


Assessing the retirement planning strategies adopted by Ghanaian informal sector workers and their implications for retirement income security



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ABSTRACT

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This study sought to assess the retirement planning strategies adopted by Ghanaian informal sector workers and their implications for retirement income security. The study employed qualitative research method specifically, interviews and focused group discussions to obtain data from 33 informal sector workers. The workers were composed of 6 food traders, 1 private health worker, 8 street hawkers, 6 commercial drivers and 12 domestic workers after reaching data saturation. Thematic analysis was used to analyze the data after transcription and data coding. The analysis was situated within the Process of Retirement Planning Framework. The study revealed that while Ghana has a Three-Tier Retirement planning system that covers the informal sector, majority of workers use informal approaches to plan for their retirement which prevent them from accessing adequate retirement income security as they age. The study further discovered a significant interplay between individual financial, lifestyle, psychosocial and healthcare in the retirement planning process rather than state arranged retirement policies. The study highlights some of the informal retirement strategies used by the workers which include church welfare policies, building houses for rental and the use of “susu” contributions. Therefore, the study concludes that governmental policies on retirement planning strategies should include informal sector workers through local financial literacy programs.

Contribution/ Originality: Incorporating the Process of Retirement Planning Framework as a building block for the study presents a unique and novel approach for determining the current retirement planning strategies considered by Ghanaian informal sector workers.

1. INTRODUCTION

The informal sector is a critical sector which serves as a vital source of income for households in different parts of the world (National Pensions Regulatory Authority Report, 2018; Osei-Boateng & Ampretwum, 2011; Research Report of Good Governance Africa West Africa, 2023). The sector continues to make tremendous contributions to the economic development of countries particularly those in the Sub-Saharan African regions. An appraisal of some informal sector economies between 2005 and 2010 specify that the sector hires nearly 22.6%, 69.7%, 57.7%, 65.9% and 58.4% for Southeastern Asia, Latin America, Sub-Saharan Africa and North Africa respectively (Research Report of Good Governance Africa West Africa, 2023).

According to the Ghana Statistical Service - Population and Housing Census (2021) Ghana's informal sector covers about 87.7% of the hired populace who are above 15 years in the rural and about 69.7% of urban inhabitants.

The WIEGO (1997) explain that the informal sector is a composition of owners of businesses (individual account holders and family operations), and remunerated labor force in informal establishments. It also includes voluntary workforces in family operation, casual labors without an established employer, subcontract laborers who are attached to informal businesses and subcontract labors associated to formal ventures. These workers are often service providers who offer themselves as caterers, bakers, drivers, food vendors, domestic workers etc. The activities in the informal sector contribute to employment creation and socioeconomic development within the rural and urban dwellings (Benanav, 2019; Charmes, 2000; Debrah, 2007). This demonstrates that the sector plays a vital role in generating revenues, whilst promoting the general growth of economies. However, retirement income security for some informal sector workers who retire from work is not adequate (Anku-Tsede, 2019; Dovie, 2018; Research Report of Good Governance Africa West Africa, 2023). Unlike the formal sector workers (Section 70, of the National Labor Act, 2003, Act 651) who are subjected to “permitted deduction” from their payroll in respect of their pension contributions; the informal sector lacks such policies owing to irregular source of incomes. Hence, the number of informal sector workers who plan for their retirement and have access to adequate retirement income benefits are limited (Anku-Tsede, 2019).

The International Labor Organization (ILO) Reports ILO (2018); ILO (2019) and ILO (2021) estimate that nearly 60% of the world labor force is found in the informal establishments and a substantial number of these workers are faced with grave social disparities and lack of retirement income. According to the ILO (2017) most operatives in the informal sector are underprivileged in terms of retirement plan benefits whilst others have moderate access to some form of retirement income security. This is replicated in response to developing informal (substitute) strategies to retirement safety which are often not adequate to provide retirement income security (Anku-Tsede, 2019; Guven, 2019). This inability to access retirement incomes by informal sector workers during retirement is a vital source of susceptibility since these workers are unable to benefit from essential retirement income security during old age. Due to this, a lot of informal sector workers are exposed to complex challenges such as old age penury, vulnerability, and societal rejection. These identified challenges often lead to immense setback not only to their peculiar welfare and human rights benefits but also to the socioeconomic conditions and development of their countries (ILO, 2019).

Having appropriate retirement plans, because of their importance, have been documented in the “Sustainable Development Goals (SDGs)” designed for the 2030 Agenda for Sustainable Development. This is geared towards the implementation of a globally enhanced social protection measures and arrangements for workers’ retirement (ILO, 2021; World Bank, 2020). Seidl, Neiva, Noone, and Topa (2021) explained that workers who prepare for retirement in general, align better to the retirement stage of life. Indicatively, the Ghanaian informal sector, which shares similarities with many advanced economies, is a very vibrant source of employment for majority of the labor force. However, most of these workers continue to work even after reaching the retirement age of 60 years (National Pensions Act, 2008; National Pensions Regulatory Authority Report, 2018) owing to unavailability of retirement income security. This does not make the sector attractive for many potential workers due to the myth of old age penury.

