

## Practices, Challenges and Prospects of Social Security Management in Public Servants Social Security Agency in Addis Ababa

Shemelis Zewdie<sup>1</sup> Temesegen Dagne Akal<sup>2</sup> Mekdes Tadege<sup>3</sup>

### Abstract

The major purpose of the study was to assess the current practices, challenges and prospects of social security management in public servants' social security agency in Addis Ababa. To this end, the study adopts a mixed methods research approach by combining questionnaire, focus group discussion and in-depth interviews. Both proportionate stratified random sampling and purposive sampling methods were used in this study to obtain data from employees and top management respectively. A sample of 230 out of 539 employees of the agency and 3 top management officials were drawn. The findings of the study show that, there is lack of promoting saving, lack of awareness creation programs to employees, poor measurement of actual performance with the desired goals, financial sustainability of the agency is at risk, extension of social security coverage is still less, lack of proper implementation of the strategic plan, low continues supervision and follow-up system and the application of the management functions of the agency is very low. The study suggests that the agency should design device mechanisms for financial sustainability and governance of social security, integrate social security into a comprehensive strategy for decent work and strictly follow and apply the management functions.

**Keywords:** Social Security, awareness, financial sustainability, investment, extension of social security

### 1. Introduction

Social security is a result achieved through gradual stages and measures taken by governments for protecting their people from economic distress. But the practice of social security becomes popular at the end of the eighteenth century and the beginning of the nineteenth century in the perspective of rapid industrialization, particularly in developed countries. Under industrialization, appropriate legislations have been formulated to provide compensation to those workers who were engaged in different productive units (Yadav, 2004).

According to ILO (2004), social security programs of Ethiopian are undeveloped and are

<sup>1</sup> Lecturer, Institute of Public Management and Development Studies, Ethiopian Civil Service University, Email: [shemelis@gmail.com](mailto:shemelis@gmail.com)

<sup>2</sup> Lecturer, Institute of Public Management and Development Studies, Ethiopian Civil Service University, Email: [teme2112@gmail.com](mailto:teme2112@gmail.com)

<sup>3</sup> Lecturer, Institute of Public Management and Development Studies, Ethiopian Civil Service University, Email: [mekditadi@yahoo.com](mailto:mekditadi@yahoo.com)



essentially limited to, public pension programs for civil servants and members of the armed forces and which also apply to employees of public or government undertaking many which are being progressively privatized. But now, since the end of 2003 Ethiopian fiscal year, the coverage of social protection has been expanded to private sector employees after the Private Organization Employees Social Security Agency has been established with the Proclamation No. 715/2011. Even though the above mentioned efforts has been made by the Ethiopian government it has been observed that there are several citizens which are not being covered by any form of social security services.

Globally, there are a lot of people who need help to sustain their life and to fulfill their basic necessity. Especially, as they become old in age and their ability to generate income weaken the reliance of citizens on government increases. Government on the other hand should prepare a way to help the citizens. In essence, unless one takes a libertarian view, it is the role of the government to ensure that people do not reach old age being poor (Aaron and Reischauer, 1998; Diamond 1995).

In Ethiopia, the pension plan is taken as part of the nation's social security program, gives income security in old age, disability or death to employees who were serving in public organization or offices. This was performed by the Ethiopia social security agency until it has been established in two forms. These are the private organizations employees' social security agency and the public servants' social security agency (Proclamation No. 715 / 2011 and Proclamation No. 714/2011 respectively).

Since the aim of social security is to ensure that persons who (either temporarily or permanently) are unable to obtain an income, or who are facing exceptional financial responsibilities, are enabled to continue to meet their needs by providing them with financial resources or certain goods or services. In this regard, a country is expected to have a meaningful plan of action to try to meet the minimum standards set by the (ILO, 2016).

However, on the basis of the practical observation of researchers, the Ethiopian Pension system does not address the living conditions of beneficiaries to ensure their survival. Though the proclamation No. 714/2011 stated that, the system greatly contributes to social justices, industrial peace and poverty reduction and development, the reality on the ground is not as promised.

According to Alemu (2015), the agency performance is like sort term solvency and saves up to 50% of its income from being expensed, this indicated that the agency focused on meeting its short term obligations rather than generating income through investment.

The aim of this study is, therefore, to study the existing practices, challenges and prospects that pertain to social security and suggest recommendations after analyzing the data obtained. To this end, this study is aimed at searching answers to the following questions, In light of this; the researchers answered the following basic research questions. The specific objectives of the research are a) to assess the practices of social security management in Public Servants Social Security Agency in Addis Ababa; b) to investigate the challenges of social security management in Public Servants Social Security Agency in Addis Ababa; and to investigate the prospects of social security management in Public Servants Social Security Agency in Addis Ababa.

## **2. Reviews of Related Literatures**

### **2.1. Social Security Concept**

Kaseke (1977) as cited in Nhede (2014) the concept of social security has different meanings for different people. Social security is defined variously by different people. Hence there is no total agreement on what constitutes social security. The scope and provisions of social protection have not been static due to the effects of civilization and globalization. As a result, defining social security has been difficult.

Social security can be defined as an individual's possibility to lead a life in human dignity based on a reliable live basis. Some authors regard social security as referring to protection against situations of hardship or needs, to provide protection for the foundations of life (Riedel, 2006).

For effective and efficient social security pension fund management requires the investment of assets to achieve the long-term provision of funding for retirement (Woods, C., & Urwin, R. (2012). Institutional social security, in some measures or another, exists in almost all countries today. However, there is much variation between countries with regard to the levels of protection, scope, coverage and effectiveness of the system in place. As a group, the developed countries have the most advanced social security and pension fund management systems. With very few exceptions, institutionalized social security and pension fund management in the developing world is of relatively recent origin, having appeared only after the Second World War, following the emergence of several independent states at the end of the colonial era (Catala, 2004).

### **2.2. Challenges of Social Security and Sustainable Financing for Social Security**

Bailey and Turner (2002) as cited in Nhede (2014) argue that by nature formal social security schemes tend to cater for those people employed in modern enterprises mostly located in urban areas. As a result, in most cases, those people working in small rural based enterprises and domestic workers are not social security beneficiaries.

