme. The empirical evidences were collected from the

employees' experiences in the Malaysian public universities. In this study, a total of 348 questionnaires were distributed and used for the data analysis. The findings indicate that more than an average level of satisfaction was revealed by those employees who chose the PF scheme over the pension scheme. And significant differences were recorded in between the satisfactions of these two groups of employees. Moreover, those employees who made the choice towards a certain type of pension scheme voluntarily were found more satisfied than those employees who accepted the scheme because of its being compulsory.

Similar to the one that was made by Tolos, the other empirical study was the one which was conducted on the retirement and saving behaviors of private limited company employees and about those factors affecting the decisions towards their preferences of pension schemes in Thailand. This research was made by Piyawattananon (2008) and a total of 218 questionnaires were distributed to the employees and used for the data analysis. The findings suggest that it is those factors like the age, gender, level of dependence and income as well as the aptitude in the self-controlling and the self-confidence as well as the risk preference that an individual employee has which matter most in the kind decision that he/she would make towards his/her retirement and saving behaviors.

2.6 THE CONCEPTUAL FRAMEWORK OF THE STUDY

Pension schemes are one of the social security systems. Apart from the low coverage they are giving to pension schemes, the social security systems in the developing world in general tend to offer very limited benefits to those who are needy. Out of the 9 benefits stipulated in International Labour Organization (ILO) Convention 102, most schemes that are set in many African countries offer only three benefits: survivor, disability and old age pension. Most of the schemes also pay very low amount of pensions, making it difficult for pensioners to adequately smooth their consumption and protect themselves and their families from the risk of poverty.

According to the ILO, an acceptable social protection should be consists of a set of benefits provided by the state, the market or a combination of both to individuals or households to mitigate possible hardships resulting from reduction or loss in income. The reduction or loss of income may be the result of sickness, maternity, employment injury, invalidity, old age or death, to which the

standardized pension schemes and social security programs are expected to give attention. Social protection could be a social security or social assistance. While social security is usually provided through social insurance programs, social assistance comes in the form of state sponsored social benefits to the citizenry.

Social protection and pension schemes are standardized and are recognized in several international, regional and sub-regional instruments as the right of every individual which is crucial in the fight against poverty. Article 22 of the Universal Declaration of Human Rights and the ILO Convention 102 of 1952 underscores the importance of a developed social security and pension plans to the retired and on-service employees in the world. Therefore, giving a close look and attention to the interests, contexts and concerns of the involved employees during any kind of advancement in pension strategies is part of the global ILO strategic policy framework for a decent work, about which the conceptual framework of this study is also concerned.

CHAPTER THREE: RESEARCH METHODOLOGY

Methodology refers to “the general principles, philosophy, procedures, and practices that govern research” (Dawson, 2002, p.14). A descriptive qualitative approach is employed in order to assess the attitude of employees towards the implementation of the new private pension scheme on themselves and also on the other fellow employees in the NGO sector in general, who were denied some of those rights they were long entitled to while they were involved in the PF. According to Dornnyci, “ qualitative research is concerned with subjective opinions, experiences and feelings of individuals and thus the explicit goal of research is to explore the participants’ view of the situation being studied” (Dornnyci,2007,p.32). Moreover, Dawson suggests that, “qualitative research explores attitudes, behaviors and experiences through methods such as interview or focus groups” (Dawson, 2002 p14). However, the researcher has marginally used a quantitative approach for simple statistical calculations and to capture data from participants that cannot be captured by qualitative approach such as how often and how many (methodological triangulation).

3.1 STUDY AREA

The major study area of this research is Save the Children International Ethiopia. This study area was initially selected due to its partly overlapping and partly distinguished historical and structural appearance it has been endowed over the other NGOs in the country. This nature of the organization, therefore, was believed as a suitable position to show the expectable consequent outcomes of the introduction of the private pension scheme among varied conditions. The area was notified as suitable because of its incorporation of different interest groups and complexions within oneself: private and/or NGO employees that are composed of the several former Save the Children organizations’ employees and another new groups that were recruited after the unification of the organizations into a single, which, by itself, also added another attraction into the combination that is the registration of the unified organization as a ‘new’ organization by the government despite of the ages of its member organizations as well as their employees within the field.

3.2 STUDY POPULATION

The population of the study were all Addis Ababa – based employees of Save the Children International Ethiopia. The total population is 455. Again, the study is focused on those employees who were also previously in the provident scheme and then came to private pension scheme because

of the reform made by the government. The subjects of this particular study were made the Addis Ababa-based staff members of the organization only due to logistic and time constraints.

3.3 SAMPLING METHOD AND SAMPLE SIZE

Simple random sampling method was employed on this study and the respondents were randomly selected from the employees based on the proportion of the whole population that were also benefiting the PF before the introduction of the new pension scheme. Given the time and resource constraints, the whole population were not included in the study; rather samples which represent the entire study population was collected and studied.

Whenever it is possible to access the entire population, it is possible to collect data from sample and use the behavior within the sample to infer things about the behavior of the population. The formula used to calculate the sample size of the study is as follows: Source (Kothari, 2004)

$$n = \frac{Z^2 \cdot p \cdot q \cdot N}{E^2(N-1) + Z^2 \cdot p \cdot q}$$

N= total population

n = size of the sample

E = acceptable error

Z = is standard variant given at a given confidence level

P = is standard proportion, and q= 1-p

The sample size for the study assumed 95% confidence level, and 5% margin of error. The sample size was calculated from 455 and which was calculated to be 208; and additional 8% (16) was included by considering a non-response rate of 8%; the total sample size calculated, therefore, was 224.

Table 3.1 Target population and sample size distribution

Department Name (Strata)	No Of Population	Sample Size (49%)
Program Operations-PO	168	82
Program Development Qualities-PDQ	105	53
Support Functions	182	89
Total Staff	455	224

3.4 SOURCES AND TYPES OF DATA

Both qualitative and quantitative methods were used to collect, and analyse the data to meet the objective of the study. The qualitative data were obtained through interviews, while the quantitative data was obtained through structured questionnaire administered to employees of the organization.

