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The Effect of Pension Funds on Emerging Economy of Ghana. A Case of Social Security and National Insurance Trust (SSNIT)

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Abstract

The article examines the effect of Pension Funds on the emerging economy of Ghana with the search light on the operations of Ghana's flagship Pensions facility. In conducting the study, purposive sampling technique was employed to select senior officials of Social Security and National insurance Trusts (SSNIT) whose job descriptions hinge upon Pension fund investments, operations as well as monitoring and evaluations within the compliance enclave of the organization for their views on the objectives of the study. The questionnaire technique constitutes the main research instrument. The study noted that, like other nations of the world, Ghana feels it an obligation and responsibility to plan for and enable financial security for its elderly citizens and retirees and this is achieved through the establishment and nurturing of the pension fund. Growing the latter entails investing funds in stocks of corporations, buying government bonds as well as influencing infrastructural growth in the health, education and Security including housing sectors of the economy. The study recommended that taking cognizance of the long-term nature of the SSNIT's Pension funds, the economy of Ghana will grow much faster if funds were invested in heavy Transport projects, more Utility projects and world class Communication projects. This will not only accelerate the rate of economic growth but also help ease pressure on government employing scarce tax revenue towards undertaking such badly needed developmental but capital-intensive infrastructure and social amenities.

Keywords: *Pension schemes, Funding, Sustainability, Aging, Pension tiers.*

Introduction

It is the obligation of every nation to institute structures for planning for the senior years of its citizens. This ambition of making provision for the aging population happens to be a global carefully thought-out goal of all countries irrespective of the magnitude of economic security or growth. As a result, African growing nations, sophisticated countries in Europe and North America as well as those emerging from communism to capitalism have all evolved some appreciable kind of pension systems with a common objective of designing a road map for ensuring financial security of their people and retirees (Holzmann, 2012).

Perhaps it might be worth noting that while growing nations in Africa, the East European countries, Asia Latin America and the Middle East are experiencing challenges in augmenting the sufficiency and coverage of their pension systems, the pension schemes of developed economies are being jeopardized by surprisingly low birth rate, longevity, bankruptcies, inordinate fiscal deficits and public debt problems (European commission, 2012). The industrialized nations, according to this source, continue to register lower and negative returns on pension investment portfolios owing to poor performance of stocks, and low return on bonds which are attributable to high unemployment and relatively lower interest rates (Della-Croce, Kaminker, & Stewart, 2011). Holzmann (2012) is also of the conviction that all such gloomy factors which contributed in no small way toward the failure of industrialized world to meeting its obligations under the pension scheme, could be traced back to the economic recession which began in late 2007.

According to Kariam (2011) the defined benefits or Pay-As-You-Go (PAYGs) plan under the pension schemes are all adversely affected by reduction in budgetary support together with pension contributions. There is therefore the need for better strategy for investing long term pension funds. Taking cognizance of the potential benefits of investing pension funds in growth sectors of the economy it behooves on stakeholders to ensure that such funds grow as anticipated so as to continue to help

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address the financial needs of the senior years of its citizens. *This article on investigating the effect of pension fund on the merging economy of Ghana* will first examine the existing literature on the subject prior to highlighting the research methodology, discussing findings, making appropriate recommendations and drawing relevant conclusions. Prior to doing all that, it is essential to clearly establish the objectives of the article.

Aim and objectives of the study

The overall objective of the study is to investigate how Ghana's Social Security Trust (SSNIT) is leveraging its pension fund to influence economic development of the country. Specific objectives include:

1. To examine critically the spectrum of SSNIT's pension fund investment portfolio
2. To determine how SSNIT's pension fund management activities are influencing economic development agenda of Ghana.
3. To identify other strategies for further strengthening SSNIT's investment portfolio so as to register a better impact on the emerging economy of Ghana.

Review of existing pension fund regime in ghana

Reviewed here-under are contemporary pieces of literature on the nature of Pension Funds, Ghana's Pension fund regime and SSNIT as well as Economic growth activities of Ghana.