Von Braun, et al. (2009:293) as cited in Nhede (2014) argues that some programs suffer notoriously from graft, corruption and capture of benefits from the non-poor. Thus, there is the need for transparency and accountability. With the increasing need for better benefits and higher running expenses, there is greater need for better investment of social security funds and good governance of the institutions in order to ensure that they attain their objectives and make the funds sustainable.

Contemporary social protection financing systems face three major challenges. They are said to be ill-equipped to deal with the ageing of the population and with globalization, and the financial burden placed on contributors and taxpayers in all countries is said to have reached the limits of affordability (ILO, 2001).

According to Nhede (2014), there are a number of factors that influence the adoption of social security policies and social security schemes. Some of the determinants of social security policies or schemes include poverty, limited availability of financial resources, inequality, prevailing political situations as well as political will and the national ideology of individual countries.

The extension of social protection will require improved national financing as well as new forms of financing at the local and global levels. At the national level, financing could be enhanced through better collection of existing social security contributions and taxes. The pay-

as-you-go (PAYG) form of financing would probably be most appropriate for short-term benefits, such as health insurance and maternity benefits. In the case of old-age benefits, it is shown that PAYG and advance funding are both vulnerable to demographic change. At the local level, more emphasis could be put on resources available to local governments as well as on tapping the contributory capacity of workers in the informal economy for micro-insurance schemes. The financial sustainability of such schemes can be enhanced through various mechanisms, such as pooling, reinsurance and some form of affiliation with statutory social insurance schemes. At the global level, new sources might be found for financing some form of basic social protection for all, as well as measures to cope with the consequences of crises (ILO, 2001, p.11). The constitutive elements of a social security scheme consist of coverage, benefits, financing and administration.

### **2.3. Prospects of Social Security**

In view of the fact that many social security schemes in Africa do not provide adequate benefits and coverage, African countries need to transform their social security systems to enable them to cover vulnerable groups. The challenges and constraints facing the continent are a result of the changing global trends. The most important and promising development for Africa, though; is that in recent years, researchers have been writing on the global perspective of social protection. With such comparative literature available to inform African governments on the prospects, challenges and constraints of social security, the foundation for improvements has already been laid. The fact that some governments in Africa have made social security a constitutional right enshrined in their national constitutions bear testimony to the importance being attached to the social welfare of the African people. Through the relevant institutions, governments have embarked on public awareness campaigns. Globalization has also facilitated social security reforms due to the unlimited flow of information (Nhede, 2014).

The international context is today, especially favorable for the extension of social security. The fight against poverty has become the integrative framework for development aid, through the Millennium Development Goals (MDGs) and the Poverty Reduction Strategy Papers (PRSPs) approach supported by the World Bank and the IMF. Social security has a major role to play in that undertaking. Historical experience in industrialized countries shows that it is a powerful tool to prevent and alleviate poverty as well as an instrument for sustainable social and economic development. The ILO is currently working on a new mechanism that will provide to member countries a framework and a methodology to define and implement a national strategy for extending social security (Zarka & Guichard, 2007).

## **3. Research Methods**

### **3.1. Research Approach**

In this study, a mixed research approach, i.e. case study of qualitative research and descriptive survey research of quantitative research were deployed.

### **3.2. Research Design**

The fact that this research project was used concurrent triangulation design because the quantitative and qualitative data were collected at the same time in the research procedure to compare the results of the data analysis after analyzes the quantitative and qualitative data separately.

### 3.3.Target Population

The population of this study is the public servants social security agency employees in Addis who have the know-how of social security concepts and they are direct working on it. Accordingly, the data are obtained from the agency employees in Addis Ababa regional office, central regional office and head office. Therefore, the total population of the study was 539 employees (which are officers) of PSSSA and 3 higher officials in three branches.

### 3.4. Sample Size and Sample Size Determination

The sampling frames of this study include Addis Ababa regional office, central regional office and head office. The sample size was determined by using the Slovin's Formula.

$$n = \frac{N}{1 + N(e^2)}$$

Where; N = Total number of population; n = number of sample size;  $e^2$  = levels of precision (Israel 1992, cited by Binyam 2013). Therefore, N = 539, e = 5%

$$\text{Sample size (n)} = \frac{539}{1 + 539 (0.05)^2} = 229.60, \text{ i.e., } n = 230$$

### 3.5. Sampling Techniques

Both proportionate stratified random sampling and purposive sampling methods were used. On top of this, purposive sampling technique was used to be deliberately included some key research informants such as leaders at different levels in the Agency in focus group discussions and higher officials for interviews. Proportionate stratified random sampling and random ms-excel was used for selecting employees (officers) of the agency, as this sampling method helps to ensure randomness, with a view to increasing the credibility of the research result.

### 3.6. Data Sources and Methods of Data Collection

Both primary and secondary data were collected. Primary data refer to information obtained firsthand by the researchers on the topic of interest for the purpose of the study through questionnaire, interview and focus group discussions. On the other hand, the secondary data was procured from documents, such as official publications, archives, and periodic reports of the study units pertinent to their social security management practice and prospects.

### 3.7. Methods of Data Analysis

The collected data were analyzed using both quantitative and qualitative analysis tools and techniques. Therefore, the quantitative data analyzed by means of SPSS 21.0 and Microsoft Excel spreadsheet programs so as to produce various measures such as frequency counts and percentages that are displayed through tables and charts. The qualitative data were analyzed via content analysis techniques, namely discussions, explanations, and narrations along with quantitative data source.

## 4. Results and Discussions

To know the real gaps and devise mechanisms to fill those gaps a questionnaire composed of closed and open-ended questions was distributed to employees of public servants social security agency. 230 questionnaires were distributed and collected from social security experts in the organization. In addition, key informants interview and focus group were held with the aim of

drawing upon individuals and group attitudes, beliefs, feelings and experiences to enrich information collected by means of a questionnaire.