The source of the data was both primary and secondary sources. The primary data was collected in 2015 directly through distributing those questionnaires to the employees who were then working for the organization. The type of data that was collected through this approach was more of quantitative data that applied 5-item Likert scale, reflecting facts and figures about the items requested. Furthermore, the face to face interview with the employees was full of qualitative data, which reflected the attitudes of employees towards the pension scheme. On the other hand, secondary data was collected from different sources including journals, private pension proclamation and previous HR manuals.

3.5 DATA ANALYSIS METHOD

In this study, qualitative and quantitative techniques were used in analyzing data. The data gathered through questionnaire were coded, entered into computer, cleaned, analyzed and presented in the form of tables using SPSS version 20 software and Microsoft Excel 2010, while the qualitative data were analysed and presented using Microsoft Word Document. The data was analyzed according to the objectives of the study. Percentages, frequencies, and mean were used to summarize and categorize the collected data.

3.5 ETHICAL CONSIDERATION

The researcher has briefed the study participants on the research objective. Consent form has been provided with the questionnaire for participants of the study to make sure that they are willingly participated in the study. Participants were informed that any kind of confidential information received from them will be kept confidential.

Before the start of the interview, an introduction session was held. Participants were informed of the purpose of the interview, they were also told that at any time if they do not feel comfortable with a topic, they are not required to speak and they are completely free to end their participation in the

meeting at any time. They were informed that there are no wrong or right answers and their idea is very valuable for the success of the study.

CHAPTER FOUR: DATA PRESENTATION, DISCUSSION, ANALYSIS AND INTERPRETATION

In this chapter, the data collected both from primary and secondary sources are presented, discussed in detail, analyzed and interpreted in the way they can give meanings to the readers.

4.1 DATA PRESENTATION, DISCUSSION, ANALYSIS AND INTERPRETATION

This section of the chapter is organized as follows: the first part describes about the basic demographic characteristics of the respondents like: sex, age, level of education, marital status, number of years served in the organization.

The second part presents the knowledge and awareness of the respondents about the pension and provident fund schemes; their preferences between the schemes; the respective advantages and disadvantages of each scheme; the extent of the willingness of employees to join the newly introduced private pension scheme; the level of satisfaction and dissatisfaction of the employees with this pension scheme; their level of motivation and interest to stay within the organization even after the implementation of the new scheme.

4.1.1 DEMOGRAPHIC INFORMATION OF RESPONDENTS

The data collection tool was distributed to the respondents in Addis Ababa office as per the proportion of the population. In the process, a total of 224 questionnaires were distributed to the respondents. As presented in table 1 below, a total of 187 respondents have completed and returned the completed questionnaires.

Table 4.1 Respondents Response Rate

Place	Total Population	Questionnaires Distributed	Completed and returned questionnaires	Percentage of Response
Addis Ababa Office	455	224	187	83%

Source: Own Survey (2015)

4.1.2 Descriptive Statistics

Based on the response given to each item, descriptive statistics was used to summarize the demographic characteristics of the respondents and to know the level of their attitude towards the pension scheme. The analysis was made by comparing the percentage, frequencies and the “mean” score of each variable. According to Zaidaton & Bagheri (2009) the mean score below 3.39 was considered as low, the mean score from 3.40 up to 3.79 was considered as moderate and mean score above 3.8 was considers as high as illustrated below.

Table 4.2 Description of mean score

Comparison bases of mean of score of five point Likert scale instrument	
Mean Score	Description
<3.39	Low
3.40 -3.79	Moderate
>3.80	High

Source: Zaidatol & Bagheri (2009)

4.1.2.1 Basic Characteristics of Respondents

The results of the analysis depicted that, out of the total respondents, 56.7% were male and the remaining 43.3% were female. Accordingly, the result of the analysis shows that 65.2% of them are married and 31% are single respectively; and the remaining 3.8% are divorced and widowed. Furthermore, the study extended the analysis to see the level of the respondents’ education in relation to their sex; and the result shows that, from the total assessed respondents, only 1.6% are PhD holders, of which 66.7% are female; and 46.5% respondents are MSc/MBA holders, of which 29.9% are female; 42.2% are BA/BSc graduates and from this 49.4% are female (see table 4.3). Therefore, from this demographic information of the respondents it is possible to get unbiased information that represents both sexes, among whom there are with the highest academic qualifications, which may help them to see the study as an implication.

Regarding the respective tenure periods of the respondents in their current organization, the largest proportion of the respondents has stayed in the organization for about 1 to 5 years, n= 78 (41.9%); and the second largest group of the respondents have a tenure period that is less than 1 year. Those who have stayed for greater than fifteen years are only 5 (2.7%).

Table 4.3 Characteristic Composition of the Respondents

Demographic characteristics	Frequency	Percentage
Sex		
Male	106	56.7%
Female	81	43.3%
Total	187	100.0%
Age		
below 25	3	1.6%
25-34	89	47.8%
35-44	77	41.4%
45-54	17	9%
55 and Above	1	.5%
Total	187	100.0
Marital Status		
Married	122	65.2%
Single	58	31.2%
Divorced	5	2.7%
Widowed	2	1.1%
Total	187	100.0
Educational Background		
Doctorate	3	1.6%
Masters	87	46.5%
Bachelors	79	42%
Diploma	9	4.8%
Certificate	2	1.1%
Grade 12	4	2.2%
Grade 10 completed	1	.5%
Below 10	2	1.1%
Total	187	100.0
Length of employment /Work Experience in the organization		
< 1 year	42	22.6%
1-5 years	78	41.9%
6-9 years	41	21.9%
10-14 years	21	11.3%
>15 years	5	2.7%
Total	187	100

Source: Own Survey (2015)

4.1.2.2 Employees' Awareness and Knowledge about the Pros of the Pension Scheme

The study was pay due attention to attest the pensions pros based on the four parameters of measuring levels of awareness. According to the analysis of the study the result indicated that 63.1% of the respondents were aware of about the newly introduced private pension scheme while only 13.9% of them were not aware about the pension; and the rest 23% were neutral to explain their awareness. See Table 4. In view of that, the mean score the awareness shows 3.72, which is according to Zaidatol & Bagheri (2009) mean of score of the level of awareness of the employee range at moderate level. See Table 4.2.