Nature of pension fund

According to Holzmann (2012), a pension is a fund into which a sum of money is added during an employee's employment years, and from which payments are drawn to support the person's retirement from work in the form of periodic payments. A pension may be a "defined benefit plan" where a fixed sum is paid regularly to a person, or a "defined contribution plan" under which a fixed sum is invested and then becomes available at retirement age. Pensions should not be confused with severance pay; the former is usually paid in regular installments for life after retirement, while the latter is typically paid as a fixed amount after involuntary termination of employment prior to retirement (Impavido, Lasagabaster, & Garcia-Huitrón, 2010).

Pension, in the opinion of Agnew (2013) is a payment a person receives upon retiring from work. In other words, it is an amount of money that a person receives regularly when he/she is no longer working as a result of his/her age or as a result of ill health. Pension schemes instituted are usually the result of arrangements between the employee and the employer (Della et al, 2011). Under the arrangement, the employee may be required to make some specified payments (usually a specified percentage of one's salary and a specified payment by the employer on behalf of the employee) throughout the person's working life in order to qualify for benefits upon retirement. This makes the pension scheme a contribution based programme. It is therefore appropriate for persons who are members of the scheme to become interested in the institution and maintenance of the scheme.

Ghana has experienced a series of pension reforms dating back as early as the year 1950 (Gockel and Kumado 2003). Before the establishment of a formal pension scheme as a means of providing social security to a people in Ghana, the extended family system was the major source of social protection for the Ghanaian populace. The extended family was the institution in Ghanaian community that provided social and economic support to various family members at appropriate times of need. It was, traditionally, a source of support when members became old and threatened by economic deprivation, disability and social isolation (Darkwa, 2007).

Ghana's pension fund (SSNIT)

According to Ghana's Pensions industry regulator, the National Pension Regulatory Authority (NPRA, 2010), Social Security Schemes had been introduced in Ghana, prior to independence. There had been the Workmen's Compensation Ordinance (No. 52), which was the first legislative endorsement in social security passed in July 1940. The Pension Ordinance (No. 42) established a non-contributory pension scheme which was designed for loyal senior civil servants under the Chapter 30 of the 1950 British Colonial Ordinances (Darkwa, 2007). The scheme was a reward for those civil servants who had clean appraisal report from their colonial supervisors for a minimum of ten years with a life time engagement free of civil unrest, did not question the status quo, and discharged their duties faithfully. This pension ordinance was later extended to their widows and orphans. After the colonial era, the government of Ghana sort to extend to provision of pensions to cover all private and public sector workers who were not covered by the CAP 30 schemes, the Social Security Act (No. 279) was enacted in 1965 (Abebrese, 2011).

Originally it served as a Provident Fund to provide lump sum benefits for old age, invalidity and survivor's benefits. The Social Security Act, 1965 (Act 279) was repealed and in 1972 the Social Security and National Insurance Trust (SSNIT) was establishment under the NRCD 127 to administer the National Social Security Scheme. The new administration was mandated to convert the invested contributions of the Social Security Pension Scheme into long maturity low interest rate special government bonds. As a result of high inflation, lump sum benefits due to retirees were insignificant and as a result inadequate (Darkwa, 2007).

Kpessa (2011) argues that the importance of pension schemes in Africa for instance, have helped in the alleviation of demographic pressures, poverty amongst the elderly and provided support for households headed by grandparents. Simultaneously, Agnew (2013) also points out that pension schemes are sources of income security for the aged, the disabled, the invalid and the unemployed. Ghana and a few countries including Nigeria and the United States are no strangers to pension reforms. Although Ghana adopted several social protection schemes following the collapse of the extended family, there have still been problems with social security in the country under each of the programs or scheme adopted as mentioned in Kpessa (2010) and Kpessa (2011).

Generally, the presence of tax incentives induces employees desire to demand pension schemes. Tax rates on pensions implies that a proportion of workers' pension goes to the government as tax revenue and reduces employees' desire to enroll on pension schemes. A tax-free pension scheme would generally induce more workers to enroll. The level of returns on a particular pension scheme relative to other schemes and investment opportunities would also determine demand for that particular pension scheme. These among other reasons explain why the government of Ghana introduced the three-tier pension scheme (Darkwa2007).