**Table 4. 1: Constitutional and Legal guarantees**

| S/<br>No. | Questions                                                                          | SA*   |      | A*    |      | I*    |      | DA*   |      | SDA*  |      |
|-----------|------------------------------------------------------------------------------------|-------|------|-------|------|-------|------|-------|------|-------|------|
|           |                                                                                    | Freq. | %    | Freq. | %    | Freq. | %    | Freq. | %    | Freq. | %    |
| 1         | The country defined the social security rights clearly                             | 48    | 20.9 | 96    | 41.7 | 11    | 4.8  | 75    | 32.6 | 0     | 0    |
| 2         | The rules and regulations of social security are clear.                            | 56    | 24.3 | 130   | 56.5 | 16    | 7    | 15    | 6.5  | 13    | 5.7  |
| 3         | The potential threats are clearly indicated in the agreement.                      | 22    | 9.6  | 101   | 43.9 | 65    | 28.3 | 42    | 18.3 | 0     | 0    |
| 4         | The social security procedures are simple.                                         | 28    | 12.2 | 16    | 7    | 27    | 11.7 | 80    | 34.8 | 79    | 34.3 |
| 5         | The Social Security Agency takes actions so as to enforce the law.                 | 24    | 10.4 | 109   | 47.4 | 43    | 18.7 | 36    | 15.7 | 18    | 7.8  |
| 6         | The scheme always operates by the rule of law.                                     | 40    | 17.4 | 78    | 33.9 | 30    | 13   | 61    | 26.5 | 21    | 9.1  |
| 7         | The existing pension laws and regulations are uniform.                             | 38    | 16.5 | 87    | 37.8 | 23    | 10   | 74    | 32.2 | 8     | 3.5  |
| 8         | The social security beneficiaries are aware of their rights under the legislation. | 20    | 8.7  | 8     | 3.5  | 36    | 15.7 | 94    | 40.9 | 72    | 31.3 |

Source: Survey Questionnaire, 2017

\* SA- Strongly agree, A- Agree, I- Indifferent, DA- Disagree and SDA- Strongly disagree.

As can be seen in the table 4.1 which shows constitutional and legal guarantees in the case study agency. The first question looked whether the country has defined the social security rights clearly or not, the responses confirmed that 48(20.9%) replied strongly agree, 96(41.7%), agree and the remaining respondents replied indifferently, and disagree. This clearly shows that the majority of the respondents indicated that the country has clearly defined social security rights. In addition, the focus group discussants and interviewed confirmed that the country has clearly defined social security policy.

As far as the clarity of the rules and regulation of social security, 56 (24.3) of the respondents strongly agree, 130 (56.5%) agree, and the remaining few respondents replied indifferently, disagree and strongly disagree. This shows that there exists clear rules and regulation of social security in the country.

In connection with whether the potential threats are clearly indicated in the agreement or not, 22 (9.6%) of the respondents strongly agree, 101 (43.9%) agree, 65 (28.3%) indifferent, and the remaining 42 (18.3%) replied disagree. This shows that the organization has identified and clearly indicated the potential threats in the agreement.

Survey respondents were also asked to indicate their level of agreement on the simplicity of the social security procedures. Accordingly, 28 (12.2%) strongly agree, 16 (7%) agree, 27 (11.7%) indifferent, 80 (34.8%) disagree and 79 (34.3%) strongly disagree. Taken together, these results suggested that the social security procedures are not simple.

Concerning whether the social security agency takes actions so as to enforce the law, 24 (10.4%) strongly agree, 109 (47.4%) agree, 43 (18.7%) indifferent, 36 (15.7%) disagree and the remaining 18 (7.8%) strongly disagree. This shows that the agency has taken actions to enforce the law.

Table 4.2: Financial Sustainability and Governance of Social Security

| S/<br>No. | Questions                                                                                                                                 | SA    |      | A     |      | I     |      | DA    |      | SDA   |      |
|-----------|-------------------------------------------------------------------------------------------------------------------------------------------|-------|------|-------|------|-------|------|-------|------|-------|------|
|           |                                                                                                                                           | Freq. | %    | Freq. | %    | Freq. | %    | Freq. | %    | Freq. | %    |
| 1         | The agency social security finance is sufficient to finance its operation.                                                                | 26    | 11.3 | 19    | 8.3  | 36    | 15.7 | 82    | 35.7 | 67    | 29.1 |
| 2         | The benefit paid to the pensioners is enough to ensure sufficient replacement of previous salary.                                         | 1     | 0.4  | 12    | 5.2  | 22    | 9.6  | 174   | 75.7 | 21    | 9.1  |
| 3         | The benefit paid to the pensioners is adjusted for inflation so as to maintain the purchasing power.                                      | 2     | 0.9  | 29    | 12.6 | 10    | 4.3  | 167   | 72.6 | 22    | 9.6  |
| 4         | The agency is financially viable to protect the social security fund.                                                                     | 26    | 11.3 | 64    | 27.8 | 40    | 17.4 | 54    | 23.5 | 46    | 20   |
| 5         | There is proper administration and supervision of social security issues in the agency.                                                   | 12    | 5.2  | 76    | 33   | 51    | 22.2 | 73    | 31.7 | 18    | 7.8  |
| 6         | The agency has a strategy to mitigate the global financial and economic crisis.                                                           | 12    | 5.2  | 26    | 11.3 | 98    | 42.6 | 57    | 24.8 | 37    | 16.1 |
| 7         | Social Security pension benefit promotes saving.                                                                                          | 24    | 10.4 | 72    | 31.3 | 28    | 12.2 | 63    | 27.4 | 43    | 17.7 |
| 8         | Social security has access to productive assets, employment guarantee, minimum wages and food security.                                   | 8     | 3.5  | 36    | 15.7 | 46    | 20   | 80    | 34.8 | 60    | 26.1 |
| 9         | The social security beneficiaries find an application easily to submit for the benefit, as procedures are often simple and timely manner. | 32    | 13.9 | 88    | 38.3 | 46    | 20   | 42    | 18.3 | 22    | 9.6  |
| 10        | Social security helps to make people capable of earning an income and to increase their productive potential.                             | 40    | 17.4 | 103   | 44.8 | 43    | 18.7 | 36    | 15.7 | 8     | 3.5  |

Source: Survey Questionnaire, 2017

Regarding the operation of the scheme by the rule of law, 40 (17.4%) strongly agree, 78 (33.9%) agree, 30 (13%) indifferent, 61(26.5%) disagree, and the remaining 21 (9.1%) strongly disagree. This clearly indicates that the scheme is operating by the rule of law.

