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Factor Analysis of Challenges Experienced with Regard to Implementation of the Pension Act of 2011 in Malawi

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Abstract: *This factor analysis study was undertaken to determine the underlying challenges affecting the implementation of pension Act of 2011 in Malawi. Research on challenges with regard to implementation of pension laws is very important as it reveals prevailing impending challenges so that possible solutions can be explored to address them for effective administration and management of Pension laws. The fact that Malawi has been implementing the new pension law for eight years since 2011 and has nevertheless been experiencing challenges with regard to such implementation process, studies to determine underlying (principal) implementation challenges are therefore justifiable to help generate knowledge that would be applied to develop relevant policies and regulations for effective pension management in Malawi. For this study, data were collected from 120 Malawian labour officers using a structured questionnaire with 17 challenge variables (statements). Respondents were asked to reflect on each implementing challenge statement and thus indicate their degree of agreement with each of them. A principal component factor analysis based on oblimin rotation results revealed that labour officers who took part expressed that problems of pension remittances; knowledge gaps; enforcements/compliance and economic hardships are the most current challenges facing the pension Act implementation in Malawi.*

Key words: *Factor Analysis; Pension Act; Implementation challenges; Malawi.*

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I. Introduction

In 2011 the Malawi government, for the first time, passed into law the Pension bill No. 6 of 2010 thereby bringing in the newly enacted Pension Act of 2011 described as the first country pension law (Cap. 55: 02 of Laws of Malawi). The overall aim of this Act is to make provision for mandatory pension, for matters relating to the supervision and regulation of pension funds including the umbrella funds and for any other matters connected with regard to the pension administration and management. The Act came into force on 1st June, 2011.

The Pension Act[1] designates three government institutions as key implementers. These are the Ministry of Finance, Reserve Bank of Malawi (RBM) and the Ministry of Labour. The Ministry of Finance is responsible for policy direction. It formulates the Act subsidiary legislation (regulations) including exemptions in addition to overseeing the performance of the Act designated works undertaken by the Reserve Bank of Malawi.

The RBM administers the Act as a supervisory authority. The administration is done with the aim to achieve the following objectives of the Act (Pension Act, section 4): to ensure that every employer to which the Act applies provides pension for every person employed by that employer; to ensure that every employee in Malawi receives retirement and supplementary benefits at the right time; to promote the safety, soundness and prudent management of pension funds which provide retirement and death benefits to members and beneficiaries and to foster agglomeration of national savings in support of economic growth and development of the country.

On the other hand, the Ministry of labour is generally responsible for sensitizing employers and employees on the requirements of the Pension Act as well as for compliance enforcement through labour inspections. The Ministry labour officers undertake sensitization and inspection duties with an aim to ensure that: compliance by employers in Malawi with the mandatory provisions of the Act is realized; all eligible employees are placed on pension schemes; severance due entitlements have been calculated correctly, have been assessed against employer pension contributions and that they have been paid into pension funds; employers

[1] Section 9 (2) of the Pension Act of 2011 provides that the Minister responsible for labour and the Registrar [the Reserve Bank Governor] in consultation with the Minister [of Finance] shall be responsible for ensuring compliance with mandatory provisions of the Act.

have arranged for group life insurance cover for all employees on terms that are consistent with the Act and to ensure that employers are making contributions at the correct rate and on time. In addition, labour officers have the role to report cases of non-compliance to RBM for appropriate sanctioning as well as to report any information that may be helpful in the implementation of the Act.

Studies indicate that many countries in Africa and elsewhere experience several challenges with respect to implementation of their respective pension schemes (Onukwu, 2017; Kibet, & Simiyu, 2016; Ndaghu, 2015; Purwoko, 2015; Asher, 2006; Ross, 2000). In this regard, Malawi is facing several challenges, ranging from administrative, technical through operational challenges, with respect to the implementation of the pension Act, 2011 (RBM, 2018). While this is the case in Malawi, there has been no any study conducted so far on challenges affecting the pension implementation process.