In Ghana, prior to the enactment of the new pension law; the national pensions Act, 2008 (Act 766), the various types of pension schemes that were in existence in the country were the CAP 30 scheme, SSNIT pension scheme and the Ghana Universities Staff Superannuation (GUSS) scheme. Darkwa (2007) argues that CAP 30 was established to provide pension for pensionable officers in the civil service and members of the Armed Forces in the British West African colonies. CAP 30 provides old age benefits, disability benefits and dependent lump sum. The SSNIT pension scheme is a social insurance program providing social protection against socially recognized conditions, including poverty, old age, disability, unemployment among others. The SSNIT pension scheme offers three benefits which are old age, invalidity and survivors' lump sum. The GUSS scheme was also established to attract and maintain high caliber staffs in the universities. The new pension scheme was launched on the 16thof September 2009 and its implementation began on the 1st of January 2010. The new pension scheme was introduced to cater for the shortages of the old pension system in the country (Seyram, 2008).

The Administration of this new scheme fell in the hands of an independent corporate body, the Social Security and National Insurance Trust (SSNIT). The main difference between this new scheme and the previous one was the shift from a lump-sum payment to a monthly payment of retirement benefits. The contributions made by both employers and their employees under the old scheme were however maintained. Under the new scheme, participants must have demonstrated at least 240 months (20 years) of contribution to the scheme to qualify for retirement benefits. The scheme was designed for three main contingencies namely; old age/retirement, invalidity/disability and the dependents/survival's benefits (Kpessa 2010).

The SSNIT and CAP 30 pension schemes were running parallel to each other until the promulgation of a new three tier pension model in 2008 (National Pensions Regulatory Authority 2012). Although the CAP 30 scheme has been annulled, the SSNIT scheme is still in operation and has an important role in the new pension scheme to be initiated in Ghana (Kpessa 2010).

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Types of pension scheme in ghana

In order to introduce some adequacy and parity into workers' pension packages, Abebrese (2011) explains that the Social Security Act, 1991 (PNDC Law 247) was passed to transform the 1972 Scheme from Provident Fund to a Defined Benefit Scheme. The Act mandated SSNIT to shift its investment strategy from investments in special government bonds to investments in a broad portfolio. This was to help to generate commercial rate of return to balance the lower rate from the other portfolios and to improve on pension benefit received by beneficiaries (Abebrese, 2011). Notwithstanding, the SSNIT schemes were less preferred compared with the CAP 30 pensions. This was because of the lump sum benefits were not paid under SSNIT. This, in the opinion of Kpessa (2011) resulted in agitations and protests by some public sector workers on the SSNIT Scheme.

The current National Pension Act, 2008 (Act 766) was enacted to introduce a contributory Three-Tier pension scheme. This was to improved retirement benefits for all workers. The Act redefines pensions into the First Tier or Basic national social security scheme, Second Tier or Occupational pension scheme, and the Third Tier or Personal pension. The Act, under section (30) mandates SSNIT as the established trust to manage the First Tier or basic national social security scheme. Whilst it competes with other Trustees approved by NPRA, over the management of the Second Tier and Their Tier pension scheme (Abebrese, 2011).

The new 3 tier pension scheme

According to Darkwa (2007) in July 2004, the then President of Ghana John Agyekum Kufuor, established a Presidential Commission on Pensions (PCP) to address the concerns of Ghanaian workers with regards to some discrepancies in the benefit package for retirees under both the CAP 30 and SSNIT pension schemes. The commission headed Mr. T.A Bediako was tasked with the responsibility of creating a uniform pension scheme that would ensure retirement income security for all Ghanaian workers. The commission's recommendations included the creation of a new contributory three tier pension scheme consisting of two mandatory schemes and a voluntary scheme. They also recommended that the CAP 30 scheme be done away with due to its "decentralized public sector pension management" and called for the SSNIT scheme to be restructured by revamping its management and administrative structures (Abebrese, 2011).

In order to give credence to the commission's recommendations, a National Pensions Regulatory Board was established to regulate both public and private pension schemes in the country. Additionally, a National Pensions Bill was established to cater for the new contributory three tier pension scheme. The new scheme according to Kpessa (2011) is as follows;

The first tier

This represents a basic national social security scheme that is managed by Social Security and National Insurance Trust. *It is mandatory* for all employees in both private and public sectors but optional for the self-employed and informal sector worker.

The second tier

This is also a *mandatory scheme* for all employees. However, the main difference between this tier and first is that *it is privately managed by registered Pension Fund Managers and Custodians who are regulated by approved Trustees licensed by the National Pensions and Regulatory Authority*. Pension fund managers as per the National Pensions Act of 2008, are responsible for investing pension funds and assets in investments achieving the best return. Custodians are also charged with receiving contributions remitted by employers on behalf of trustees (National Pensions Act 2008).