Concerning the uniformity of the existing laws and regulations, 38 (16.5%) strongly agree, 87 (37.8%) agree, 23 (10%) indifferent, 74 (32.2%) disagree and the remaining 8 (3.5%) strongly agree. This clearly indicates that there are some irregularities regarding the pension laws.

In connection with the awareness of the social security beneficiaries about their rights under the legislation, 20 (8.7%) strongly agree, 8 (3.5%) agree, 36 (15.7%) indifferent, 94 (40.9%)

disagree and the remaining 72 (31.3%) strongly disagree. These results indicate that the social security beneficiaries are not aware of their rights under the legislation.

Table 4.2 shows the financial sustainability and governance of social security. Respondents indicate their level of agreement on the agency's social security finance sufficiency to finance its operations. Accordingly, 26 (11.3%), 19 (8.3%) agree, 36 (15.7%) indifferent, 82 (35.7%) disagree and the remaining 67 (29.1%) strongly disagree. This clearly shows that the agency social security finance is not sufficient to finance its operations.

Regarding the adequacy of the benefit paid to the pensioners to replace their previous salary, 1 (0.4%) of the respondent strongly agree, 12 (5.2%) of the respondents agree, 22 (9.6%) indifferent, 174 (75.7%) disagree and the remaining 21 (9.1%) strongly disagree. This results show that the benefit paid to the pensioners is not enough. The interviewees and focus group discussants also indicated that the benefit paid to the pensioners is not enough.

Regarding the adjustment of the benefit paid to the pensioners to inflation rates so as to maintain the purchasing power, 2(0.9%) strongly agree, 29 (12.6%) agree, 10 (4.3%) indifferent, 167 (72.6%) disagree and 22 (9.6%) strongly disagree. The result clearly indicates that there is no as such significant adjustment of benefit payment to the pensioners. The focus group discussants also confirmed that the benefit paid to the beneficiaries does not consider market fluctuations.

In connection to the financial viability of the agency to protect the social security fund, 26 (11.3%) strongly agree, 64 (27.8%) agree, 40 (17.4%) indifferent, 54 (23.5%) disagree and 46 (20%) strongly disagree. This shows that the respondents are fifty-fifty regarding the viability of the finance.

Concerning the proper administration and supervision of the social security issues in the agency, 12 (5.2%) strongly agree, 76 (33%) agree, 51 (22.2%) indifferent, 73 (31.7%) disagree and the remaining 18 (7.8%) strongly disagree. This shows that the respondents are fifty-fifty regarding the proper administration and supervision of the social security issues in the agency. However, the interviewees and focus group discussants indicated that the supervision of the social security issues in the agency is not enough.

Regarding the existence of a strategy to mitigate the global financial and economic crisis, 12 (5.2%) strongly agree, 26 (11.3%) agree, 98 (42.6%) indifferent, 57 (24.8%) disagree and the remaining 37 (16.1%) strongly disagree. This clearly shows that the agency has not as such clear strategy to mitigate the global financial and economic crisis.

To check whether the social security pension benefit promotes saving or not, respondents were questioned to show their level of agreement. Accordingly, 24 (10.4%) strongly agree, 72 (31.3%) agree, 28 (12.2%) indifferent, 63 (27.4%) disagree and the remaining 43 (17.7%) strongly disagree. This result indicates that the social security pension benefit does not promote saving.

Concerning the access of social security to productive assets, employment guarantee, minimum wages and food security, 8 (3.5%) strongly agree, 36 (15.7%) agree, 46 (20%) indifferent, 80 (34.8%) disagree and the remaining 60 (26.1%) strongly disagree. This result shows that the access to productive assets, employment, minimum wages and food security is limited.

Regarding the easy access to find an application and submit for benefits, 32 (13.9%) strongly agree, 88 (38.3%) agree, 46 (20%) indifferent, 42 (18.3%) disagree and the remaining 22 (9.6%) strongly disagree. This result indicates that the social security beneficiaries find an application easily to submit for benefit in a simple and timely manner.

Concerning the level of agreement whether social security helps to make people capable of earning an income and to increase their productive potential, 40 (17.4%) strongly agree, 103 (44.8%) agree, 43 (18.7%) indifferent, 36 (15.7%) disagree and the remaining few 8 (3.5%) strongly disagree. This clearly indicates that the respondents have a strong belief towards the benefits of social security.

Table 4.3: Extension of Social Security Coverage

| S/<br>No. | Questions                                                                                                                                  | SA    |     | A     |      | I     |      | DA    |      | SDA   |      |
|-----------|--------------------------------------------------------------------------------------------------------------------------------------------|-------|-----|-------|------|-------|------|-------|------|-------|------|
|           |                                                                                                                                            | Freq. | %   | Freq. | %    | Freq. | %    | Freq. | %    | Freq. | %    |
| 1         | The scheme covers a sufficient portion of the population.                                                                                  | 8     | 3.5 | 56    | 24.3 | 73    | 31.7 | 75    | 32.6 | 18    | 7.8  |
| 2         | There is a plan to extend the social security coverage to unprotected category, such as a house servant of workers.                        | 30    | 13  | 64    | 27.8 | 84    | 36   | 46    | 20   | 6     | 2.6  |
| 3         | The social security agency has established a set of basic guarantees for income security, access to health care and basic social services. | 18    | 7.8 | 125   | 54.3 | 45    | 19.6 | 38    | 16.5 | 4     | 1.7  |
| 4         | The agency organized awareness creation to employees about social security.                                                                | 12    | 5.2 | 22    | 9.6  | 32    | 13.9 | 105   | 45.7 | 59    | 25.7 |
| 5         | The agency conducts research for policy development and problem solving.                                                                   | 8     | 3.5 | 27    | 11.7 | 68    | 29.6 | 78    | 33.9 | 49    | 21.3 |

Source: Survey Questionnaire, 2017

Table 4.3 shows the extension of social security coverage. Concerning the sufficient coverage of the scheme, 8 (3.5%) strongly agree, 56 (24.3%) agree, 73 (31.7%) indifferent, 75 (32.6%) disagree and the remaining 18 (7.8%) strongly disagree. This shows that the scheme does not cover a sufficient portion of the population.