Owing to the importance of the informal sector to the socioeconomic development of most economies, several studies have been carried out to ensure retirement income security of the workers. Examples of such studies are Dovie (2018) who reported on the use of digital literacy in retirement planning amongst Ghanaian formal and informal sector workers. Githui and Ngare (2014) also investigated the relationship between financial literacy and retirement planning in Kenya. Similarly, Oteng, Manful, and Akuoko (2022) concentrated on retiring in the informal economy and its implications for social policy intervention for ageing workers in Ghana; whilst Collins-Sowah, Kuwornu, and Tsegai (2013) examined the willingness to participate in micro pension schemes within the Ghanaian informal sector. Even though these studies were conducted in the informal sector, they excluded the strategies employed by workers in planning for their retirement. This present study therefore attempts to fill this

gap by assessing the strategies used by Ghanaian informal sector workers in preparation toward their retirement. These strategies are identified following the process of retirement planning framework developed by Seidl et al. (2021). This is required to ascertain the implications for retirement income security.

2. LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

The literature reviewed for the study focused on the process of retirement planning, retirement plan trajectory and patronage gap by Ghanaian informal sector workers, and the implications of retirement planning on retirement income security.

2.1. Conceptual Framework

For workers to understand the reason to prepare adequately for retirement, Noone, Stephens, and Alpass (2010) generated the Process of Retirement Planning Framework. This framework suggests the route through which workers should follow in order to successfully transition into the retirement phase of life. This framework is coined into four main processes which include financial, Lifestyle, Psychosocial, and healthcare planning (Seidl et al., 2021). Financial Planning for Retirement (FPR) entails a sequence of events related to accumulating revenues to be used during the retirement phase of life (Topa, Depolo, & Alcover, 2018). Notably, the negative short, mid, as well as long-term outcomes of insufficient FPR does not only pertain to workers but also to their homes and families, which leads to an undesirable effect on the community at large. Preparedness protects lives and reduces chaos, suffering, and economic destruction (Bačová & Halama, 2020; Feeley & Gorman, 2019; Seidl et al., 2021; Wong & Earl, 2009). Preparedness is a lifestyle choice that needs some level of commitment, action, and money to help in the planning process (Feeley & Gorman, 2019). The psychosocial component is a composite of psychological and social behaviors that are linked to the mind's ability to adjust and coordinate with its social environment (Osborne, 2012). Hence, psychosocial preparation for retirement indicates the capability of the mind to adjust and relate well to retirement within the social environment (Muthondeki, Sirera, & Mwenje, 2014). According to Cabellos-Garcia et al. (2018) workers are required to understand that their health during the later stage of life is important and that there is the need to engage in active health planning and promotion. Based on the above assumptions on the retirement planning process, Figure 1 depicts a framework which formed the analytical blocks in assessing a new perspective on retirement preparation for informal sector workers.

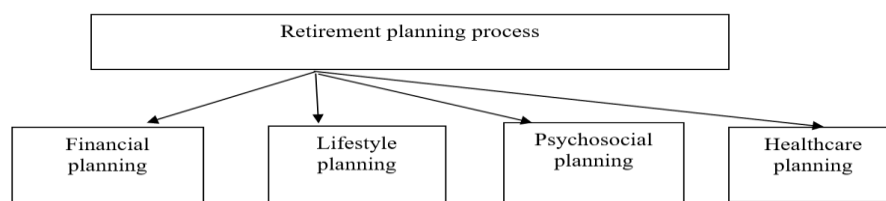


Figure 1. The conceptual framework underpinning the study.

Source: Seidl et al. (2021).

2.2. The Process of Retirement Planning

Retirement planning has gained increasing attention in recent years, however, this topic has been inadequately exploited (Kerry, 2018; Seidl et al., 2021). This gap has contributed to few people planning and saving toward their retirement, especially informal sector workers. Seidl et al. (2021) indicated that workers who prepare for retirement in general align better to the retirement stage of life. For workers to understand the need to plan and prepare adequately for retirement, Noone et al. (2010) generated the Process of Retirement Planning Framework which suggests the route for successful transition into the retirement phase of life. Friedman and Scholnick (1997) conceptualizes planning as a four-step process which starts from cognition to action. This includes: (1) workers developing an understanding (that is representation) of retirement; (2) further establishing goals for the future (that

is, goals); (3) they go ahead to form an opinion on the implementation of their plans (that is decisions); and (4) they conduct the behaviors required to attain their goals (that is preparedness).

2.3. Retirement Plan Trajectory and Patronage Gap by Ghanaian Informal Sector Workers

Between 1940 and 1972, pension and social policies focused more on public or civil servants who fall under the formal sector employment category (Anku-Tsede, Amertowo, & Amankwaa, 2015; National Pensions Act, 2008). The informal sector workers were largely neglected in these formalised pension schemes. Hence, the responsibility of their old-age income security were left in the hands of caring members of the family or continuous work even after reaching the retirement age (Agblobi, 2011; Anku-Tsede et al., 2015; Dei, 1997). Ghana’s Social Security and National Insurance Trust (SSNIT)’s informal sector pension fund, and the Third-tier voluntary personal pension scheme which fall under the third segment were specially created for informal sector workers. However, evidence obtained from the National Pensions Regulatory Authority (NPRA) Report (2021) indicates that only 415,950 informal sector workers are active contributors to the scheme in 2021, out of an estimated number of 1,312,378 informal sector workers in Ghana (Baah-Boateng & Vanek, 2020).