Table 4.4 Awareness and knowledge of pros of pension scheme

Item	Strongly disagree (%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly Agree (%)	Mean
I am well aware of the pension scheme	2.7	11.2	23.0	38.0	25.1	3.72
I agree that the pension scheme helps individuals to save for their retirement scheme	8.0	20.3	18.7	35.3	17.6	3.34
I am aware of that the pension scheme guarantees fixed monthly income at the time of retirement	8.1	10.2	20.4	41.9	19.4	3.54
I know that pension scheme has Tax relief at the time of retirement	6.5	14.6	35.1	28.6	15.1	3.31

Source: Own Survey (2015)

With regard to the perception of the employees about the value of pension during their retirement nearly 52.9% of them were agreed; whereas 28.3% disagree and the remaining 18.75 are neutral. Though, the result shows that more than 50% were agreed the contribution of pension to retirement time but according to Zaidatol & Bagheri (2009) the Likert model the mean value of the study 3.34 shows that in lowest rate. This implies that the employees were not fully confident up to what the pension provides the required service during their retirement period.

Similarly, the majority of the respondents (61.3%) believes or definitely believes that the pension scheme will guarantee the fixed monthly income during the time of retirement while about 20.4% of

them were remain neutral; and 18.3% of the respondents don't agree with the statement that pension scheme guarantees fixed monthly income for their retirement.

Regarding to the idea of whether the pension scheme has Tax relief or not, about 43.8% of the respondents know or that it has while 35.1% of them are remain neutral about the matter; and the remaining 21.1% do not know. The mean rating of this item is 3.31.

From this it is possible to infer that most of the employees in the organization have good knowledge of the pension scheme. It is also implied that the majority of the employees believe that the pension scheme is helpful for saving for their retirement and as it also guarantees their monthly payment at the time of retirement. According Zaidatol & Bagheri (2009) the majority of the respondents' knowledge about the tax relieved nature of the pension scheme is low i.e 3.31. See Table 4.2

4.1.2.3 Employees' Awareness and Knowledge about the Cons of the Pension Scheme

Following table shows the response of employees to the question asked to rate the level of their awareness and knowledge of cons of pension scheme

Table 4.5 Awareness and knowledge about the Cons of the pension scheme

Item	Strongly disagree (%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly Agree (%)	Mean
I am aware that the current pension scheme doesn't allow to access the money until my retirement	3.7	9.6	26.7	33.2	26.7	3.70
I am aware that the pension scheme doesn't allow employees to get both their and their employer contribution at the time of resignation	6.4	14.4	22.5	30.5	26.2	3.56
I am aware that the pension scheme incorporates fixed payment at the time of retirement which doesn't consider cost of living	5.9	8.0	21.4	26.2	38.5	3.83
I am aware that the Pension scheme doesn't consider the time value of money	5.3	6.4	15.0	27.3	46.0	4.02

Source: Own Survey (2015)

The majority of the employees' (73.3%) strongly agrees or agrees that the pension scheme doesn't consider the time value of money. On the other hand, 11.8% of the employees disagree or strongly disagree with the idea that the pension scheme does not consider the time value of money. While the rest 15% preferred to be neutral. The overall mean is 4.02. According to Zaidaton and Bagheri (2009), therefore, the mean score discovered shows that employees' level of knowledge on the pros of pension is high on the above mentioned statement.

Towards the idea that argues that there is fixed payment at the time of retirement in the pension scheme which doesn't consider cost of living the majority of the respondents (64.7%) of them agrees or strongly agrees with the idea, while 13.9% of them disagrees or strongly disagrees. The rest 21.4% reported to be neutral. The overall mean score about the stand is 3.83 and this indicates their awareness on the pros of pension is high according to the mean description used in this study.

Similarly in the statement "In the pension scheme there is lack of access to the fund/money before retirement" 59.9% of the employees agrees or strongly agree. On the other hand 13.4% of employees strongly disagree or disagree. The rest 26.7 % reported to be neutral. The overall mean score is 3.7 which is also high according to the mean description used in this study. Regarding the statement 'you don't get your and your employer contribution at the time of resignation at pension scheme' 56.7% of the employees strongly agrees or agree. On the other hand 20.9% of them disagrees or strongly disagree with the statement. While 22.5% of the employees preferred to be neutral.

The analysis shows that majority of employees are aware of the cons of the pension scheme i.e the pension scheme doesn't consider the time value of money and didn't get their contribution back at the time of resignation or project closure.

4.1.2.4 Employees' Awareness and Knowledge of Pros of provident scheme

Following table shows the response of employees to the question asked to rate the level of their awareness and knowledge of pros of provident fund scheme.

Table 4.6, shows that majority of the respondents (81.3%) agree with the statement 'you can get your contribution when you leave the organization forced or willingly if you are under the provident fund scheme' whereas about 9.6% are neutral, and only 9.1% disagree or strongly disagrees. The mean rating score of the item was 4.20 which is found on the scale between agrees and strongly

agrees. Moreover, (66.8%) of the respondents agree or strongly agree ‘In the provident fund scheme you can invest the money, considers time value of the money’ and the rest 15.5 preferred to be neutral. The 17.6% of respondents disagrees or strongly disagree with the statement. They rate this statement at 3.80 which is found between neutral and agree on the scale. Similarly, 66.3% of the respondents agree or strongly agree with the statement that ‘In provident fund scheme partial withdrawals are allowed for specific expenses such as house construction, higher education, marriage, illness etc. before retirement’. However, 17.6% of the respondent disagree or strongly disagree with the statement whereas about 16% of them are neutral and the mean score was 3.79.

The above description indicates that generally employees are aware of about the pros of provident fund. This implies they have good knowledge of the scheme.