In connection with the existence of a plan to extend the social security coverage to unprotected category, such as a house servant of workers, 30 (13%) strongly agree, 64 (27.8%) agree, 84 (36%) indifferent, 46 (20%) disagree, and the remaining 6 (2.6%) strongly disagree. This result shows that there is still a fifty-fifty probability to extend the social security coverage to unprotected category such as a house servant of workers.

To check whether the social security agency has established a set of basic guarantees for income security, access to health care and basic social services, 18 (7.8%) strongly agree, 125 (54.3%) agree, 45 (19.6%) indifferent, 38 (16.5%) disagree and the remaining few 4 (1.7%) strongly disagrees. This result indicates that the agency has established a set of basic guarantees for income security.

Concerning the organization of awareness creation programs to employees about social security, 12 (5.2%) strongly agree, 22 (9.6%) agree, 32 (13.9%) indifferent, 105 (45.7%) disagree and the remaining 59 (25.7%) strongly disagree. This shows that there is a big gap in organization of awareness creation programs to employees.

In connection with research works carried out for policy development and problem solving by the agency, 8 (3.5%) strongly agree, 27 (11.7%) agree, 68 (29.6%) indifferent, 78 (33.9%) disagree and the remaining 49 (21.3%) strongly disagree. This shows that the research practice in

the agency to develop policy and problem solving are at a very low level. In addition, the focus group discussants and interviewees indicated that, the social security coverage has been supporting the poor people, elderly people, children, and housewife, farmers, disabled and mentally disordered people but the extension of social security coverage is suffering from the following problems. There is not investment at the agency level; rather they deposit in the bank, do not collect the pension amount from employer organizations properly; beneficiaries have not organized profiles, and lacks internal control system.

Table 4.4: Integrating Social Security into a Comprehensive Strategy for Decent Work

| S/<br>No. | Questions                                                                                                      | SA    |      | A     |      | I     |      | DA    |      | SDA   |      |
|-----------|----------------------------------------------------------------------------------------------------------------|-------|------|-------|------|-------|------|-------|------|-------|------|
|           |                                                                                                                | Freq. | %    | Freq. | %    | Freq. | %    | Freq. | %    | Freq. | %    |
| 1         | The agency is applying the basic principles of equality of treatment and non-discrimination to the pensioners. | 58    | 25.2 | 123   | 53.5 | 22    | 9.6  | 18    | 7.8  | 9     | 3.9  |
| 2         | Social security contributes to economic growth by raising labor productivity and enhancing social stability.   | 40    | 17.4 | 52    | 22.6 | 40    | 17.4 | 59    | 25.7 | 39    | 17   |
| 3         | Social security is promoting social cohesion and a general feeling of security among its members.              | 28    | 12.2 | 76    | 33   | 40    | 17.4 | 63    | 27.4 | 23    | 10   |
| 4         | Social security influences socioeconomic developments involve the behavior of individuals as workers.          | 10    | 4.3  | 42    | 18.3 | 54    | 23.5 | 76    | 33   | 48    | 20.9 |

Source: Survey Questionnaire, 2017

Table 4.4 encompasses issues related to integration of social security into a comprehensive strategy for decent work.

Concerning the application of basic principles of equality of treatment and non-discrimination to the pensioners, 58 (25.2%) strongly agree, 123 (53.5%) agree, 22 (9.6%) indifferent, 18 (7.8%) disagree, and the remaining 9 (3.9%) strongly disagree. This result shows that the agency is in a good condition in the application of basic principles of equality of treatment and non-discrimination to the pensioners.

Regarding the contribution of social security for economic growth via labor productivity and enhancing social stability, 40 (17.4) of the respondents replied strongly agree, 52 (22.6%) agree, 40 (17.4%) indifferent, 59 (25.7%) disagree, and 39 (17%) strongly disagree. This result shows that the respondent's agreement on the contribution of social security for economic growth through labor productivity and enhancing social stability is fifty- fifty.

So as to check the agreement level of respondents whether social security is promoting social cohesion and a general feeling of security among its members, 28 (12.2%) strongly agree, 76 (33%) agree, 40 (17.4%) indifferent, 63 (27.4%) disagree and 23 (10%) strongly disagree. This clearly shows that the respondents do not have a common understanding about the role of social security in promoting social cohesion and general feeling of security among its members.

Concerning the socioeconomic development influence of social security 10 (4.3%) strongly agree, 42 (18.3%) agree, 54 (23.5%) indifferent, 76 (33%) disagree and the remaining 48

(20.9%) strongly disagree. This result indicates that the majority of the respondents does not have a clear awareness about the socioeconomic development contribution of social security.

Table 4.5: Planning

| S/<br>No. | Questions                                                                                                      | SA    |      | A     |      | I     |      | DA    |      | SDA   |      |
|-----------|----------------------------------------------------------------------------------------------------------------|-------|------|-------|------|-------|------|-------|------|-------|------|
|           |                                                                                                                | Freq. | %    | Freq. | %    | Freq. | %    | Freq. | %    | Freq. | %    |
| 1         | The organization follows a defined set of procedures in its strategic planning process.                        | 32    | 13.9 | 81    | 35.2 | 49    | 21.3 | 60    | 26.1 | 8     | 3.5  |
| 2         | All management and staff are aware of the mission of the agency.                                               | 32    | 13.9 | 81    | 35.2 | 49    | 21.3 | 60    | 26.1 | 8     | 3.5  |
| 3         | The organization systematically measures actual performance with the desired goals.                            | 18    | 7.8  | 20    | 8.7  | 32    | 13.9 | 83    | 36.1 | 77    | 33.5 |
| 4         | The organization makes implementation action plans based upon the strategic plan.                              | 13    | 5.7  | 38    | 16.5 | 40    | 17.4 | 61    | 26.5 | 78    | 33.9 |
| 5         | The organization clearly assigns lead responsibility for action plan implementation to a person or, to a team. | 4     | 1.7  | 56    | 24.3 | 31    | 13.5 | 91    | 39.6 | 48    | 20.9 |
| 6         | Sufficient resources allocated for implementation of an activity.                                              | 8     | 3.5  | 24    | 10.4 | 51    | 22.2 | 109   | 47.4 | 38    | 16.5 |

Source: Survey Questionnaire, 2017

As can be seen in the table 4.5, in connection with whether the organization follows a defined set of procedures in its strategic planning process, 32 (13.9%) strongly agree, 81 (35.2%) agree, 49 (21.3%) indifferent, 60 (26.1%) disagree, and the remaining 8 (3.5%) strongly disagree. This result shows that there exists irregularity in following a predefined set of procedures in the planning process. The focus group discussants and interviewees indicated that the agency has been preparing its plan using Balanced Scorecard since 2003 E.C. They also added that the planning practice is participatory in nature.