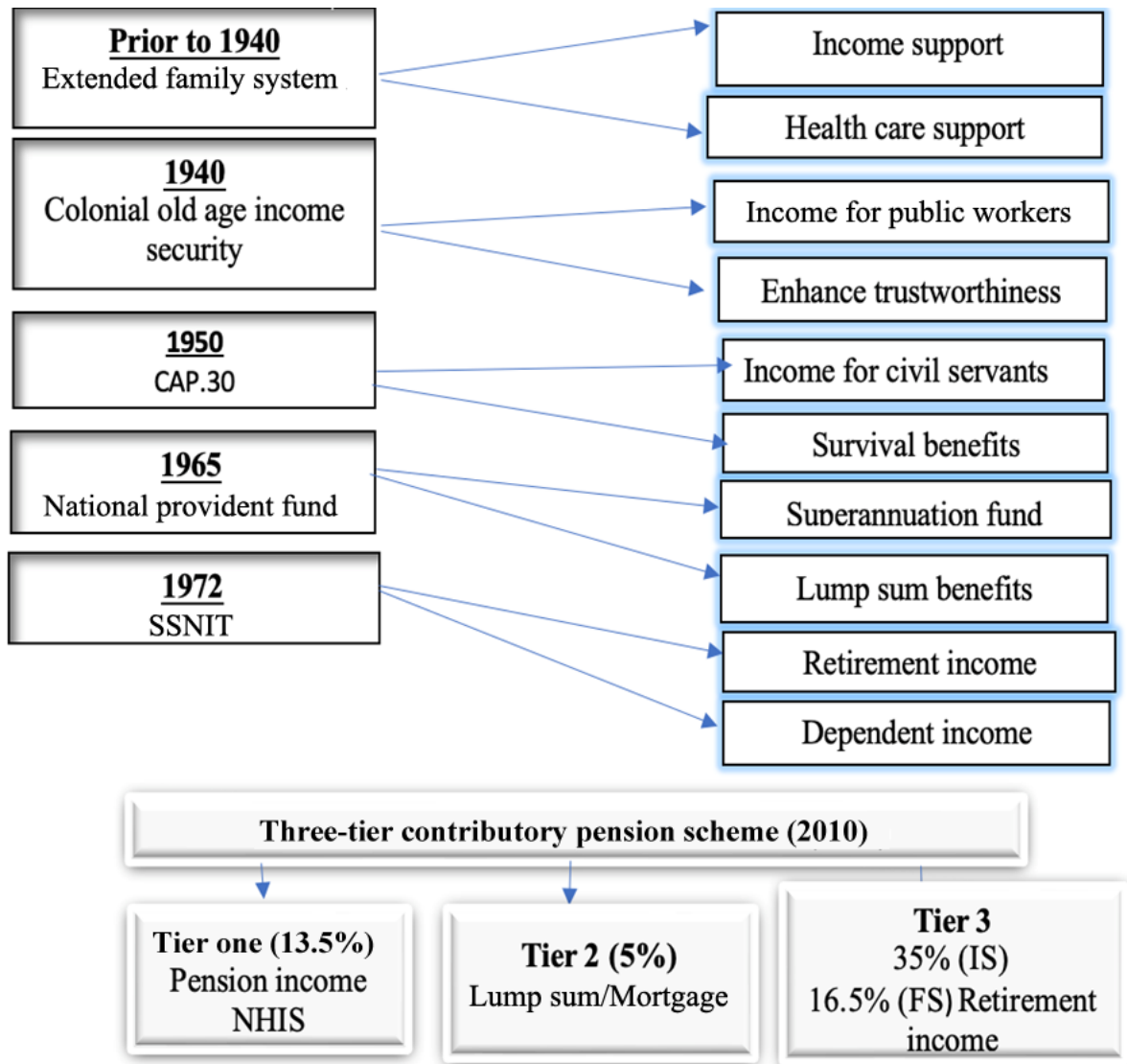


Figure 2. Summary of Pension schemes trajectory in Ghana and their benefits.

Source: National Pensions Act (2008) and Anku-Tsede et al. (2015).

This is compared to the active formal sector workers of 1.63 million on the Basic Social Security Scheme, 2.1 million formal sector workers on the mandatory occupational pension scheme, and 559,155 formal sector workers on the voluntary personal pension scheme (National Pensions Regulatory Authority (NPRA) Report, 2021). It is obvious that these figures enrolled by informal sector workers are worrying. Hence, it is essential to conduct a study in this area to enable policymakers and practitioners develop a system that can capture and enable informal sector workers to enroll on pension schemes. Evaluations by Adzawla, Baanni, and Wontumi (2015) and Collins-Sowah et al. (2013) confirmed these assertions through their empirical research in Ghana. This prevents informal sector workers from reaping the full benefits of institutionalized pension scheme (Anku-Tsede, 2019; Kumah, Botsie, Boachie, & Adu-Brobbey, 2017; National Pensions Regulatory Authority Report, 2018; Sarpong-Kumankoma, 2021). Some of the benefits of institutionalized pension scheme include retirement income security, healthcare support, survival benefits, lump sum benefits and dependent income (Anku-Tsede et al., 2015; National Pensions Act, 2008; OECD, 2011; Topa et al., 2018) as depicted in Figure 2. It is based on these assertions that the study sought to explore the strategies employed by Ghanaian informal sector workers to plan for their retirement.