The third tier

This describes a voluntary scheme that enables individuals to freely open provident funds and personal pension scheme which are managed by Pension Fund Managers. This tier is supported by tax benefit incentives to provide additional funds for workers who want to make contributions to enhance their pension benefits. It also allows individual to make additions or top-ups that are 16.5% of their gross salary. This scheme is particularly designed to meet the contribution needs of workers in the informal sector of Ghana (National Pensions Act 2008).

The management of the first-tier pension scheme

As a government mandated body to manage the First-Tier social security scheme, the Act specifies the details of its mandate through the objectives, management and the extent to which management can execute its duties. The main objective of SSNIT is to manage the basic national social security pension. Its specific functions include:

- To operate the basic national social security pension scheme and other schemes as may be prescribed by law;
- To have a Fund into which shall be paid the contributions and any other monies as may be required under this Act;
- To be responsible for the general administration of the social security scheme and regulations made under and ensure the provision of social protection for the working population for various contingencies including old age, invalidity and death;
- To be responsible for the administration and investment of funds within the framework of general directives issued by the Board of Trustees and approved by the Authority;
- To collaborate with other complementary social protection schemes in respect of specified operational and administrative functions to achieve efficiency, cost savings and avoidance of duplication of functions;
- To have general control of the funds and investments of the social security scheme and the management of the Trust; and
- To perform any other functions that is ancillary to the objects of the Trust.

Management of the second-tier pension scheme

The Second Tier is managed independently of the first Tier by approved private corporate Trustees. Contributions by self-employed persons in the informal sector who are not covered under the mandatory scheme are credited with two separate individual subaccounts. The personal savings account and the retirement account. The proportions to be credited to each account are prescribed in the governing rules of the scheme. Trustees have the function of securing scheme registration, ensure that the investment of funds of the scheme is diversified to minimize investment risk. Trustees have to regularly report the performance of contributor’s investments to their members and contributors have the right to know how their contributions are being invested and its yield. Accrued benefits are to be preserved until retirement age but earlier benefits are allowed under certain prescribed conditions. An employee is paid lump sum money on termination of service, death or retirement. Contributors are allowed to use the lump sum benefit as collateral to secure mortgage for primary residence (section 103 of Act 766).

Management of the third-tier pension scheme

Like the Second Tier the management of the scheme is in the hands of authorized private corporate Trustees. There are no legal minimum contributions. Minimum limits are set by individual trustees and in agreement with contributors. The Act gives contributor the privilege to know how their contributions are being managed.

Investment portfolio of SSNIT

In the opinion of Abebrese (2011) unlike other forms of investment vehicles available to both individuals and institutions, social security pension is a special kind of investment where the current working population contributes to pay for those who are retiring and those already claiming their pensions. Like all funded pension schemes elsewhere, large amounts of surplus funds are accumulated that need to be invested. With the SSNIT Scheme under Law 247 of Ghana, investment policy is expected to be much more professionally designed and implemented as the Scheme was conceived to be self-sustaining. According Kpessa (2010), two things are required to achieve the professional ethos envisaged. Firstly, all restrictions on investments should be removed and secondly responsibility for investments should be invested in the SSNIT Board, largely free of direct Government interference.

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Theoretically, investment returns are to be above a minimum acceptable level in aggregate over the long term. Taking cognisant of the long-term nature of the liabilities, investments in long-term projects are to be undertaken as long as short-term requirements are met.

Generally, SSNIT's investment policy is guided by seven general principles, which according to Kpessa (2011) are, Safety of investments; Yield or rate of return, Liquidity, Maintenance of the Fund's monetary value, Diversification of portfolio, spread of investments by duration Harmonization with national objectives.

With these guiding principles, Kpessa (2011) submits that the investment portfolio of SSNIT Funds comprised investments in fixed and non-fixed income investments made up as follows:

Short-term government instruments, Government bonds, corporate loans, Student loans, Equity and Property. Generally, short-term investments make up the least share in the total, hovering around 5%. By the nature of SSNIT's liability structure, Della et al., (2011) are of the view that this appears to be alright since SSNIT is matching maturity profiles.