To check whether the staff of the agency is aware of its mission or not, 32 (13.9) strongly agree, 81 (35.2%) agree, 49 (21.3%) indifferent, 60 (26.1%) disagree and 8 (3.5%) strongly disagree. This result indicates that though the majority of the staffs is aware of the mission of the agency there is still a gap to be filled.

Regarding the actual performance measurement practices against the desired goals, 18 (7.8%) strongly agree, 20 (8.7%) agree, 32 (13.9%) indifferent, 83 (36.1%) disagree, 77 (33.5%) strongly disagree. This result indicates that the agency is not measuring actual performance with the desired goals.

Concerning the implementation of action plans based upon the strategic plan, 13 (5.7%) strongly agree, 38 (16.5%) agree, 40 (17.4%) indifferent, 61 (26.5%) disagree, 78 (33.9%) strongly disagree. This shows that there exists a big gap in the implementation of the strategic plan.

In connection with assignment of responsibility to carry out the action plan, 4 (1.7%) strongly agree, 56 (24.3%) agree, 31 (13.5%) indifferent, 91 (39.6%) disagree, 48 (20.9%) strongly disagree. This clearly shows that there is a problem of assignment of responsibility for action plan implementation to a person or to a team.

Regarding the allocation of sufficient resources for implementation of activities, 8 (3.5%) strongly agree, 24 (10.4%) agree, 51 (22.2%) indifferent, 109 (47.4%) disagree, and the remaining 38 (16.5%) strongly disagree. This result indicates that there is no sufficient resource allocation for implementation of activities.

Table 4.6: Organizing

| S/<br>No. | Questions                                                                                                            | SA    |      | A     |      | I     |      | DA    |      | SDA   |      |
|-----------|----------------------------------------------------------------------------------------------------------------------|-------|------|-------|------|-------|------|-------|------|-------|------|
|           |                                                                                                                      | Freq. | %    | Freq. | %    | Freq. | %    | Freq. | %    | Freq. | %    |
| 1         | Creating accountability and responsibility of maintaining accurate records, and follow up continuously in the agency | 28    | 12.2 | 71    | 30.9 | 10    | 4.3  | 87    | 37.8 | 34    | 14.8 |
| 2         | Established an effective human resource department in the agency.                                                    | 13    | 5.7  | 43    | 18.7 | 8     | 3.5  | 136   | 59.1 | 30    | 13   |
| 3         | The stakeholders have been involving in the management of agency fund administration.                                | 8     | 3.5  | 60    | 26.1 | 31    | 13.5 | 107   | 46.5 | 24    | 10.4 |
| 4         | The level of government and community support to the agency.                                                         | 12    | 5.2  | 44    | 19.1 | 49    | 21.3 | 105   | 45.7 | 20    | 8.7  |
| 5         | There is good and effective interaction between the beneficiaries and employees of the agency.                       | 34    | 14.8 | 102   | 44.3 | 38    | 16.5 | 32    | 13.9 | 24    | 10.4 |
| 6         | The agency organizational structure is appropriate for the size and complexity of the entity.                        | 16    | 7    | 72    | 31.3 | 12    | 5.2  | 61    | 26.5 | 69    | 30   |

Source: Survey Questionnaire, 2017

Regarding the accountability and responsibility created in the agency to maintain accurate records and follow up continuously in the agency, 28 (12.2%) strongly agree, 71 (30.9%) agree, 10 (4.3%), 87 (37.8%) and the remaining 34 (14.8%) strongly disagree. This result shows that the existence of accountability and responsibility in maintaining accurate records and flow up is fifty-fifty. The interviewees indicated that the agency has not clear filling system. They pointed out that the agency does not have a clear profile of the beneficiaries. This result also confirmed by the interviewees.

In connection with the establishment of an effective human resource department in the agency, 13 (5.7%) strongly agree, 43 (18.7%) agree, 8 (3.5%), 136 (59.1%) disagree, and the remaining 30 (13%) strongly disagree. This result shows that there is a lack of effective human resource department in the agency. This result also supported by the interviewees.

To check the involvement of stakeholders in the management of agency's fund administration, respondents were asked to show the level of their agreement. Accordingly, 8 (3.5%) strongly agree, 60 (26.1%) agree, 31 (13.5%) indifferent, 107 (46.5%) disagree and the remaining 24 (10.4%) strongly disagree. This result reflects that the participation of stakeholders is below half percent.

Regarding the level of government and community support to the agency, 12 (5.2%) strongly agrees, 44 (19.1%) agree, 49 (21.3%) indifferent, 105 (45.7%) disagree, and the remaining 20

(8.7%) strongly disagree. This clearly shows that the level of government and community support to the agency is at minimum level.

In connection with the existence of good and effective interaction between the beneficiaries and employees of the agency, 34 (14.8%), strongly agree, 102 (44.3%) agree, 38 (16.5%) indifferent, 32 (13.9%) disagree, and the remaining 24 (10.4%). This result shows that the interaction between beneficiaries and employees in the agency is in a better condition.

Regarding the appropriateness of the agency organizational structure for the size and complexity of the entity, 16 (7%) strongly agree, 72 (31.3%) agree, 12 (5.2%) indifferent, 61 (26.5%) disagree, and 69 (30%) strongly disagree. This shows that there is a gap in organizational structure for the size and complexity of the entity. The interviewees and focus group discussants indicated that the organizational structure is not appropriate and fails to consider the nature of the agency, which leads to lack of proper organization and coordination.