Figure 2 depicts the evolution of pension schemes in Ghana. Before the 1940's, there was non-existence of pension schemes in Ghana, hence, the extended family members supported retired workers in terms of their daily upkeeps and healthcare needs. During the 1940, the Colonial Old Age Income Security was established by the British Colony. This system offered retirement income security for public sector workers who were trustworthy according to the standard of the British Colony. In the 1950's, the government of Ghana instituted the Chapter 30 (CAP. 30) Pension Scheme to offer retirement income for all civil servants and their dependents. Between 1965 and 1972, the National Provident Fund and SSNIT Pension schemes were established to provide superannuation fund, lump sum benefits, retirement income, as well as dependent income for civil servants. During all these eras, retirement policies excluded informal sector workers. Therefore, to provide pension policies for informal sector workers and also fair retirement packages, the "Three-tier Contributory Pension Scheme" was established in 2010. This scheme has three components and is a combination of defined benefits and defined contribution. The components of the scheme are described as follows: Tier One, is made up of 13.5% of employer and employees contributions. It offers retirement income and National Health Insurance Scheme (NHIS) for contributing members. The Tier 2 is made up of 5% contribution from the employer which offers lump sum benefits and a mortgage for eligible workers. The Tier 3 is made up of 35% contribution for informal sector workers and 16.5% contribution for formal sector workers. Under the Tier 3, contribution is voluntary in nature whilst encouraging all workers to enroll unto the pension scheme.

2.4. Implication of Retirement Planning on Retirement Income Security

Retirement suggests the withdrawal of individuals from work during the last phase of life, which is allied to annuity income instead of remuneration as the key source of sustenance (Moody, 2000). According to Weller and Wolff (2005) retirement income security denotes the enrichment or weakening, guarantee of attaining and anticipation of appropriate income in the future, level of revenue during a worker's active work, incapacitated or old age. Therefore, to gain satisfactory revenue which can enhance retirement income security, workers have the preference of either personally setting money aside whilst working; or to register with a pension scheme capable of providing retirement income security (National Pensions Regulatory Authority Report, 2018). When workers fail to set money aside for retirement, they are more likely to be deprived of retirement income security during retirement.

3. MATERIALS AND METHODS

This section explains the methodological framework that was used to carry out the study. It specifies issues on the research paradigm, method, design, data collection and the analysis of the results.

3.1. Research Paradigm

The four key research paradigms are interpretivism, positivism, critical realism, and pragmatism (Creswell, 2014). Since this study explored retirement planning strategies adopted by Ghanaian informal sector workers and their implications for retirement income security, the study was situated within the interpretivism paradigm. This was required to augment the study with a constructive subjectivity which pertains to the study. This is because interpretivism is founded on the notion that there are innumerable realities, and that reality is socially founded (Fisher, 2010). Scholars in this type of paradigm strive to go beyond the apparent actions of individuals within the context of social phenomena whilst appreciating the subjective explanation they allot to their actions. This helps to interpret and comprehend the motives behind those conventions (Fisher, 2010; Neuman, 2011).

3.2. Research Method

The study employed the qualitative method to meet its objectives. Qualitative techniques seek to discover meanings, attitudes, values, as well as beliefs that individuals associate with a phenomenon. This is required to better develop an in-depth comprehension instead of testing, supporting, or disapproving of a relationship (Creswell, 2014). This means that qualitative study tends to focus on the explanation of a phenomenon in its natural state to make sense and read meaning people ascribe to these events. The qualitative technique was useful for the current study because it ensured an effective exploration of how informal sector workers plan for retirement and the implications of these plans on their retirement income security. This method further facilitated the collection of contextually rich data and subsequent analysis of emerging themes from the study.

3.3. Research Design

To meet the objectives of the study, the phenomenology research design was used. Phenomenology research design defines the traits of one or several individuals of their lived experiences of a phenomenon (Creswell, 2007; Johnson & Christensen, 2008). This design was used because it relied on the lived experiences of the participants (Johnson & Christensen, 2008). Thus, discovering the retirement planning strategies used by informal sector workers necessitated the views from the workers' point of view based on their lived experiences.

3.4. Study Area

The Greater Accra Region of Ghana (GAR) was designated as the study area because the region has the highest informal commercial hub in Ghana. This site was selected because the study focused on urban service traders. This region consists of a setup of social relations, business diversity, a variety of activities and diverse events that offer contextually richer and more stimulating data (Ghana Statistical Service - Population and Housing Census, 2021). This region was also selected because it is composed of people who have reached the retirement age but continuously work as a result of inadequate retirement income security.

3.5. Target Population

The target population for this study comprised workers in the urban service industry. Specifically, food traders, private health care, street hawkers, commercial drivers and domestic workers. This spectrum of informal sector workers was selected because they are fully responsible for their own retirement planning unlike formal sector workers who have their entities arranging their retirement plans on their behalf. A fair comprehension of the strategies adopted by these workers for retirement planning is pertinent for its policy implications.