The fact that Malawi has been implementing the new pension law for eight years now since 2011 and has nevertheless been experiencing challenges, studies to determine the underlying (principal) implementation challenges are therefore justifiable to help generate knowledge that would be applied by pension implementers and policy makers to develop most relevant policies and regulations for effective and improved pension management in Malawi. Research on challenges with regard to implementation of pension laws is very important as it reveals prevailing impending challenges so that possible solutions can be explored to address them for effective administration and management of Pension laws. It is against this background that this factor analysis study has been designed to determine the underlying challenges affecting the implementation of pension Act in Malawi.

An Overview of the Pension Act and Implementation Challenges

Overview of the pension Act covered in this analysis focuses on key requirements and mandatory provisions of the Act. Inclusion of such provisions will act as a basis for the understanding of pension implementation challenges. This is because challenges, synonymously described as problems, are usually deviations from required norms. In this case most of the pension implementation challenges are in one way or the other deviations from requirements of the Pension Act.

Overview of the Pension Act, 2011

There are several notable key features (provisions) of the Malawi Pension Act. First, the Act applies to all employers and employees in Malawi except those exempted[2]. It recognizes employees and employers as members and sponsors of pension funds respectively.

Second, the Act provides for mandatory contributory pension schemes. Section 9 (1) states that every employer shall make provision for every person under his/her employment to be a member of the National pension scheme. A total of 15 % of employee's monthly basic earnings, as minimum monthly pension contributions, must be paid by the employer into the employee's opened pension account. The 15 % total is comprised of 10 % employer's and 5 % employee's contributions. In addition, the Act provides that the employer must maintain a life insurance policy cover for each employee with a minimum amount of one times the employee's annual pensionable emoluments (section 15) and also to carry out assessments and payments of their employees' severance due entitlements (section 91).

Third, the Act prescribes some rights in respect of access to fund information for employees as fund members (sections 60 and 89). These rights include: right to know pension fund investment strategy; right to know investment performance and financial position; right to know fees and charges payable by him / her as fund member; right to request information (pension statements) about the fund or his/her entitlements in the fund pool; right to require for meaningful and accurate information; right to nominate beneficiaries for his/her death benefits and right to access pension benefits accumulated prior to commencement of the Act (severance due entitlements).

Finally, the Act provides for conditions under which pension fund benefits are payable (Pension Act, section 64 and its Directive of 2014). The conditions are: when an employee has reached retirement age as agreed provided it is within the Act's age range of 50 to 70 years; when a member retires on the basis of years of service which is 20 years; when the employee is incapacitated as would be certified by a Malawian registered medical practitioner (retirement on medical grounds); when the employee has decided to leave Malawi permanently; when the employee has permanently left the service of employer and that six months have elapsed from the date of employment termination during when the terminated or resigned employee fails to secure employment with another employer and when the Registrar has given permission as empowered by the Act.

[2] Malawi Pension Act section 2 and Exemptions order of 2011, among others, exempt Domestic workers; Tenants; Seasonal workers; Members of Parliament (MPs) and Expatriate employees with valid temporary employment permits from complying with the Act requirements.

Pension Schemes Implementation Challenges: From Literature

Studies that have examined challenges with regard to implementation of pension have generated evidence that seem to suggest theoretical perspectives of implementation challenges that fall within dimensions such as enforcement, operational, governance, remittance, knowledge gaps as well as coordination challenges (Onukwu, 2017; Kibet, & Simiyu, 2016; Ndaghu, 2015; Purwoko, 2015; Asher, 2006; Ross, 2000). For instance, Asher (2006) observed that greater degree of professionalism in the governance and operations of pension fund organisations is supreme and that greater degree of coordination and consensus amongst stakeholders is required.

Furthermore, Ross (2000) cited in Asher (2006) recommended that each organisation must perform the following pension core functions in an efficient manner. The functions are: reliable collection of contributions and other receipts; payment of benefits for each of the schemes in a correct way and in timely repayment manners in case of pre-retirement loans; secure financial management and productive investment of provident and pension assets; maintaining an effective communication network including development of accurate data and record keeping mechanisms to support collection, payment and financial activities and production of financial statements and reports that are tied to providing effective and reliable governance, fiduciary responsibility, transparency, and accountability. Pension core functions such as these are definite requirements and/or provisions contained in countries' pension laws including the Malawi Pension Act, 2011 as outlined in an overview above. Deviations from performance of such functions will result into emergence of pension implementation challenges.