Table 4.7: Staffing

| S/<br>No. | Questions                                                                      | SA    |      | A     |      | I     |      | DA    |      | SDA   |      |
|-----------|--------------------------------------------------------------------------------|-------|------|-------|------|-------|------|-------|------|-------|------|
|           |                                                                                | Freq. | %    | Freq. | %    | Freq. | %    | Freq. | %    | Freq. | %    |
| 1         | Using skilled worker in the agency                                             | 32    | 13.9 | 58    | 25.2 | 18    | 7.8  | 73    | 31.7 | 49    | 21.7 |
| 2         | There is adequate training and development program for employees in the agency | 4     | 1.7  | 24    | 10.4 | 34    | 14.8 | 116   | 50.4 | 52    | 22.6 |
| 3         | There are clear criteria for hiring and promoting of the agency employees.     | 39    | 25.7 | 78    | 33.9 | 5     | 2.2  | 62    | 27   | 26    | 11.3 |

Source: Survey Questionnaire, 2017

Regarding the utilization of skilled workers in the agency, 32 (13.9%) agree, 58 (25.2%) agree, 18 (7.8%) indifferent, 73 (31.7%) disagree, and the remaining 49 (21.7%) strongly disagree. This result clearly indicates that the agency is not good at in using skilled worker. In this regard, the interviewees highlighted that the agency is undergoing Job Evaluation and Grading (JEG) so as to assign the right person in the right place. Hence, this would help solve the problem in the future.

Regarding the existence of adequate training and development program for employees in the agency, the agreed level of respondents is as follows; 4 (1.7%) strongly agree, 24 (10.4%) agree, 34 (14.8%) indifferent, 116 (50.4%) disagree and the remaining 52 (22.6%) strongly disagree. This shows that there is no adequate training and development program for employees in the agency.

In connection with the existence of clear criteria for hiring and promoting the agency employees, 39 (25.7%) strongly agree, 78 (33.9%) agree, 5 (2.2%) indifferent, 62 (27%) disagree, and the remaining 26 (11.3%) strongly disagree. This shows that the agency has clear criteria for hiring and promoting employees.

To check the existence of continuing supervision and follow up system in the agency respondents was asked to reflect their level of agreement. Accordingly, 5 (2.2%) replied strongly agree, 43 (18.7%) agree, 36 (15.7%) indifferent, 62 (27%) disagree, 84 (36.5%) strongly disagree. This indicates that there is a gap in continuing supervision and follows up system in the agency.

In connection with the existence of good governance and leadership in the agency, 5 (2.2%) strongly agree, 36 (15.7%) agree, 43 (18.7%) indifferent, 62 (27%) disagree, and the remaining

84 (36.5%) strongly agree. This result shows that there is an existing problem of good governance and leadership in the agency.

Table 4.8: Directing

| S/<br>No. | Questions                                                             | SA    |      | A     |      | I     |      | DA    |      | SDA   |      |
|-----------|-----------------------------------------------------------------------|-------|------|-------|------|-------|------|-------|------|-------|------|
|           |                                                                       | Freq. | %    | Freq. | %    | Freq. | %    | Freq. | %    | Freq. | %    |
| 1         | There is a continuing supervision and follow up system in your agency | 5     | 2.2  | 43    | 18.7 | 36    | 15.7 | 62    | 27   | 84    | 36.5 |
| 2         | There is a good governance and leadership in the agency               | 5     | 2.2  | 36    | 15.7 | 43    | 18.7 | 62    | 27   | 84    | 36.5 |
| 3         | The agency recognizes and acknowledges your work                      | 16    | 7    | 18    | 7.8  | 41    | 17.8 | 79    | 34.3 | 76    | 33   |
| 4         | There is an effective promotional opportunities in the agency         | 26    | 11.3 | 5     | 2.2  | 59    | 27   | 62    | 25.7 | 78    | 33.9 |

Source: Survey Questionnaire, 2017

To check whether the agency recognized and acknowledges the employees work, the respondents were asked to show their level of agreement. Accordingly, 16 (7%), 18 (7.8%) agree, 41 (17.8%) indifferent, 79 (34.3%) disagree, and the remaining 76 (33%) strongly disagree. This clearly indicates that the agency has a low level of recognizing and acknowledging employees' work.

In connection with the existence of an effective promotional opportunities in the agency, 26 (11.3%) strongly agree, 5 (2.2%) agree, 59 (27%) indifferent, 62 (25.7%) disagree, and 78 (33.9%) strongly agree. This result shows that there is no effective promotional opportunity in the agency.

Table 4.9: Controlling

| S/<br>No. | Questions                                                                                                                         | SA    |      | A     |      | I     |     | DA    |      | SDA   |      |
|-----------|-----------------------------------------------------------------------------------------------------------------------------------|-------|------|-------|------|-------|-----|-------|------|-------|------|
|           |                                                                                                                                   | Freq. | %    | Freq. | %    | Freq. | %   | Freq. | %    | Freq. | %    |
| 1         | The pension funds are efficiently administered by the Social Security Agency                                                      | 8     | 3.5  | 56    | 24.3 | 12    | 5.2 | 115   | 50   | 39    | 17   |
| 2         | The pension funds are effectively administered by the Social Security Agency                                                      | 8     | 3.5  | 30    | 13   | 17    | 7.4 | 103   | 44.8 | 72    | 31.3 |
| 3         | The management of agency has established internal control for developing and modifying accounting systems and control activities. | 28    | 12.2 | 32    | 13.9 | 13    | 5.6 | 86    | 37.4 | 71    | 30.9 |

Source: Survey Questionnaire, 2017

In connection with the efficient administration of social security funds, 8(3.5%) strongly agree, 56 (24.3%) agree, 12 (5.2%) indifferent, 115 (50%) disagree and the remaining 39 (17%) strongly disagree. This clearly shows that there is a big gap in the efficient pension fund administration of the social security agency.

Regarding the effective administration of pension funds, 8 (3.5%) strongly agree, 30 (13%) agree, 17 (7.4%) indifferent, 103 (44.8%) disagree and the remaining 72 (31.3%) strongly

disagree. This clearly shows that the agency is not managing the pension fund effectively. Regarding the establishment of internal control for developing and modifying accounting system and control activities, 28 (12.2%) strongly agree, 32 (13.9%) agree, 13 (5.6%) indifferent, 86 (37.4%) disagree and 71 (30.9%) strongly disagree. This clearly shows that the agency does not have a full-fledged internal control system for developing and modifying accounting systems and control activities.