Table 4.6 Awareness and knowledge of pros of provident fund scheme

Item	Strongly disagree (%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly Agree (%)	Mean
The provident fund scheme allows partial withdrawals for specific expenses such as house construction, higher education, marriage, illness etc	8.6	9.1	16.0	27.3	39.0	3.79
The provident fund scheme allows that you to get your contribution back at the time of resignation or project closure	5.9	3.2	9.6	27.3	54.0	4.20
The provident fund schemes allows to invest your money, that considers time value of the money	8.0	9.6	15.5	28.3	38.5	3.80

Source: Own Survey (2015)

4.1.2.5 Employees’ Awareness and Knowledge about the cons of provident scheme

As we can observe from table 4.7, about 65.8% of the respondents agree or strongly agree with the statement that ‘In the provident fund scheme there is no fixed term payment at the time of retirement’. Only 18.7% of respondents disagree or strongly disagree. While 15.5% of them become neutral with the statement. The mean score for the statement was 3.68. Similarly, the 48.1% the respondents agree or strongly agree with the statement that ‘In the provident fund scheme the lump sum payment might be invested and you don’t have money for your retirement’ while about 27.8% of respondents disagree or strongly disagree while 24.1% of them are neutral and the mean score was 3.28.

Table 4.7 Awareness and knowledge about the Cons of the provident fund scheme

Item	Strongly disagree (%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly Agree (%)	Mean
The lump sum payment accessed in the provident fund might be wasted and don't have enough money for my retirements	11.8	16.0	24.1	28.3	19.8	3.28
I am aware that in the provident fund scheme there is no fixed term payment at the time of retirement	10.2	8.6	15.5	34.2	31.6	3.68

Source: Own survey (2015)

Based on the primary data collected the employees working currently in the studied organization have good knowledge of both the pros and cons of the private pension scheme and previous provident fund scheme.

4.1.2.6 Employees' preference provident fund scheme over pension scheme

Five items were used under this category. These include that the statements regarding the preferences of employees provident fund scheme over pension scheme.

Table 4.8 Employees' preference provident fund scheme over pension scheme

Item	Strongly disagree (%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly Agree (%)	Mean
I prefer Provident fund scheme for the lump-sum payment I get at a certain time	1.6	3.7	6.4	28.3	59.9	4.41
I prefer provident fund scheme due to pre-retirement withdrawals/loans privilege for investment Example: to purchase/build house, for continuing higher education	2.1	3.2	6.4	22.5	65.8	4.47
I prefer provident fund scheme because I can secure the lump sum payment with the job change(mobility)	2.7	1.6	11.2	24.6	59.9	4.37
I prefer the provident fund scheme because of the time value of money	3.2	4.8	10.7	24.6	56.7	4.27
I prefer the provident fund scheme as I don't want to wait until retirement age	4.8	6.4	12.3	21.4	55.1	4.16

Source: Own Survey (2015)

The majority of the employees' (88.2%) agree or strongly agree with the statement of 'I prefer provident fund scheme due to preretirement withdrawals/loans privilege for investment Example: to purchase/build house, for continuing higher education'. While only 5.3% of employees disagree or strongly disagree with the statement. On the other hand only 6.4% of respondents reported neutral. The overall mean 4.47 according to Zaidatol & Bagheri (2009) the mean score shows that the employee's preference is high. Similarly, (88.2%) agree or strongly agree with the statement of 'I prefer provident fund scheme for the lump sum payment I get at some time'. While only 5.3% of employees disagree or strongly disagree with the statement. On the other hand only 6.4% of respondents reported. According to Zaidatol & Bagheri (2009) the overall mean is 4.41 the mean score shows also that the employee's preference is high. See Table 4.2. For the statement said 'In the provident fund scheme, I can secure the lump sum payment with the job change (mobility)' 84.5% employees agreed or strongly agree with the statement. While only 4.3% disagrees or strongly disagree. The rest 11.2% reported to be neutral. Overall mean score preferences of employees' 4.37 and this indicate their preferences are still high according to the mean description used in this study. Regarding their preference on Provident fund scheme over Pension scheme due to the time value of money 81.3% of them are agree and strongly agree with the statement and only 8% of respondents disagree or strongly disagree with the statement and 10.7 % of the respondents are neutral. The overall mean 4.27. Moreover, 76.5% of the respondents agrees or strongly agree for the statement 'I prefer the provident fund scheme as I don't want to wait until retirement age'. While only 5.6% of the respondents disagree or strongly disagree with the statement. The rest 12.3% of the respondents reported to be neutral. The overall mean score for this statement is 4.16.

4.1.2.7 The Employees' preference of the pension scheme over provident fund scheme

Table 4.9 Employees' preference pension scheme over provident fund scheme

Item	Strongly disagree (%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly Agree (%)	Mean
I prefer the pension scheme due to its fixed life-long monthly pension payments at the time of retirement	21.9	26.2	20.3	17.6	13.9	2.75
I prefer the pension scheme as there is pension for disability	19.8	18.7	25.7	21.9	13.9	2.91
I prefer the pension scheme as the scheme extends to	17.1	19.3	18.2	26.2	19.3	3.11

beneficiaries/dependents						
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Source: Own Survey (2015)

Table 4.9 shows the items regarding the preferences of employees' pension scheme over provident fund. The majority of respondents (48.1%) disagree or strongly disagree with the statement 'I prefer the pension scheme due to its Fixed life- long monthly pension payments at the time of retirement', 20.3% of respondents preferred to be neutral, and 31.6% agree or strongly agree with statement and the mean rating score was 2.75. Moreover, 38.5% of the respondents disagree or strongly disagree with the statement 'I prefer the pension scheme as the three is pension for disability', 35.8% either agree or strongly agree where as 25.7% reported to be neutral. The mean rating score of the statement was 2.91. Furthermore, 45.5 % respondents agree or strongly agree with statement 'I prefer the pension scheme as the scheme extends to beneficiaries/dependents', 36.6% disagree/strongly disagree, and 18.2% are neutral. The mean rating of the statement was 3.31.

The study shows that employees prefer previous provident fund over the current pension scheme due to its flexibility in withdrawing the lump sum of money before their retirement. Due to the employment nature of the organization the employees need pre-retirement withdrawals at the time of shortage i.e when they lose their job due to project closer. Additionally investing in different activities like house it is used also as another method of saving for retirement.