Economic growth activities of ghana

The economy of Ghana has a diverse and rich resource base, including exportation of primary and semi processed agriculture produce as well as the exportation of diverse and rich resources such as hydrocarbons and industrial minerals. These have given Ghana one of the highest GDP per capita in West Africa. Owing to a GDP rebasement, in 2011 Ghana became the fastest-growing economy in the world (Mensah 2013). The Ghanaian domestic economy in 2012 revolved around services, which accounted for 50% of GDP and employed 28% of the work force. Besides the industrialization associated with minerals and oil, industrial development in Ghana remains basic, often associated with plastics (such as for chairs, plastic bags, razors and pens). 53.6% of Ghana's workforce were employed in agriculture in 2013. Ghana embarked on a currency re-denomination exercise, from Cedi (₵) to the new currency, the Ghana Cedi (GH₵) in July 2007. The transfer rate is 1 Ghana Cedi for every 10,000 Cedis.

Ghana is Africa's second-biggest gold producer (after South Africa) and second-largest cocoa producer (after La Cote Divoire). It is also rich in diamonds, manganese ore, bauxite, and oil. Most of its debt was canceled in 2005, but government spending was later allowed to balloon. Coupled with a plunge in oil prices, this led to an economic crisis that forced the government to negotiate a $920 million extended credit facility from the IMF in April 2015 (Terkpor, 2016).

The launch of crude oil production at the Jubilee oil field in 2011 combined with a strong performance of the gold and cocoa sector boosted Ghana's real GDP growth to 15% in 2011 and 7.9% in 2012. Ghana hopes that this growth will be sustained with the help of an expanding service sector. The economy continues to attract FDI, aided by the prospect of rising oil and gas production (Agnew, 2013).

Although the country is experiencing rapid growth, Ghana is running a large **fiscal deficit** and a large **balance of payments deficit**. Despite growing revenues from the oil and gas sector the fiscal deficit jumped to 11.5% of GDP in 2012 as the government increased spending on public sector wages and subsidies before the 2012 election. Public debt level rose to 56% of GDP in 2012, up from 33% of GDP in 2008. Largely owing to high **capital imports** for the development of infrastructure and the oil sector the current account for Ghana has been in deficit for the last decade. External debt is also on the rise climbing from 34% of GDP in 2013 to 70.1% in 2016 (Ofori-Atta, 2017).

Ghana's **export base** is concentrated on commodity exports with gold, oil and cocoa accounting for 75% of total exports while the service sector increased its share of Gross Domestic Product from 54.6% in2015 to56.9% in 2016(Ghana's Ministry of Finance,2017).

A prolonged period of low world commodity prices would put further pressure on the country's external and fiscal accounts. In their report on the Ghana economy published in 2013, the IMF reported "the concentration of exports in three commodities—gold, cocoa, and oil—makes the economy vulnerable to terms of trade shocks." Indeed in 2014, Ghana had to ask for IMF support because of its unsustainable balance of payments deficit (Amissah-Arthur, 2014).

Increasing wages and energy prices and the effects of a **weakening currency** that increases import prices has meant that inflation in Ghana has increased to a 3-year high of 11% in May 2013. Ghana's currency has been one of Africa's worst performers in recent times, depreciating by a sizeable amount against the US dollar. Ghana's central bank has increased interest rates from 15 per cent to 16 percent, stepping up its efforts to halt the decline of the cedi (Amissah-Arthur, 2014)

Rapid growth has helped to lift **per capita incomes** in that Ghana has made great strides in reducing poverty to less than 30 percent of the population and has recently reached lower middle–income status. But Ghana's widespread relative poverty, illustrated by children hawking food on the streets at night to support their families, is equally striking. About 52 per cent of Ghanaians live on less than $2 a day, another 27 per cent on between $2 and $4. In between the two extremes is an “emerging market middle class". The African Development Bank estimates that nearly one in five Ghanaians, or 4.6m people, is now either lower or upper middle class by its definition, with a per capita daily consumption of between $4 and $20.All these suggest that if the huge quantum of SSNIT pension fund were invested in the growth sectors of the economy both micro and macro-economic indicators will brighten up appreciably (Abebrese, 2011).