## **5. Conclusion and Recommendations**

### **5.1. Conclusion**

Based on the findings and analysis of the study, the following conclusions were drawn. Social security management is an all-encompassing activity, which is one of the vital aspects of organizations in the 21<sup>st</sup> century. The findings of this research revealed that the social security management practices in the study agency were at a low level, which is manifested in its traditional way of managing pension funds and beneficiaries.

- The agency has a better legal framework which has clearly stipulated the do and doesn't in its activities which helps the agency to carry out its activities based on the rules and regulations stipulated.
- The financial sustainability and guarantee of social security in the agency is not well organized and proactive.
- The extension of social security coverage in the agency is limited to a particular group of the society. This makes its operation incomplete.
- Integration of social security into a comprehensive decent work strategy for decent work is a recent phenomenon, which every organization is expected to obey. There are gaps in creating comprehensive decent work strategy in the agency.
- There is a low level of the application of the management functions (planning, organizing, staffing, directing and controlling) in the agency.
- The major challenges of the agency are; lack of adequate workforce, high employee turnover and graduates in the field of social security management left the organization after they completed their education sponsored by the agency.
- Additional challenges in the agency a lack of professionals of financial administration to manage the collected money, the agency does not have an attractive benefit package for employees, the profile of beneficiaries is not clearly organized.
- For extension of social security, the constitution guaranty and global opportunity are good for more efficient and effective social security management.

### **5.2. Recommendations**

The various issues that surfaced during the study have prompted the researchers to put forward the following recommendations that they think could further strengthen the social security management practices of the study agency in particular.

- Financial sustainability and governance of social security is an essential aspect of social security management. Hence the agency should also devise mechanisms for financial sustainability and governance of social security.

- Although the concept of social security management itself is a recent development, people should adhere to it and expand it to household servant level let alone employees in organizations.
- The agency should devise a mechanism to integrate social security into a comprehensive strategy for decent work.
- Employees should be free from doubt when doing their jobs, or when looking for opportunities for improvement, such as asking them the knowledge required to perform well in their jobs, or to get training, to develop them.
- The agency should develop beneficiaries' database so as to easily serve them and get information when required.
- The agency should strictly follow and apply the management functions (planning, organizing, staffing, directing and controlling) so as to be effective, efficient.
- The agency should continue the expansion of office to address the entire of the societies.

## References

- Alemu, K.S. (2015). Pension Fund Management: the case of Ethiopian Social Security Agency.
- Boyce, J. (2002). Market research in practice. Australia: McGraw-Hill.
- Burns, R. P., & Burns, R. (2008). Business research methods and statistics using SPSS. Sage.
- Catala NM (2004) Pension Funds and Corporate Govern, Developing Countries: What do We Need to Know?
- Davis E. P., 1995. Pension Funds, Retirement Income Security and Capital Markets. Oxford University Press, Oxford.
- Ginneken, W. (2003). Extending social security: Policies for developing countries. *International Labor Review*, 142 (3), 277-294.
- Ginneken, W.V., 2003. Extending Social Security: Policies for Developing Countries. Article in *international labor review* · DOI: 10.2139/ssrn. 673121
- Hair, J.F, Bush, R.P. & Ortinau, D.J. (2006). Marketing Research: Within a Changing Environment. 3rd edition. New York: McGraw-Hill.
- Hughes, M., & Gove, W. R. (1981). Living alone, social integration, and mental health. *American Journal of Sociology*, 48-74.
- ILO. (2001). Social Security: Issues, Challenges and Prospects. Geneva. Retrieved from <http://www.ilo.org/public/english/standards/relm/ilc/ilc89/pdf/rep-vi.pdf>
- ILO. (2012). Social security for all: building social protection floors and comprehensive social security systems. The strategy of the International Labor Organization (p. 96). Geneva: ILO.
- International Labor Organization (2012), Social Security for all, Switzerland.
- International Labor Organization (2016). The right to social security in the constitutions of the world: broadening the moral and legal space for social justice. ILO Global Study, Volume 1: Europe. ILO publication, Geneva, Switzerland
- Jha, R. K., & Bhattacharyya, S. (2010). Social Security System in India: An International Comparative Analysis.
- Nhede, N. T., (2014) Prospects, challenges and constraints of social security. The public administration quagmire for selected African countries, School of Public Management and Administration, University of Pretoria, Volume 7, Number 4: South Africa
- Pal, k. (2011). Management Concepts and Organizational Behavior. I.K. International publishing house pvt.ltd.
- Pallant, J. (2013). SPSS survival manual. McGraw-Hill Education (UK).
- Panayotou, T. (1993). Empirical tests and policy analysis of environmental degradation at different stages of economic development (No. 292778). International Labor Organization.

- Paul, N. (2013). Social Security keeps 22 million Americans out of poverty: A state \_by\_ state. Center on budget and policy priorities.
- Reynaud, E. (2007). The Right to Social Security—Current Challenges in International Perspective. In Social Security as a Human Right (pp. 1-15). Springer, Berlin, Heidelberg.
- Riedel E., (2007): The Human Right to Social Security: Some Challenges. Springer-Verlag Berlin Heidelberg
- Riedel, E. H. (Ed.). (2006). Social Security as a Human Right: Drafting a general comment on article 9 ICESCR-Some challenges (Vol. 26). Springer Science & Business Media.
- Sekaran, U., & Bougie, R. (2003). Research methodology for business.
- Sengenberger, W. (2001). Decent Work: The International Labor Organization Agenda. Dialogue and Cooperation, 2(2001), 39-54.
- Somavia, J. (1999). Decent Work. Report of the Director-General: 87th Session of the International Labor Conference. International Labor Office, Geneva.
- Woods, C., & Urwin, R. (2012). Putting sustainable investing into practice: A governance framework for pension funds. In The Next Generation of Responsible Investing (pp. 27-48). Springer Netherlands.
- Wujczyk, M. (2016). The right to social security in the Constitution of the Republic of Poland.
- Yadav, J. P. (2004). Human rights and social security: Volume-two. New Delhi, India: Anmol Publications Pvt. Ltd.
- Zarka-Martres, M., & Guichard-Kelly, M. (2007). Decent work, standards and indicators. In Qualitative Indicators of Labour Standards (pp. 83-113). Springer Netherlands.