Asher (2006) found out that low level of financial literacy, particularly concerning pensions, is endemic among India's policy makers, elites, and the general public. He therefore recommended a strong case for greater financial education as well as for encouraging establishment of pension research centres so that empirical evidence based public policies in this area can be pursued. This recommendation is potential in addressing knowledge gap as one of the pension implementation challenges.

Onukwu (2017) conducted a study that discussed challenges of implementing the contributory pension scheme in public universities in Nigeria. The study outlined and discussed the following ten challenges: non remittance by government; non-compliance by many state governments' state owned universities**;** inability of retired university employees to access their pension benefits; perception of staff/employees to the scheme; inability of many employees to open and own a retirement savings account; unique engagement arrangements/policies of Nigeria universities; pension contributing ratio by government and employees; different pension scheme and uncertainties of the old defined benefits scheme in some universities; inability of government to fund the guaranteed minimum pension; inadequate induction and orientation programmes at the point of engagement (Onukwu, 2017: pp. 149-151).

The challenge of pension contributing ratio between employer and employee in Nigeria had been endorsed by the Nigerian National Labour Committee as a formidable challenge to the implementation of the pension scheme. In regard to this contribution ratio, it was observed (Ndaghu, 2015) that:

> From a situation where employers bear 100 % of the pension liabilities on their employees, the ration of 7.5 % parity as benchmark for ratio of employer and employee's minimum contribution provided for in the 2004 Act, was putting it grossly inadequate. The 2014 Act slightly increased employer's contribution to 10 % and employee's to 8 % of gross salary, making a total of 18 %, with a 3 % marginal increase over the 2004 Act. Not only has this not fundamentally addressed the concerns of workers, majority of the employers including the Federal Government are yet to begin the implementation of this new rate of deductions.

In addition, to viewing the increased contribution ratio as increased burden over employers, the Central labour organization also noted that although the 2004 Act provided for group life insurance policy, the process for payment to dependent beneficiaries was rather cumbersome (complex administrative procedures) due to being admitted to probate or letter of administration.

In Malawi, before the enactment of Pension Act, 2011, Pension schemes were being offered voluntarily by willing employers, mostly for employees in white collar jobs. As a result the majority of Malawians workers were not covered. With this position, Malawi was the only country, or one of the few countries, with no formal pension arrangement in Sub-Saharan Africa.

At that time, the regulation, implementation and registration of pension schemes were registered with the Malawi Revenue Authority, under the Taxation Act, to check tax compliance. This means that the country labour officers/inspectors in the Ministry of labour had no role to play with respect to the implementation and the enforcement of the voluntary pension schemes. This was despite the fact that pension income is part of the employment contract issues which are within jurisdictional mandates of the Ministry of labour. Similarly, the RBM, with mandate in the regulation of country financial policies had no clearly spelt role to play with respect to the regulation of the voluntary pension schemes. As such, challenges experienced within the implementation of voluntary pension schemes were not concerns for the country and indeed for the government of Malawi.

However, the enactment of Pension Act, 2011 changed the dimension and landscape of pension management and regulation in Malawi. Pension became a mandatory for every employer to provide for his/her employees except under exemption circumstances provided by the law. The new law transferred pension regulation and supervision powers from the Malawi Revenue Authority to the RBM. In addition, Ministry of labour was drafted in to be one of the key enforcement agents and implementers of the pension law.

The Reserve Bank of Malawi has a duty to compile annual reports on the progress of pension implementation in which achievements and challenges are outlined. For the past eight years, the bank's reported notable and recurring challenges cumulatively include the following, among others (RBM Pension reports, 2014-2016). The challenges range from regulatory, enforcement, administrative, etc. and these are: lack of clarity on who has the ultimate responsibility of enforcing compliance of employers between Ministry of labour and the Registrar; lack of awareness of pension; lack of coordination among stakeholders on awareness efforts; inadequate human resources and capacity building; employers faced difficulties to meet obligation of making pension contributions and life insurance covers due to economic challenges and non remittance of pension contributions by employers (i.e. pension contribution in arrears by employers had accumulated and stood around Mk3.6 billion (equivalent to US$4.9 million) as at September, 2014).