Research methodology

Information for addressing the objectives of the study emanated from 28 respondents who were drawn from SSNIT, the study area, as well as other government institutions like ministry of Finance, Central bank and statistical service of Ghana whose responsibility impinge upon the economic development of the country. Purposive sampling technique was employed to directly approach these officials for their views. Research instruments employed were both an interview guide and a questionnaire. Responses from SSNIT were accessed from the administered questionnaire while views from the other stakeholder institutions were obtained from the interactions hovering around the dictates of the questions on the interview guide. The latter and the questionnaire all had three distinct parts.

The first part sought to investigate the texture of SSNIT’s investment portfolio while the second part examined how SSNIT’s investments have been influencing the economic development of the country. The third segment attempted to identify strategies for improving upon how SSNIT could leverage upon its pension fund investment portfolios to further facilitate the developmental agenda of the country. The Statistical Package for Social Science (SPSS) aided the analysis of data captured from the field study. Secondary data come from official bulletins, company files as well of periodic publications of stakeholder institutions especially the Central Bank, Ghana statistical service and SSNIT.

Findings and discussion

This segment presents the findings of the study. These have been arranged in consonance with the stated specific research objectives.

Content of SSNIT’s pension fund investment portfolio

SSNIT files (2018) point to the fact that the spectrum of SSNIT’s pension fund investment portfolio include Equity/Stock, Property, (Real estates, Hotels etc.), and Government bonds. Other pension investments have been locked up in corporate loans, Short-term government instruments, Student loans, as well as Social responsibility project to enhance the living standards of the underprivileged in society.

The source further explains that SSNIT invests pension fund in equity shares of corporate profitable organizations, real estate properties, government bonds and corporate loans. Other investments go into short term government instruments, student loan scheme and other corporate social responsibility projects. Respondents pointed at equity shares in banks, mining companies and the telecommunication sector as industries where SSNIT has a chunk of investments. Writing on low returns on pension funds, Antolin et al., (2011) pointed out that pension fund managers must exercise some appreciable magnitude of circumspection in these investment decisions. These sources noted that managers should only deal with businesses that have proven track record in order to keep their responsibility to fund contributors alive. It is therefore very fitting for SSNIT to invest in safe ‘channels’ especially buying lots of shares, in some cases controlling shares in state owned banks.

According to Darkwa (2007) SSNIT used to own a bank in Ghana called Social Security Bank (SSB) but had to be divested when a strategic investor, Societe General of France submitted a convincing proposal to acquire 51% majority shares in SSB.

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SSNIT files (2018) also show that SSNIT has considerable amount of investment in properties. Residential accommodation for SSNIT staff as well as other public sector employees is scattered all over the country. The Trust used to have a chain of Guest houses called catering Rest houses, in all the ten regions of Ghana. This kind of property investments according to Kpessa (2011) are not only meant to attract higher returns for the Pension fund, but also assist in the infrastructural development of the country. Darkwa (2007) recalls that as far back as 1974 i.e. 44 years ago in Ghana, SSNIT's guest houses were the only hospitality centres in some parts of the country. Dorfman and Palacio (2012) also support investing pension funds in properties and add that the long-term nature of the pension scheme makes it logical for investing in long term assets. The source however noted with concern the high level of corruption associated with the maintenance of such commercial properties in developing economies which often adversely erode the anticipated returns on such pension fund investments.

It came out of SSNIT Files (2018) that the third most popular investment outlay of SSNIT's pension fund has to do with buying government bonds. Antolin et al., (2011) see investing in government bonds as medium to long undertakings which are safe financial Assets with very enviable propensity to helping in meeting the objectives of instituting the pension trust. Returns on government bonds according to Salou and Yerman (2012) are virtually risk free and more importantly do not fluctuate as happens with returns on stocks or property.

SSNIT also grants corporate loans to reputable businesses, participates in buying short-term government financial assets like Treasury bills as well as facilitates the funding activities of the student loan project. SSNIT honours its corporate social responsibilities by helping to modernize the infrastructural base of schools, hospitals and other deprived communities.

SSNIT investments and ghana's economic development

The study investigated the effect of SSNIT investments on Ghana's economic development. The results have been presented in table 1.