4.1.2.8 The employees' willingness to join the pension scheme

Table 4.10 Employees' willingness to join the pension scheme

Item	Strongly disagree (%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly Agree (%)	Mean
I joined the pension scheme voluntary	40.9	28.5	15.1	7.5	8.1	2.13
I joined the pension scheme because it guarantees income security during the retirement	35.7	25.4	17.3	14.1	7.6	2.32
I joined the pension scheme as it helps me to save for my retirement	33.3	27.4	16.1	14	9.1	2.38
I joined pension scheme because of the proclamation	8.1	6.5	10.2	26.3	48.9	4.02
I joined pension as I don't have any	10.2	10.2	9.1	22.6	47.8	3.88

other option						
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Source: Own Survey (2015)

The above table indicates that the majority of the respondents (75.2%) agree or strongly agree, 14.6% disagree or strongly disagree with the statement that ‘I joined the pension scheme because of the proclamation’ and only 10.2 % of the respondents became neutral to the statement. Moreover, about 70.4% of the respondents agree or strongly agree with the statement that says ‘I joined the pension as I don’t have any other option’ and about 20.4% of the respondents disagree or strongly disagree with the statement, and the rest 9.1% reported to be neutral. They rate the above two statement at 4.02 and 3.88. However, 69.4% respondents disagree or strongly disagree with statement ‘I joined the pension scheme voluntary’, 15.1% became neutral, and only 15.6% responded agree or strongly agree. Similarly 61.1% of the respondents disagree or strongly disagree with the statement ‘I joined the pensions scheme because it guarantees income security during the retirement’ and 17.3% of respondents remain neutral. On the other hand 21.7% of them agreed or disagreed with the statement. Regarding the statement of ‘I joined the pension scheme as it helps me to save for my retirement’ 60.7% of the respondents disagreed or strongly disagreed. While 23.1% of the respondents agreed or strongly agreed with the statement. The rest 16.1% of the respondents reported to be neutral. The overall mean score for this statement is 2.38.

As per the data collected the employees of the studied organization joined the pension scheme due to the proclamation introduced and as there is no other option provided. This shows that employees in the studied organization more valued the previous provident as it suits their need.

4.1.2.9 Level of the employees’ satisfaction and dissatisfaction with the implementation of the private pension scheme

Table 4.11 depicts that the majority of the respondents i.e. (59.1%) disagree or strongly disagree with the statement ‘I am satisfied with the implementation of pension scheme’, while only 13.4% of the respondents agree or strongly agree and 27.4% of the respondents remain neutral. Moreover, about 83.4% of the respondents agree or strongly agree with the statement that says ‘I am dissatisfied with the implementation of the pension scheme because it lacks flexibility as of provident fund’ and only 3.1% of the respondents disagree or strongly disagree with the statement and the rest 13.5% reported to be neutral. They overall mean score rate for the statement at 2.1 and

4.1. Similarly, 79.8% respondents agree or strongly agree with statement ‘I am dissatisfied with the implementation of pension scheme because it prohibits early withdrawal’, while 16.6% became neutral, and only 3.7% responded strongly disagree. Regarding the statement ‘I am dissatisfied with the implementation scheme because I am not certain about getting my pension contribution back’ 66.8% of the respondents agreed or strongly agreed. Only 12.9% of the respondents disagreed or strongly disagreed with the statement. The rest 16.1% of the respondents reported to be neutral. The overall mean score for this statement is 3.82.

The analysis shows that employees are not satisfied with the implementation of pension scheme i.e because the scheme lacks flexibility as of provident fund, as it prohibits early withdrawal especially at the time of resignation or project closure.

Table 4.11 Level of Employees’ satisfaction and dissatisfaction with pension scheme

Item	Strongly disagree (%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly Agree (%)	Mean
I am pleased with the implementation of the pension scheme	31.7	27.4	27.4	5.4	8.1	2.31
The implementation of the pension scheme dissatisfies me because it lacks flexibility as of provident fund	1.2	1.8	13.5	42.3	41.1	4.20
The implementation of pension scheme dissatisfies me because it prohibits early withdrawal	0	3.7	16.6	39.3	40.5	4.17
The implementation scheme dissatisfies me because I am not certain about getting my pension contribution back	5.5	7.4	20.2	33.7	33.1	3.82

Source: Own Survey (2015)

The analysis shows that employees are not satisfied with the implementation of pension scheme i.e because the scheme lacks flexibility as of provident fund, as it prohibits early withdrawal especially at the time of resignation or project closure. The scheme doesn’t consider the nature of the employment of the NGO employees. The article 26 of proclamation no 715/2011 prohibits an employee of private organization who separates from work due to resignation prior to completing 10 years of service shall not be entitled to any benefit. This directly affects employees’ confidence

in getting their pension back as their employment contract might end before they retire or fulfilling 10 years' service of mostly ranges from one year to two years.

4.1.2.10 Level of employees' motivation towards their job after the implementation of pension scheme

As we can observe from table 3.12, about 72.2% of the respondents disagree or strongly disagree with the statement that 'The provision of retirement benefit due to pension scheme motivates me.' Only 9.7% of respondents agree or strongly agree. While 18.3% of them become neutral with the statement. The mean score for the statement was 2.01. Similarly, the (58.1%) of the respondents disagree or strongly disagree with the statement that 'Due to the implementation of the pension scheme, I feel financially secured for my future retirement' while about 17.8 % of respondents agree or strongly agree while 24.2% of them are neutral and the mean score was 2.32. However, 62.9 % respondents agree or strongly agree with statement 'I don't feel protected because the pension scheme do not have any provision before my retirement (in case of resignation and closing of project)', 20.4% disagree/ strongly disagree, and 16.7% are neutral. The mean rating of the statement was 3.69 which is found between neutral and agree on the scale.