3.6. Sampling Technique

The study used both purposive and convenience sampling techniques to collect data from the respondents. These sampling techniques enabled the researcher to deliberately pick respondents who were readily and willing to participate in the study.

3.7. Sample Size for the Study

Fraenkel and Wallen (2000) explain that there is no definite response to what institutes an adequate sample size. This means that investigators conducting a qualitative study could assemble considerable information within the appropriate time and resources at their disposal until they reach data saturation. Hence, the number of people who took part in the study were 33 respondents. The selection of the sample size was grounded in two discrete premise. First, respondents were drawn from all workers in the informal sector who were situated in the trading and transport services. Subsequently, an informal sector records were received from their trade unions for the study.

3.8. The Research Process

In-depth interviews and focused group discussions with respondents were carried out in this study. The concentration here was on the nature of the lived experiences of informal sector workers within the Ghanaian context. During the study, the researcher visited the respondents so as to establish a form of rapport with the workers before the actual data collection stage. Semi-structured face-to-face interviews composing of open-ended and closed-ended questions were used to make both the interview process and focused group discussions more collaborative. This assisted the researcher the ease of gaining thorough information from the interviewees. The in-depth interviews enabled access to elaborated information which was extremely useful for the research. The study followed all the ethical protocols required by the University of Ghana (approval from the Ethical Committee of Humanity - maintenance of anonymity and confidentiality of data, as well as carefully observing respondents' rights to privacy and protection from human harm).

3.9. Data Presentation and Analysis

Analyzing qualitative data entails approaches of moving in analytic circles and spirals, hence data and text are converted into a narrative (Creswell, 1998) and analyzed by means of the qualitative procedure. Therefore, the presentation of the qualitative data followed the framework by Miles, Huberman, and Saldana (2013). The first step involved data collection; the second step was data condensation; the third step was data display, and the final step was conclusion drawing and verification. The data was analyzed through thematic analysis. After each interview, the audio tapes and field notes were assigned labels. The audio tapes were imported into an electronic folder on the researcher's computer whilst field notes were typed verbatim and stored as well. Transcription and data coding were performed manually using inscriptions on an A4 sheets whilst typing relevant information into the computer, specifically Microsoft word document. This method assisted the researcher to manage, organize, store, and generate codes. The analysis process ended with the drawing of conclusions and identifying the significant themes developed in the analysis process based on the data patterns.

4. PRESENTATION OF QUALITATIVE RESULTS AND DATA ANALYSIS

The demographic attributes of participants based on their age, gender, marital status, educational level, type of work, years in work and income level are summarized in Table 1.

Table 1. Demographic characteristics of respondents.

Participants ID	Age (Years)	Gender	Marital status	Educational level	Type of work	Years in work	Income level (Per annum) GH¢
P001	30-39	Female	Single	No formal education	Food trader	1-5	38,000
P002	30-39	Female	Single	Junior high school	Private health care	1-5	25,000
P003	30-39	Male	Single	Junior high school	Street Hawker	6-10	3,000
P004	18-29	Male	Single	Junior high school	Commercial driver	1-5	8,000
P005	30-39	Male	Single	Senior high school	Commercial driver	< 1	8,009
P006	18-29	Female	Single	Junior high school	Domestic worker	6-10	1,500
P007	30-39	Male	Single	Senior high school	Commercial Driver	11-15	15,000
P008	30-39	Male	Single	Senior high school	Domestic worker	11-15	20,000
P009	40-49	Male	Single	Junior high school	Domestic worker	11-15	5,000
P010	30-39	Male	Married	Senior high school	Street Hawker	1-5	5,000
P011	50-59	Female	Married	Senior high school	Street Hawker	6-10	7,000
P012	50-59	Female	Widowed	Primary education	Food trader	11-15	23,000
P013	30-39	Female	Single	Senior high school	Domestic worker	1-5	12,000
P014	40-49	Female	Married	Junior high school	Food trader	6-10	14000
P015	50-59	Male	Married	Voc./Tech	Commercial driver	11-15	18,300
P016	40-49	Male	Married	Voc./Tech	Commercial driver	16-20	27,000
P017	30-39	Male	Single	Primary education	Domestic worker	1-5	1,400
P018	30-39	Female	Single	Primary education	Domestic worker	6-10	4,500
P019	40-49	Male	Married	Voc./Tech	Street Hawker	6-10	5,000
P020	30-39	Male	Single	Tertiary	Street Hawker	6-10	25,000
P021	30-39	Female	Married	Voc./Tech	Food trader	6-10	5,000
P022	18-29	Male	Single	Primary education	Domestic worker	1-5	6,000
P023	30-39	Female	Single	Voc./Tech	Food trader	1-5	15,000
P024	18-29	Female	Married	Senior high school	Domestic worker	< 1	2,000
P025	40-49	Female	Married	Junior high school	Commercial driver	6-10	35,000
P026	50-59	Male	Widowed	Primary education	Domestic worker	16-20	3,000
P027	18-29	Male	Single	Senior high school	Domestic worker	<1	3,200
P028	18-29	Male	Single	Junior high school	Food trader	1-5	6,000
P029	40-49	Female	Married	Voc./Tech	Domestic worker	1-5	4,000
P030	18-29	Female	Married	Primary education	Domestic worker	<1	2,700
P031	30-39	Male	Married	Voc./Tech	Street Hawker	1-5	12,800
P032	40-49	Female	Married	Voc./Tech	Street Hawker	1-5	16,300
P033	40-49	Male	Single	Voc./Tech	Street Hawker	16-20	24,000

Source: Research data, 2023.