Table 1. Frequency table on pension fund investment and Ghana's Economic Development

Effect of SSNIT investment on Ghana's Economic Development	N	Mean Score	Standard Deviation	Ranking
Help establish business through buying shares on GSE	28	4.640	0.638	1
Invest in properties for various purposes	28	4.581	0.621	2
Strengthens government's spending arm	28	4.500	0.638	3
Help corporate institution with loans	28	4.360	0.731	4
Helping to develop the energy sector	28	4.290	0.713	5
Financing recreationary projects	28	4.112	0.802	6
Modernizes school infrastructure	28	3.965	0.943	7
Finance health improvement projects	28	3.816	0.986	8

Source: Field Data (2018)

It came out unequivocally from the study as shown in table 2 that Ghana's SSNIT, as an institution, has really contributed immensely to the social-economic development of the country and indeed the growth of the economy cannot be complete without the role that SSNIT plays in transforming the economy. Ranking first in table 2 is the fact that SSNIT buys shares on the Ghana stock exchange (GSE) to help strengthen the operational existence of most listed companies. Company files (2018) show that the Trust constitutes the largest singular institutional investor on the GSE and the SSNIT can be said to be the main driver of trading activities on the GSE. Out of the 37 list companies, SSNIT has invested GH¢2.7 billion (US$520 million) in 22 first grade companies. The Trust also holds significant amount of money in 54 unlisted companies. The trust's equity investments are fairly spread across such key sectors of the Economy as financial, mainly banks and insurance companies, manufacturing, services such as hospitality, healthcare, transportation and Sanitation, Energy, notably power, oil and Gas as well as holding shares in Real Estate companies (SSNIT files 2018).

Investing pension funds on a reputable stock exchange according to Brainard (2005) is a worthwhile undertaking especially in situations where the listed company intends to expand its business horizon. Agnew (2013) also corroborates the importance of investing pension funds in long term equity holding projects and explains further that returns from such ventures often help in augmenting the financial base of the fund itself.

Ranking second in table 2 is the fact SSNIT has a huge quantum of its pension fund in various kinds of properties. According to company records, SSNIT embarked upon housing development projects over 40 years ago with the view to providing residential accommodation for its contributing public. The principle behind the housing project according to Company File (2018) was to ensure that some of the Pension fund investments was focused towards creating social benefits to workers while they were still rendering productive service to the country. The houses ranged from bedsitters to one- and two-bedroom flats and were such that beneficiaries got decent and more affordable places to lay their heads. With fine environment to rest, workers then wield the sound minds to work harder towards increasing productivity to, as it were, develop the economy. It is regrettable to indicate that even with the uneconomic rents that the affordable houses go for, some beneficiaries accumulated monthly rent so much so that court action had to be resorted to, for sanity to prevail.

In all, Company File (2018) has it that SSNIT has 7,168 housing units across the length and breadth of Ghana. Workers in city centers, towns and sub-urban communities all benefited the SSNIT affordable housing project. The architectural designs of these houses also helped in no small measure towards beautifying the infrastructural base of these towns and sub urban areas. Close to 6,150 housing units are also in the pipeline at various stages of completion in Accra and the Ashanti kingdom to be sold out to workers on high purchase basis.

Returns from SSNIT’s Pension Fund’s Investments in properties really emanate from commercial properties. Remarkable amongst them are 10 high rise properties and six office complexes. Some of these properties such as World Trade Centre - Accra, Pyramid Tower, Ridge-Tower, Heritage-Tower, have really transformed the skyline of a prime area in Accra known as the Ambassador Hotel area. SSNIT has 100% share-holding in all these well patronized commercial properties. These structures have provided suitable office accommodation for multinational companies which are investing in the mining, Energy, financial and other sectors of the economy.

One segment of the property industry which has huge prospects in Ghana is student’s hostel business. With explosion in student populations at the universities, Government of Ghana sensed its limitation in providing residential accommodation for the students. SSNIT was therefore partnered to construct and manage fairly priced hostel services for the students through its subsidiary Ghana Hostels Limited.

It can be gathered from table 2 that SSNIT also invests in government bonds and another short-term financial asset. Such investments usually fill gaps in government’s anticipated revenue thereby strengthening its spending arm to fully cover its operational and other cost. Such arrangements help to avoid salary delays that could degenerate into social unrest and its concomitant of loss of productivity. Government also disburses some of these funds to defray arrears in respect of unpaid works certified for suppliers of contracts. SSNIT invests pension funds as loan to reputable private companies in the hotel industry, health delivery, transportation, shopping malls, and the airlines among others. Such loan facilities often help in expanding their operations thereby employing more hands to assist in reducing the unemployment burden facing the country. By expanding operations, these companies are expected to earn more profit and by extension pay more corporate taxes to facilitate government operations.