Table 4.12 Level of employees' motivation towards their job after the shift of provident scheme to the pension scheme

Item	Strongly disagree (%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly Agree (%)	Mean
The provision of retirement raised my motivation to be more productive	39.2	32.8	18.3	7.5	2.2	2.01
I feel financially secured for my future retirement due to the implementation of the pension scheme	34.4	23.7	24.2	10.8	7.0	2.32
I don't feel protected as the pension scheme do not have any provision before my retirement (in case of resignation and closing of project)	8.1	12.4	16.7	28.0	34.9	3.69

Source: Own Survey (2015)

4.1.2.11 Employees' change of behaviour due to the shift of provident fund to the pension scheme

As it can be observed from the below table 43% of respondents disagree or strongly disagree with the statement 'I observed an increased employee absenteeism following the implementation of the pension scheme' while 44.1% of respondents reported to be neutral. The remaining 8.5% of respondents agree or strongly agree with the statement. The mean rating was 2.58. Similarly 44.4% of the respondents disagree or strongly disagree with the statement 'I observed increased late arrival of colleagues after the implementation of the pension scheme', 39% preferred to be neutral, and only 10.1% agrees or strongly agree with the statement. The overall mean score for this statement was 2.61. On the other hand, 38.5% of respondents agrees or strongly agrees with the statement 'I observed lack of confidence staff members after the implementation of the pension scheme.' And the 31% of respondents reported neutral, the rest 30.5% of the respondents disagree or strongly disagree with the statement. The overall mean score was 3.09 which falls lowest level as the mean score scale used in the study. See table 2

The analysis shows that the employees' performance also affected due to the shift of provident fund.

Table 4.13 Employees' change or their college's performance due to the shift of provident fund to the pension scheme

Item	Strongly disagree (%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly Agree (%)	Mean
I observed an increased employee absenteeism following the implementation of the pension scheme	18.3	24.7	44.1	7.0	5.9	2.58
I observed increased late arrival of colleagues after the implementation of the pension scheme	18.2	26.2	39.0	9.1	7.5	2.61
I observed lack of confidence of staff members after the implementation of the pension scheme	17.1	13.4	31.0	20.3	18.2	3.09

Source: Own Survey (2015)

4.1.3 The Findings of the in depth interview

Based on the plan mentioned in the methodology part of this research, the researcher has conducted the in-depth interview with the informants. Consequently, the following pieces of information were collected that are arranged as follows:

4.1.3.1 The main objectives and benefits of the private pension scheme

The participant informants of the in-depth interview were initially asked about what they think about the main objectives and benefits of the private scheme. Majority of the respondents stated that the scheme was introduced forcibly on any new employment without alternative saving mechanisms. As the government in order of their priority wanted to mobilize money from private sector particularly NGOs; another point raised by respondents was the government wanted to make NGO environment less appealing for its staffs and thus prevent government staff turnover. About the benefit of the scheme respondents reported that the government planned to protect those working in the private sector without any savings for future which is good for the private limited companies who do not have provident fund and could be a good means for social security if it is implemented correctly.

4.1.3.2 Employees' Perception About the private pension scheme application in the NGOs

The participants were also asked about their perception towards the application of private pension scheme to NGOs. Most of them argued that they disagree with the implementation.

In this sense, they have raised some of their concerns towards the scheme. Some participants claimed that before its implementation the government should consult employees of NGOs. One of the participants mentioned: "One size doesn't fit all". i.e the pension scheme applied for the public employees doesn't suit the private organizations specially who had previously Provident fund.

- The scheme forced on NGOs and staffs;
- It didn't recognize alternative pension scheme, although there were steps taken to accommodate those willing to continue under their previous schemes
- Employees are not sure about getting both their and employers contribution due to the fact that the private pension scheme doesn't entertain employees who resign from their job before ten years.
- The scheme may provide good cash influx for government but most NGO employees its application is uncertain. The reason behind this was most NGO employees are project based

and the longest a project stays is about 5 years. When the project phases out an employee may not be able to get another job soon. Though s/he has some money deposited under private pension scheme it is not possible to claim that money until the person reaches an age which makes him/her eligible.

4.1.3.3 Employees' level of satisfaction with the implementation of the pension scheme

The majority of the participants said that they are not satisfied at all with the scheme and they consider it as wasted money because they may not work for ten or more years it's totally unrealistic. They prefer to use their provident fund now for the preparation of their retirement. Others also argued that this is one size fits all approach and did not consider differences in people's interests, work environments/conditions, professional and income levels, and age groups. One of the participants said that 'Mandatory 10 years after going to the scheme means if I decide to stop work for personal reasons – my savings are gone. The other point raised by the participants was the huge paper work for registration means many staffs pay their contribution, but don't have their pension numbers yet.

4.1.3.4 Employees' preference provident fund scheme over the pension scheme

The majority of participants mentioned that they prefer provident fund scheme because it has been very useful for them to respond their immediate and future needs; they can access their money whenever they need, they can decide on where to invest the money buy assets, for emergencies etc, the organizational contributions is for employees and they can negotiate with provident fund rate with employer, increase or decrease the rate. In general because of the flexibility of the scheme they prefer the provident fund over the pension scheme according to the participants.

4.1.3.5 The effect of the implementation of the current pension scheme on the motivation and performance of the NGO staffs

Participants were asked if the application of pension scheme motivates them. Majority of them think that it has negatively affected the morale and performance of most professionals in NGOs. As one of the participant witnessed that as from his observation:

- Many NGO staffs struggling to save and buy assets
- Staffs resorting to do more after office work like consultancies to complement income.
- Staffs prefer to stop work and go in to business/ trade.

- Staffs complaining on salary scale all the time.

Respondents were also asked if they have any recommendation for improvement of the private pension scheme. As agreed by most of the participants of the in depth interview, they want the proclamation to be amended recognizing alternative schemes of organizations that are better than the minimum set by the provident fund; The proclamation ensures that any contribution of an individual and the organization is obtainable by the individual at certain time and the agency has to reduce the paper work and give out an ID/Number to members up on first payment/contributions. Majority of the participants share the idea that the scheme shouldn't be obligatory and an employee should be given an option to choose what s/he wants to have. They have also stated that employees' should be informed on pros and cons of the scheme and decide accordingly.

In summary, the finding from both the structured interview and in depth interview shows that employees of Save the Children dissatisfied with implementation of the private pension scheme as the scheme lacks flexibility in light of their nature of employment.

CHAPTER FIVE: SUMMARY OF THE FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

5.1 SUMMARY OF THE FINDINGS

The purpose of this study was to assess on employees attitude towards the implementation of private pension scheme: the case of save the children. The study was done in descriptive survey method. The study tries to solve the following research questions.