RBM 2017 report indicated that non placement of employees on pension; non remittance of pension contributions; reported and unresolved complaints from a period before the existing of the Pension Act; late/delayed payment of pension benefits; incorrect payment of pension contributions and benefits; withholding of pension benefits by employers; complaints from the civil service pension scheme and employers' wrongful deduction of pension contributions (both employer and employee contributions) from the employees' basic salaries as some of the outstanding challenges with respect to the implementation of Pension Act in Malawi.

Furthermore, RBM press release of 2018 indicated a total of 18 government statutory corporations with arrears, that is, non remitted pension contributions to trustees totalling to Mk5,672,966,700.67 (equivalent to US$7.7 million) as at 31st October, 2018. Note that this outstanding pension contribution amount does not reflect the whole amount for all the public sector bodies nor does it reflect that of the private sector institutions in Malawi (RBM, 2018).

II. Research Specific Objectives

Two key specific objectives were formulated to be addressed in order to determine the underlying challenges affecting the implementation of the pension Act, 2011. These specific objectives are:

1. To find out the number of reliable and interpretable components of challenges from the measured statements of 17 challenge variables presented to respondents for this analysis.
2. To find out how best the identified components of challenges, if any, can be interpreted and described.

III. Material And Methods

Factor analysis technique was adopted to determine the underlying challenges affecting the implementation of the Pension Act, 2011 in Malawi. The study using a structured questionnaire, collected data from the 120 Malawian labour officers out of which 70 % were those who had worked for more than 15 years by March, 2019. Labour officers are at the core centre of pension implementation in Malawi and thus they are the right respondents to a study on pension scheme implementation challenges.

The structured questionnaire contains 17 statements of challenge variables. These included variables were specified based on the past research conducted on pension implementation challenges (Onukwu, 2017; Ndaghu; 2015; Purwoko, 2015; Asher; 2006) as well as on the researcher's own judgement of the research. To ensure that variables are appropriately measured on an interval scale as required by factor analysis technique, a likert rating scale was used to allow respondents to indicate the direction and strength of their responses. Jackson (2009: p. 89) stated that one advantage of using a rating scale is that "it is easy to convert the data to an ordinal or interval scale of measurement and proceed with statistical analysis".

Respondents were asked to reflect on each challenge variable statement and thus indicate their degree of agreement with each of them using a 5-point likert scale where (1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree). The 5-point likert rating scale with an odd number of alternatives was used in order to provide respondents with a neutral alternative so that any implementation challenge variable in the study felt not to be a problem should be identified and subjected for possible exclusion in the interpretation of the results.

In terms of sample size, data analysis experts have suggested different suitable sample size requirements to conduct factor analysis. For example, Tabachnick & Fidell (2007) cited in Bakuwa et al. (2016: p. 96) suggested that "it is comforting to have at least 300 cases for factor analysis". Gaur & Gaur (2009) suggested that at least four or five times as many observations as there are variables should be the required number of sample size for a particular factor analysis. Furthermore, Brannstrom & Ashir (n.d) cited in Gaur (2006) while agreement with others that factor analysis requires large samples they, however, indicated that recommendations on this topic of sample size vary greatly with some highlighting the absolute sample size to be within lower limits range of 100 to 500, whereas, others recommending the size to be in line with the subject-to-variable ratios from 2:1 to 20:1. Suggestions and recommendations by these experts point out to one agreement that factor analysis needs a relatively large sample size to be appropriately used with validated results.

The number of 120 respondents in this study was therefore viewed as appropriate number (sample size) for factor analysis as it is above 68 which according to Gaur & Gaur (2009) would have been the minimum sample size in this study, that is, 68 = 4 x 17 observations.

Checking the correlation of variables is another important step process to justify the use of factor analysis technique. The factorisation of the 17 challenge variables was examined using application of recognised criteria for the factoring of correlations. The results indicated that all the 17 challenge variables correlated with most of them recording high degree of factorisation. For instance, Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's test was computed and the result was 0.740 for KMO which is above the recommended minimum value of 0.5 to appropriate the use of factor analysis technique (Kaiser, 1974 cited in Gaur, 2006). In addition, the result from Bartlett's Test of Sphericity was 0.000 which also suggest the appropriateness of factor analysis as it is less than the P-value of 0.5 recommended by Bartlett (1954) cited in Pallant (2010).