Helping to finance the energy sector does not only rest with SSNIT using some Pension funds to acquire equity stocks but also the Trust supports government efforts at providing adequate energy for both industrial and domestic purposes. Accordingly, company files (2018) indicate that SSNIT, through its subsidiary, Cenit Energy Limited, maintains a power plant of capacity 126 megawatts to help reduce challenges with electricity supply in the country. This new Pension fund investment strategy was also aimed at ameliorating risk within the person fund investment portfolio framework.

Taking cognizance of the fact the successful attainment of SSNIT’s core mandate hinges upon education, employment and health, the Trust continues to provide infrastructure for delivering healthcare in deprived areas as well maintain full first-class hospital projects to complement government efforts at the national, district, regional levels, in providing quality health care to the

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citizenry. In areas where affordable houses have been built, SSNIT also constructs basic schools to serve these communities. From the foregoing it is obvious that this whole concept of Pension fund, to some extent, is to help accelerate the growth of an economy and therefore SSNIT is living up to expectation.

Conclusion and recommendation

Management of SSNIT's Pension fund has carefully invested the facility in growth sectors of the economy. Business expansion, Education enhancement, quality healthcare, energy sector, real estate development etc. are all receiving financing attention from the pension fund. Nonetheless a lot more ought to be done in reviving the railway industry, damming regional water bodies to increase SSNIT's participation in electricity supply as well as helping the communication industry with modern highway equipment to minimize e-commerce operational challenges. SSNIT's pension fund is really an indispensable tool for the economic growth of Ghana.

Recommendations

The third objective of the study sought to identify further strategies for managing SSNIT pension funds so as to strengthen its pivotal role in the developmental agenda of the country. Based on information gathered from the field study the following recommendation are worth examining.

Reviving the railway transportation system to boost commerce

The railway transport system of the country has completely broken down resulting in pressure on road transportation. For the past ten years succeeding governments have all paid lip service to reviving this vital industry. It is the conviction of the study that just as SSNIT has successfully entered to the energy and real estate industries so could they adopt the railway rehabilitation work and operate it efficiently. This is a fee paying, more convenient transport system which is likely to break even in five years for handsome returns to be registered thereafter. Foodstuffs, cereals and other market ware can embark on the railway cargo systems at cheaper rate than road transport leading to these commodities being more affordable on the market for the lower income group who constitute majority of Ghanaian residents. The revived railway network can also facilitate movement of people.

More investments in electricity generation

Ghana currently has challenges in meeting its electric energy requirements, estimated at 2,000 megawatts. Independent Power Producers (IPPs) are on board trying to help meet this level of output. An IPP, Asogli power turns out 240 megawatts. SSNIT with its financial might is currently operating a plant with capacity 126 megawatts which is less than 7% of the national requirement and therefore woefully inadequate. Of the three traditional sources of generating electricity i.e. Gas, Crude oil and hydro, the latter is the cheapest. It is from this background that the study recommends hydro-electric power production to SSNIT. Ghana is endowed with regionalized water bodies which are all potential sources of cheap electric power. The Denso River in the Eastern region, Ankobra in the Western region, Kakum or Kwenyako in the central region etc., can all be dammed to generate super quantity of electricity even for export to the sub-region. The returns on such investment can be very promising than current earnings from properties.

Pension fund for developing communication industry

The role of effective communication systems in modern business administration cannot be overemphasized. It is becoming increasing very irritating when one has to wait for long hours trying to cash cheque or pull funds from ATM because of Telecom network service challenges. It is equally uncomfortable when one has to sleep in the dark because the local electricity supply vendor could not access the network service to facilitate operations. Perhaps it might be worth noting that most of those who sustain such mishaps are contributors towards the pension fund. It is hereby recommended that SSNIT's management consider investing some Pension Funds in communication projects.

Management could either partner service provider or go it alone in launching powerful satellites, building towers and generally taking telecommunication network service to the next level. Some industry operators are struggling to move on to 4G system, SSNIT can easily help with such crossover.

This way, unnecessary delays associated with conducting bank transactions and other e-commerce services will be a thing of the past.

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