1. How do the employees of Save the Children perceive the pension scheme compared to the previous provident fund scheme?
2. To what extent are the employees within Save the Children satisfied or dissatisfied with the introduction of the new pension scheme?
3. What is the level of dependability, reliability and practicality of the pension scheme over the provident fund in the situations of the employees of Save the Children and other NGOs?
4. What are the points to be taken into account while implementing the Private Organization Employees' Pension Proclamation No. 715/2011 in the NGO sector?
5. How does the position of the employees towards the implementation of the pension scheme would affect their respective productivity?

To begin with, the descriptive analysis has presented the perception of employees towards the private pension scheme compared to the previous fund and the result shows that the employees have awareness and knowledge about the pros and cons of both the pension and provident fund schemes that helps them to compare both schemes. The finding from the study also revealed that employees prefer the provident fund due to its flexibility of getting the lump sum payment at certain time and with job mobility, due to its privilege of getting pre-retirement withdrawals. This was also supported by the in depth interview analysis.

The descriptive analysis also showed that the level of the employees' satisfaction and dissatisfaction with the implementation of the private pension scheme. The result shows that the majority of employees' level of satisfaction with the implementation of the pension scheme was

low. The finding from the in-depth interview also supported that the pension is being implemented with hardly considering the contexts of NGO employees, their different interests, work environments and conditions, the kind of their employment status, the meaning of their recruitment histories and age groups. Sterns (2006) observes that employer and employee relationship in the provision of pension as a form of employee benefits is often affected by factors including: pensionable and gratuity age; the amount or the percentage of the proposed pension; method of financing; administration of pension and psychological pressure.

The other finding that has been showed through the descriptive analysis was about the reason/s for the employees' willingness to join the pension scheme. Accordingly, it has been proved that most of the Addis Ababa employees of Save the Children International- Ethiopia have joined the pension scheme due to the proclamation the government made and due to that there is no other option. The finding also showed that the employees lack confidence of getting their pension contribution back.

Armstrong (2010) affirms that pension helps employees to readjust themselves properly into the society after leaving employment. It constitutes an important tool in the hands of management for boosting employee morale which may lead to efficiency and increased productivity of employees in particular and the organization as a whole.

Similarly, the findings of the research also revealed that the employees' motivation is getting lower for they do not feel secured in the new scheme due to their concern about their anytime resignation, project closure and the consequent challenges since the pension scheme does not incorporate benefits in such cases.

5.2 CONCLUSIONS

The former PF system for the majority of the employees in the Addis Ababa-based Save the Children International-Ethiopia was one indispensable form of employees' solid benefits which has positive impact on employees' discipline, loyalty and willingness to remain in the service of the employer, commitment to the attainment of job goals, meaningful security for their living and concern for the survival of the organization.

The participant employees are, therefore, discovered that they found it hard to understand how the recently introduced pension scheme would work for them, which is now not surprising in light of the research which shows that they and their contextual facts are still in favor of the former flexible

and practically useful provident fund over this one due to many reasons mentioned in the research among which consideration towards the time value of the money; the justifiably cultured flexibility in the former PF system among the NGO employees; the exclusion of the pre-retirement withdrawals at the time resignation in the new system; the insecurity feeling they are currently hosting due to the nature of employment in their sector; etc

Based on the study findings, it can be concluded that the employees in the Organization and presumably in the NGO sector accept that the more flexible pension plan would enhance the security, satisfaction, positive attitude, hopefulness, efficiency in life and the consequent service delivery among themselves and in the organization/s.

5.3 RECOMMENDATIONS

The findings of this study have revealed that the employees have lower level of satisfaction due to the implementation of the private pension scheme. Some of the concern areas are: job security, post-termination claims and monetary values as well as rehiring processes.

Therefore, the following recommendations are forwarded with regard to the research theme:

- The pension scheme was initially imposed on the employees of the private/NGO sector as mandatory. However, the ILO advocates that such system to be structured on voluntarily basis. Moreover, the ILO Convention 102 defines nine (9) benefits to be provided by every social security system. These are old age, invalidity, survivor's benefits (commonly referred to as pensions), unemployment benefits, maternity benefits, medical care (health insurance), employment injury, family allowance, and sickness benefits. While the current private pension scheme only provides the old age, invalidity and survivor's benefits. Several benefits (like benefits in cases of the unemployment) that are mentioned by the Organizations as important are also being claimed the employees involved in the research. This can be also the other reason to consider the claims.
- Moreover, the flexibility of the implementation also requires the reality that job life spans in the NGO sector are contractual and are directly corresponded with project ages and phases. This in turn brings the idea of withdrawing lump sum funds in time of emergence or investment opportunities justifiable for member employees of this sector.

- For the participant employees' at hand experience of struggling to make sense of the pension scheme is tended to cause a conflict with values of financial independence and responsibility for managing their own money. The participants often appeared this negatively affected: feelings about this situation ranged from anxiety and apathy, to embarrassment and anger. Those with specific barriers found this subject particularly emotive, often describing in detail why they found pensions so hard to understand and why they thought this was unfair. The enhancement of further studies in other NGO employees' position with regard to the pension scheme, therefore, is also what appears in need of getting more attention.

5.4 RECOMMENDATION FOR FUTURE STUDIES

Based on the finding and also the limitation of this study, the following recommendations are forwarded for future researches:

- In the future, interesting results can be obtained if studies include a different organization from which the private pension scheme implemented i.e NGOs, Private Banks and Private organization that could facilitate more comparative evaluations of the scheme and its effect on employees' attitude to its implementation.
- Further studies may focus on the employer's (providers) point of view i.e since the measures used in this study were mainly derived from an individual's perspective. This could help to explain if there is any conflict of interest among stakeholders in the Private Pension system.
- Investigate more thoroughly the relative influence of demographic variables and personality traits on the perception of employees towards pension scheme in both private and public employees within the country.

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ANNEX

ANNEX 1: STRUCTURED QUESTIONNAIRE

Addis Ababa University – Department of Public Management and Policy

Graduate Studies

Dear Respondent, the objective of this study is to assess the employees' attitude towards the recently implemented pension scheme. The information you provide will be used for academic purposes. Therefore, your genuine, honest, and prompt response is a valuable input for the quality and successful completion of the study. Your participation in the interview is completely voluntary. But your participation is voluntary due to the fact that findings will contribute to future policy revisions and planning.