It must be noted that the test of KMO which is a measure of sampling adequacy reflects the sum of partial correlations relative to the sum of correlations. It varies between 0 and 1, where a value closer to 1 is better. On the other hand, the Bartlett's Test of Sphericity tests the hypothesis that the correlation matrix is an identity matrix meaning that there is no correlation amongst involved variables. A result of no correlation (i.e. result of identity matrix) rules out the use of factor analysis technique. Thus the result of Bartlett's test needs to be statistically significant at $P < 0.05$ so that the null hypothesis becomes rejected thereby indicating correlations of involved variables to justify the use of factor analysis as was the case in this study.

The 17 challenge variables were subjected to the exploratory factor analysis method of Principal Components Analysis (PCA). PCA considers the total variance explained in the data. It is the factor analysis method recommended when the primary concern is to determine the minimum number of factors (principal components) that will account for maximum variance in the data for use in subsequent multivariate analysis (Gaur & Gaur, 2009). In this regard, PCA was considered a suitable method in this study whose overall objective was to determine the underlying challenges that labour officers feel affect the implementation of the mandatory pension scheme in Malawi.

Extraction of factors, the components, was the next step process conducted after determination of the factor analysis method appropriate in this study. Kaiser developed a criterion in 1960 which is widely used to determine how many components to extract with regard to use of factor analysis. The developed criterion is known as "Kaiser's rule" (Bakuwa, et al., 2016). The rule states that only components whose eigenvalues are greater than 1 should be retained. An eigenvalue is defined as the amount of total variance explained by each component (Bakuwa, et al., 2016).

Table 1 shows "total variance explained" that was generated using SPSS version 22. The table shows that the extraction process procedure extracted 4 components from 17 challenge variables. From the total column under the "initial eigenvalues" heading, the results show a suitable cut-off between 4 and 5 components since the five-factor solution has an eigenvalue of less than 1. In other words, four components emerged with eigenvalues of above 1. This suggests that a four-factor solution is preferable in this study. Furthermore, looking at the cumulative % column, the results show that the four-factor solution together explains up to 100 % of the variance. This is the highest percentage which is concluded to be acceptable. The acceptance is because the rule of thumb recommends a minimum of at least 50 % as cumulative value explained by the factor solution. Bakuwa, et al. (2016) reported that the eigenvalue criterion is only reliable when the number of variables is less than 30 and communalities are greater than point seven. This study used 17 variables less than 30 and recorded variable communalities of between .9 and 1 which are all greater than point seven.

In addition, scree plot was conducted to concretize further the decision for four-factor solution based on eigenvalues. Figure 1 is an SPSS generated scree plot. The figure results also confirm the decision for extracting four components. Scree plot, like use of eigenvalues, is one of the methods used to determine the number of factors to be extracted. A scree plot is a plot of the eigenvalues (along the y-axis) against the number of factors (along the x-axis) in order of extraction. The shape of the plot is used to determine the number of factors. Typically, the plot has a distinct break between the steep slope of factors with large eigenvalues and a gradual trailing off associated with the rest of factors. This gradual trailing off is referred to as the "scree". Experimental evidence indicates that the point at which the scree begins (the point at which the elbow starts) denotes the true number of factors. For this study the scree begins at the point of (y=1.8, x=4).

Factor (oblimin) rotation was conducted to increase the interpretability of the four extracted components. Factor rotation is a way of maximizing high loadings and minimizing low loadings so that the simplest factor structure becomes visible and obtainable. A factor analysis has the most interpretative value when each factor loads strongly on one factor only and when it shows at least three strong loadings. The rotated solution revealed a structure that could be interpreted (table 2). The rule of thumb commonly used by researchers is a cut-off at 0.40 to identify high loadings. In this analysis (table 2), all variables with loadings of at least .40 and above under each component were grouped according to degrees of loadings in ascending order. Observing the size of loadings, it is easy to identify challenge variables which contribute significantly to the making of the components.