The total respondents for the study were 33 workers made up of 6 food traders, 1 private healthcare worker, 8 street hawkers, 6 commercial drivers and 12 domestic workers. The age range were between 18 and 59 years. All the respondents had basic education except one who had no formal education. The respondents earned between GH¢38,000 and GH¢1,400 per annum.

4.1. Informal Sector Workers' Understanding of Retirement Planning

The study explored the understanding of retirement planning among informal sector workers before delving into the strategies they use to plan for their retirement. It was revealed that all the 33 informal sector workers who represent 100% of the respondents understood what retirement planning entails. The participants had a basic and fair understanding of retirement planning. Collectively, they are aware that retirement planning is an individual's responsibility to cautiously prepare for retirement, as well as other aspect of life. Some of the other aspect of life is lifestyle decisions required to enhance workers' wellbeing after retirement. On the views of understanding retirement planning, some informal sector workers averred:

P006

"I think retirement planning is the measures one put in place to secure his or her retirement, thus, to enjoy a retirement free from financial difficulties".

P009

"Retirement planning is an individual's choice to pinpoint his or her source of income, future expenses, or even a need to visit new places of interest. Retirement planning is also an avenue whereby an individual put in valuable actions to have a healthy lifestyle after several years of working".

P019

"Retirement planning is how one intends to live his or her life free from sickness or imagines how his or her life would be after working for many years. It also includes making sure that all the necessary financial arrangements are put in place to ensure safety during retirement".

From the preceding, it could be ascertained that participants comprehend and had a clear insight on what retirement planning comprised. These projections involve preparing for their financial, psychosocial, lifestyle and healthcare needs required for a sustained and comfortable life after retirement. These understanding of retirement planning enables the workers to plan and align well to the retirement stage of life. This confirms earlier study by Seidl et al. (2021) who indicated that workers who prepare for retirement in general align better to the retirement stage of life. This finding further concurs Friedman and Scholnick (1997) conceptualization of planning where workers are supposed to understand retirement, establish their goals for the future, implement their plans and effectively prepare for a fulfilled retirement.

4.2. Financial Components of Retirement Planning

The major financial aspects of retirement planning strategies identified in the study encompasses the following; the Third-tier voluntary personal pension scheme, Mobile Telephone Network (MTN) which is a mobile platform, My Own Pension Fund, Participating in Church Welfare Policy, building houses for rental, "susu" contribution and investing in children's education. These components are elaborated as follows:

4.3. The Third-Tier Voluntary Personal Pension Scheme

In terms of the Third-tier voluntary personal pension scheme, the study finding indicates that only 10% of the respondents use this retirement planning strategy. A lot of the respondents do not use a formalized pension scheme owing to lack of trust in institutionalized pension scheme. Consequently, the respondents did not have much financial knowledge on the existence of institutionalized pension scheme for informal sector workers.

This leaves a gap for policy makers to intensified financial literacy programs on how informal sector workers can enroll on institutionalized pension scheme. This leads to less access to institutionalized pension scheme. When this happens the level of income security required to sustain retirement income cannot be achieved. This confirms earlier studies by Anku-Tsede (2019); Dovie (2018) and Research Report of Good Governance Africa West Africa (2023) that retirement income security for informal sector workers who transition into the retirement phase of life is lacking. Consequently, 60% of the respondents do not have any financial plans for their retirement owing to lack money.

In sharing their experiences, some respondents attested that:

P014

"Is only God because the little money that we are getting we are putting it in our children. Let's say during that time our children too can help us when we cannot work but in Ghana too before reaching retirement age, your children too will have a family. So instead of bringing you money, they will use it to take care of their own family. For now, I have no plans for retirement".

P016

"I have worked in the informal sector for about three years now, however, I have not been able to use any meaningful retirement plan. As I speak to you now, I have to pay my suppliers so which money am I going to set aside for my retirement?".

P005 said:

"Today is my first time hearing about the existence of this pension scheme for informal sector workers, I have worked here for about five years now, but I don't know of such a pension scheme, I have no idea".

4.3.1. MTN My Own Pension Fund

The study revealed that one informal sector worker use MTN My Own Pension Fund as a form of financial retirement planning. The MTN My Own Pension is a digital mobile phone platform which is accessible on MTN Mobile Money. This system is specially formulated as a bundled innovation with retirement plans and investments accounts. This service offers retirement benefits to informal sector workers allowing them to arrange for retirement. On the basis of this, the informal sector worker stated that:

P015

"I have registered a pension plan with MTN that deduct GH¢25 from my MTN wallet any time I purchase airtime. I hope that by the time I retire from operating the shop, I will have enough income to sustain me."