The information provided by you would only be used for the purpose of academic research and your identity will not be revealed to anyone either in the final report or in any other way.

Thanks in advance for your participation.

Part I: Questions Related With Respondents Profile

Please mark **X** in the appropriate box for the questions listed below

1. Sex

1. Male 2. Female

2. Current age

1. Below 25 2. 25 – 34 3. 35 - 44 4. 45 - 54
 5. 55 and above

3. Marital Status

1. Married 3. Divorced
2. Single 4. Widowed

4. What is your highest level of education?

1. Doctorate Degree 2. Master's Degree 3. Bachelor's Degree
 4. College Diploma completed 5. Certificate 6. Grade 12
 7. Grade 10 Completed 8. Below grade 10

3. How long have you been working in Save the Children office?

1. Less than a year 2. 1-5 year 3. 6-9 year
 4. 10-14 year 5. More than 15 years

Part II to XI. Please indicate the extent to which you agree with each of the following statements regarding:

Sr. No.	Description	Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly disagree (1)
Part II : Questions on related to your awareness and knowledge of pros of pension scheme						
a	I am well aware of the pension scheme					
b	I agree that the pension scheme helps individuals to save for their retirement scheme					
c	I am aware of that the pension scheme guarantees fixed monthly income at the time of retirement					
d	I know that pension scheme has Tax relief at the time of retirement					
Part III : Questions on related to your awareness and knowledge of cons of pension scheme						
a	I am aware that the current pension scheme doesn't allow to access the money until my retirement					
b	I am aware that the pension scheme doesn't allow employees to get both their and their employer contribution at the time of resignation					
c	I am aware that the pension scheme incorporates fixed payment at the time of retirement which doesn't consider cost of living					
d	I am aware that the Pension scheme doesn't consider the time value of money					
Part IV. Questions related to your awareness and knowledge of pros of provident fund scheme						
a	The provident fund scheme allows partial withdrawals for specific expenses such as house construction, higher education, marriage, illness etc					
b	The provident fund scheme allows that you to get your contribution back at the time of resignation or project closure					
c	The provident fund schemes allows to invest your money, that considers time value of the money					
Part V. Questions related to your awareness and knowledge of Cons of provident fund scheme						
a	The lump sum payment accessed in the provident fund might be wasted and don't have enough money for my retirements					
b	I am aware that in the provident fund scheme there is no fixed term payment at the time of retirement					

Sr. No.	Description	Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly disagree (1)
Part VI. Questions related to your preference of provident fund over pension scheme						
a	I prefer Provident fund scheme for the lump-sum payment I get at a certain time					
b	I prefer provident fund scheme due to pre-retirement withdrawals/loans privilege for investment Example: to purchase/build house, for continuing higher education					
c	I prefer provident fund scheme because I can secure the lump sum payment with the job change(mobility)					
d	I prefer the provident fund scheme because of the time value of money					
e	I prefer the provident fund scheme as I don't want to wait until retirement age					
Part VII. Questions related to your preference of pension scheme over provident fund						
a	I prefer the pension scheme due to its fixed life-long monthly pension payments at the time of retirement					
b	I prefer the pension scheme as there is pension for disability					
c	I prefer the pension scheme as the scheme extends to beneficiaries/dependents					
Part VIII : Questions on related to your willingness to join the pension scheme						
a	I joined the pension scheme voluntary					
b	I joined the pension scheme because it guarantees income security during the retirement					
c	I joined the pension scheme as it helps me to save for my retirement					
d	I joined pension scheme because of the proclamation					
f	I joined pension as I don't have any other option					
Part IX : Questions related to your satisfaction and dissatisfaction with the implementation of the new pension scheme						
a	I am pleased with the implementation of the pension scheme <i>If your answer is (5) strongly agree, please ignore questions b, c and d:</i>					
b	The implementation of the pension scheme dissatisfies me because it lacks flexibility as					

Sr. No.	Description	Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly disagree (1)
	of provident fund					
c	The implementation of pension scheme dissatisfies me because it prohibits early withdrawal					
d	The implementation scheme dissatisfies me because I am not certain about getting my pension contribution back					
Part X. Questions related to your motivation towards your job after the shift of provident scheme to the pension scheme						
a	The provision of retirement raised my motivation to be more productive					
b	I feel financially secured for my future retirement due to the implementation of the pension scheme					
c	I don't feel protected as the pension scheme do not have any provision before my retirement (in case of resignation and closing of project)					
Part XI. Questions related to change in you or your colleges performance due to the shift of provident fund to the pension scheme						
a	I observed an increased employee absenteeism following the implementation of the pension scheme					
b	I observed increased late arrival of colleagues after the implementation of the pension scheme					
c	I observed lack of confidence of staff members after the implementation of the pension scheme					

Thank you again for your cooperation.

ANNEX 2: IN-DEPTH INTERVIEW GUIDE

Socio demographic characteristics of respondent

1. Sex 1. Male 2. Female
2. Current age
 1. Below 25 2. 25 – 34 3. 35 - 44 4. 45 - 54
 5. 55 and above
3. Marital Status
1. Married 3. Divorced
2. Single 4. Widowed
4. What is your highest level of education?
 1. Doctorate Degree 2. Master's Degree Bachelor's Degree
 4. College Diploma 5. Certificate 6. Grade 12 completed
 7. Grade 10 Completed 8. Below grade 10
3. How long have you been working in Save the Children office?
 1. Less than a year 2. 1-5 year 3. 6-9 year
 4. 10-14 year 5. More than 15 years

Questions to guide the interview on private pension schemes

1. In your understanding, what are the main objectives and benefits of the Private pension scheme introduced in 2012?

:- -----

2. How do you perceive the application of private pension scheme to NGO organization?

:-

3. Please explain your overall level of satisfaction with the implemented private pension scheme? Probe: To back up your response, please mention the positive or negative issues that you have witnessed/experienced?

:-

4. Do you have a preference to one scheme over the other? If yes, which one do you prefer and why? If no, why don't you have a preference?

5. What do you think is the overall effect of the implementation of current pension scheme on the morale and performance of NGO staffs?

6. What do you recommend to improve the current pension scheme?