4.3.2. Other Financial Components of Retirement Planning

Some respondents in financially preparing for their retirement engage in Church Welfare Policy, building houses for rental, "susu" contribution and investing in children's education. On the basis of this, one respondents avowed:

P018

"I have some investments in land property, specifically, I have about five plots of land in various locations in Accra. I have fully developed two of them. So currently, I have built a one-storey 8 units' chamber and hall self-contained on the two plots. I intend to do the same to the remaining 3 plots by the time I turn 55 years. I have also bought 3 cars that are doing Uber for me. I don't spend the sales the drivers bring in. I intend to save enough and buy three more cars in the next 7 years".

Undeniably, some informal sector workers are financially preparing for their retirement, however, as a result of low and irregular income, some of them are not financially preparing for their retirement. The implication is that those who are preparing for their retirement are more likely to benefit from retirement income security, however, those who lack money to save are more likely to have less or no retirement income security. Those who may not have a financial safety may tend to depend on their family members. Hence, lack of financial preparation will lead to a continued visual cycle of poverty if this important social need is not addressed by policy makers.

4.4. Lifestyle Components of Retirement Planning

In preparing for retirement, informal sector workers focus on their lifestyle and how it is likely to shape their general wellbeing after retirement. The participants revealed that in preparing for their lifestyle, they decide on whether they would visit new places of interest to them, building and maintaining social relationships, engaging in church activities, as well as engaging in community-support activities. As per the lifestyle preparation, the interviewees underscored that they are unwilling to be frail during retirement so they would like to engage in activities that will boost their social relationships and engagements. The implication of lifestyle preparation on retirement income security is that envisioning lifestyle can help informal sector workers to comprehensively understand their sources of income and how much they can spend during retirement (Feeley & Gorman, 2019; Seidl et al., 2021).

4.5. Psychosocial Component

Even though a lot of participants did not consider psychosocial planning as important as financial and lifestyle preparation, some interviewees were of the view that, since they cannot work for life, there is the need for them to prepare their minds adequately for retirement. These workers explained that they were trying to find out what they can undertake to make their retirement life a productive event through their mental preparation. For instance, an informal sector worker stated that:

P019

“For now, I have thought a lot about planning for retirement in my mind because I have a lot of years ahead of me. I am focusing on my work and how I can get more customers to enable me to earn profit. I am saying this because the cost of living in Ghana has increased”.

This view seemed to resonate among many respondents, especially during the focused group discussions. Psychosocial elements of retirement planning facilitate reduction in grief and stress level of not having income to rely on during retirement (Friedman & Scholnick, 1997; Seidl et al., 2021; Topa et al., 2018). This is because once workers prepare psychosocially, it will lead to financial preparation, hence reducing lack of revenue to take care of other retirement needs.

4.6. Health Care Components of Retirement Planning

The last component of the retirement planning mechanisms was healthcare preparation. Almost all the participants were of the view that they were taking keen interest in arranging their healthcare needs for retirement. The interviewees relied mostly on the MTN Ayo health care. The MTN Ayo health care is a scheme provided by MTN that allows for informal sector workers to subscribe at a fee of GH¢ 2 over a period of three months. Currently, the scheme has a total of 40,000 subscribers. It was launched in the year 2017 to provide an alternative healthcare plan for workers. Other workers have also registered for the national health insurance policy, through which they undertake routine medical checkups supported by engaging in exercise-related activities, sporting and recreational activities, regular walks, eating healthy among others. This is aimed at enabling them to stay healthy and fit throughout their retirement phase. The approach used by Ghanaian informal sector workers is consistent with practices in areas such as Southeastern Asia, Latin America and North Africa respectively (Research Report of Good Governance Africa West Africa, 2023).

5. DISCUSSIONS

This study was conducted to examine the retirement planning strategies adopted by Ghanaian informal sector workers and their implications for retirement income security. Before the study delved into these strategies, the study initially examined the understanding rate of retirement planning amongst the workers. This was imperative because arranging for retirement in the informal sector is crucial for enhancing the living standard of workers as

they age. It is also essential because retirement planning is treasured by international Organizations such as the ILO, World Bank, Organization for Economic Cooperation and Development, governments, policymakers, advocates etc. (ILO, 2018, 2019, 2021; OECD, 2011; World Bank, 2020). Retirement planning is valued by these organizations owing to the urgent need to eradicate old age penury which forms part of the Sustainable Development Goals (SDGs) number one which stipulates ending poverty as part of the 2030 Agenda (ILO, 2021).

The study revealed that participants had a higher rate of understanding retirement planning and are also conversant with what retirement planning encapsulate. The respondents were aware that they need to save money to help them survive during retirement. They are also aware that they need to mentally prepare their minds on the fact that they cannot work forever, thereby, they need to make provisions for their retirement. Informal sector workers are also aware that in the retirement planning process there is a need for them to establish the kind of lifestyle that will enhance their wellbeing. It is also imperative for them to enhance their healthcare required for the future. This finding augments earlier study by Seidl et al. (2021) who divided sustainable retirement planning into financial, psychosocial, lifestyle and health care preparation.

The study further revealed that preparing for retirement provide a lot of benefits to workers. Some of these benefits are financial backups, returns on investment, peace of mind, as well as financial independence through monthly pension incomes. This finding concurs with earlier studies by Anku-Tsede (2019) as well as, Guven (2019). These scholars were of the view that planning for retirement using pension schemes can lead to returns on investment, thus contributors will be able to accrue profits from their accumulated revenues. The implication is that using pension schemes to plan for retirement is more likely to provide income safety for retirees since these monies are put in low risk investments rather than using informal means such as “susu” contributions.

Retirement planning strategies hinge on four main domains and each domain has a direct link to retirement income security. The first domain is financial preparation and to prepare financially for retirement, informal sector workers use life insurance policies, savings account, building houses for rental, “susu” contribution, church welfare policies and pension schemes. These methods help them to accumulate revenue whilst in active work and depend on these incomes when they can no longer work during retirement. This confirms earlier studies by Topa et al. (2018) who were of the view that financial planning for retirement entails a sequence of events related to accumulating revenues to be used during the retirement phase of life. The financial components enable informal sector workers to make informed financial decisions about the amount of money they have at their disposal and how much they are willing to set aside for their retirements (Seidl et al., 2021). These methods used in accumulating revenues are based on individual financial safety rather than state own social protection which are often risky in maintaining retirement income security owing to fraudsters in the financial markets.

In terms of the psychosocial components, here, informal sector workers prepare their minds on the notion that retirement is an inevitable part of human existence. Hence, through retirement preparation workers can be able to identify their responsibilities when they successfully retire from work (Seidl et al., 2021). Planning psychosocially for retirement enables informal sector workers to avoid income wastage knowing the fact that they are not going to work forever. This consequently facilitate lifestyle that lead to successful transition into the retirement phase of life.

The study further supports lifestyle preparation as part of the retirement planning strategies. It provides opportunities for informal sector workers to envision and execute their interests. For instance, their desire to explore and travel around the world (Feeley & Gorman, 2019). This is an important segment of the retirement planning process because most Ghanaian workers are busy during their active years of lives. Thus, retirement phase of life could give them the ability to adventure their interests outside the work environment. This is believed to contribute to positively toward their social wellbeing.

In the Ghanaian society, healthcare policies are considered as a crucial means of staying healthy during retirement. Hence, informal sector workers rely on sustainable and self-issuance healthcare schemes to maintain a healthy lifestyle during retirement. It is obvious from the study the significant interplay between financial, lifestyle,

psychosocial and health care in the retirement planning process of Ghanaian informal sector workers. This unanimously enhance the general wellbeing and retirement income security of workers; if only retirement planning strategies can be effectively administered by the appropriate pension industries in general.

6. CONCLUSION

The study has established that Ghanaian informal sector workers plan for their retirement mainly through the adoption of informal approaches. For instance, building houses for rental, “susu” contributions, church welfare policies and investing in children’s education. The workers also use their mental capabilities to comprehend the fact that retirement is an inevitable part of human development. This enables them to consider some form of healthy lifestyle decisions in the retirement planning process. In terms of the theoretical framework, the study has broadened the use of the Retirement Planning Process Framework which has been mainly applied to quantitative studies. The findings of the study have confirmed that informal sector workers just like their counterparts in the formal sector follow a sequence of activities in the form of financial, lifestyle, psychosocial and healthcare preparation. These activities promote fulfilled life after retirement to those who effectively implement them. Hence, to enhance a befitting life after retirement and to reduce the rate of low quality life as enshrined in the first goal of the UN Sustainable Development Goals, policy makers through the help of the Ghanaian government can simplify regulations to minimize cost of business operations. Consequently, most informal sector workers within the Ghanaian context do not have the basic financial knowledge required to plan for retirement. In this regard, workers can be motivated by the National Pensions Regulatory Authority to plan for their retirement through financial literacy dialogue and lessons on the benefits of retirement planning.

6.1. Implications for Research, Practice and Policy

This study contributes to the contemporary literature on retirement planning strategy and its implications on retirement income security within the Ghanaian informal contexts. It serves as a fundamental knowledge on retirement planning, since discourse on retirement planning have focused mainly on the formal sector settings owing to the formalized system of retirement plan administration. The various strategies used by informal sector workers toward their retirement seems inadequate to guarantee a sustainable post-retirement life. The findings in this study provide some possible avenues for policy initiatives aimed at providing a sustainable retirement programs for Ghanaian informal sector workers. This can motivate workers to develop a more positive attitude and gain confidence in the use of institutionalized pension scheme to enhance the quality of life after retirement. The study findings also indicate that using pension schemes by informal sector workers to plan for their retirement is crucial since incomes are put into low risk investments rather than using informal means such as “susu” contributions. In the Ghanaian context, a lot of informal sector workers prefer to engage in “susu” contributions hence, the National Pensions Regulatory Authority can expand and formalized the use of “susu” as part of institutionalized pension scheme. Consequently, local financial literacy programs on retirement planning for informal sector workers should be intensified by the Ministry of information. This will help educate and create awareness on the relevance of planning and developing better retirement strategies for the future. This will foster pension awareness for informal sector workers. This education will also encourage more workers to sign unto institutionalized pension scheme rather than using informal means which have a high risk propensity. The knowledge obtained in this study provides a firm basis to foster policy change in Ghana in order to enhance the well-being of the informal sector workers who are the largest part of the country’s workforce.

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