There were only seven challenge variables that had cross-loadings. These are: delayed responses by pension administrators to claims from employing companies (loaded 0.918 and -0.456 on component 1 and 2 respectively); lack of adequate awareness on pension issues amongst some pension key players and complex pension administrative procedures for pensioners to access pension benefits (each loaded -0.770 and -0.451 on component 1 and 3 respectively); lack of knowledge by some employment social partners on importance of pension (loaded -0.540 and 0.790 on component 1 and 2 respectively); some employers do not place their eligible employees on pension schemes (loaded 0.458 and 0.838 on component 2 and 3 respectively); delayed production of updated statements for pension members (loaded -0.488 and 0.801 on component 2 and 4 respectively) and lack of coordination among pension enforcement agents (loaded 0.413 and 0.791 on component 1 and 4 respectively). In factor analysis, variables with cross-loadings can be dropped from the analysis depending on comparisons of cross-loads. In this analysis, however, all cross-loaded variables were retained on components with which they loaded highest.

Finally, to generate descriptive statistics to aid the factor analysis, categories of strongly disagree and disagree and strongly agree and agree were collapsed using SPSS into 2 categories of strongly disagree/disagree and strongly agree/agree respectively. Table 3 shows descriptive statistics of the implementation challenges grouped under each of the four extracted components according to their higher loadings on the particular component. Higher scores indicated agreement with the level of how each of the implementation challenge rates. The mean scores for component 1 implementation challenges ranged from 2.6 to 3; for component 2 implementation challenges, the mean scores ranged from 2.8 to 3 and for components 3 and 4 implementation challenges, mean scores ranged from 2.2 to 3. Overall, relatively large percentages of respondents strongly agreed/agreed that they feel the implementation of the Pension Act, 2011 is mostly affected by challenges under components 1 and 2 followed by those under component 4 and then component 3.

Inspection of the implementation challenges with highest loadings on each component as presented in Table 2, led to the following interpretation based on past research on pension implementation challenges. Component 1 based on the grouped five implementation challenges could be labeled as problems associated with operating environment (economy, regulations & administrative rules). Component 2 based on the six implementation challenges could be labeled remittance and knowledge gap problems. Component 3 based on the three implementation challenges could be labeled unwillingness and negative attitude problems. And those under component 4 could be labeled enforcement and compliance associated problems.

IV. Conclusion

The results of this exploratory factor analysis indicated that four components were underlying the responses of Malawian labour officers to the various faced implementation challenges. Component 1 based on the five implementation challenges was problems associated within operating environment (economy, regulations & administrative rules). Component 2 based on the six implementation challenges, was labeled remittance and knowledge gap problems. Component 3 based on the three implementation challenges, was labeled unwillingness and negative attitude problems. And those under component 4, was labeled enforcement and compliance associated problems.

The results have revealed that labour officers who took part expressed that problems of pension remittances; knowledge gaps; enforcements/compliance and economic hardships are the most current challenges facing the pension Act implementation process in Malawi. The results reflect a reality on ground for Malawi as a least developing country where it is not just because employers do not know about requirements of pension law for their non remittance but it is also because of economical hardships a country is going through. Of course, the above identified implementation challenges have not yet been measured in terms of their impact to the administration and management of the mandatory pension scheme in Malawi. Hence, the need for further studies to be conducted so as to have a more comprehensive picture of pension implementation challenges in the context of Malawi.

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Table no 1: Total Variance – Four Component Solution

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings(a)
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	7.130	41.941	41.941	7.130	41.941	41.941	5.752
2	5.426	31.920	73.861	5.426	31.920	73.861	5.899
3	2.706	15.919	89.779	2.706	15.919	89.779	4.641
4	1.737	10.221	100.000	1.737	10.221	100.000	2.313
5	8.63E-016	5.07E-015	100.000				
6	5.52E-016	3.24E-015	100.000				
7	4.37E-016	2.57E-015	100.000				
8	3.05E-016	1.79E-015	100.000				
9	1.45E-016	8.52E-016	100.000				
10	1.26E-016	7.40E-016	100.000				
11	-1.01E-032	-5.93E-032	100.000				
12	-2.22E-016	-1.31E-015	100.000				
13	-3.68E-016	-2.16E-015	100.000				
14	-6.75E-016	-3.97E-015	100.000				
15	-8.87E-016	-5.22E-015	100.000				
16	-1.63E-015	-9.60E-015	100.000				
17	-2.63E-015	-1.54E-014	100.000				

Extraction Method: Principal Component Analysis.

a. When components are correlated, sums of squared loadings cannot be added to obtain a total variance.

Source: Obtained from the results of data processing by SPSS version 22.

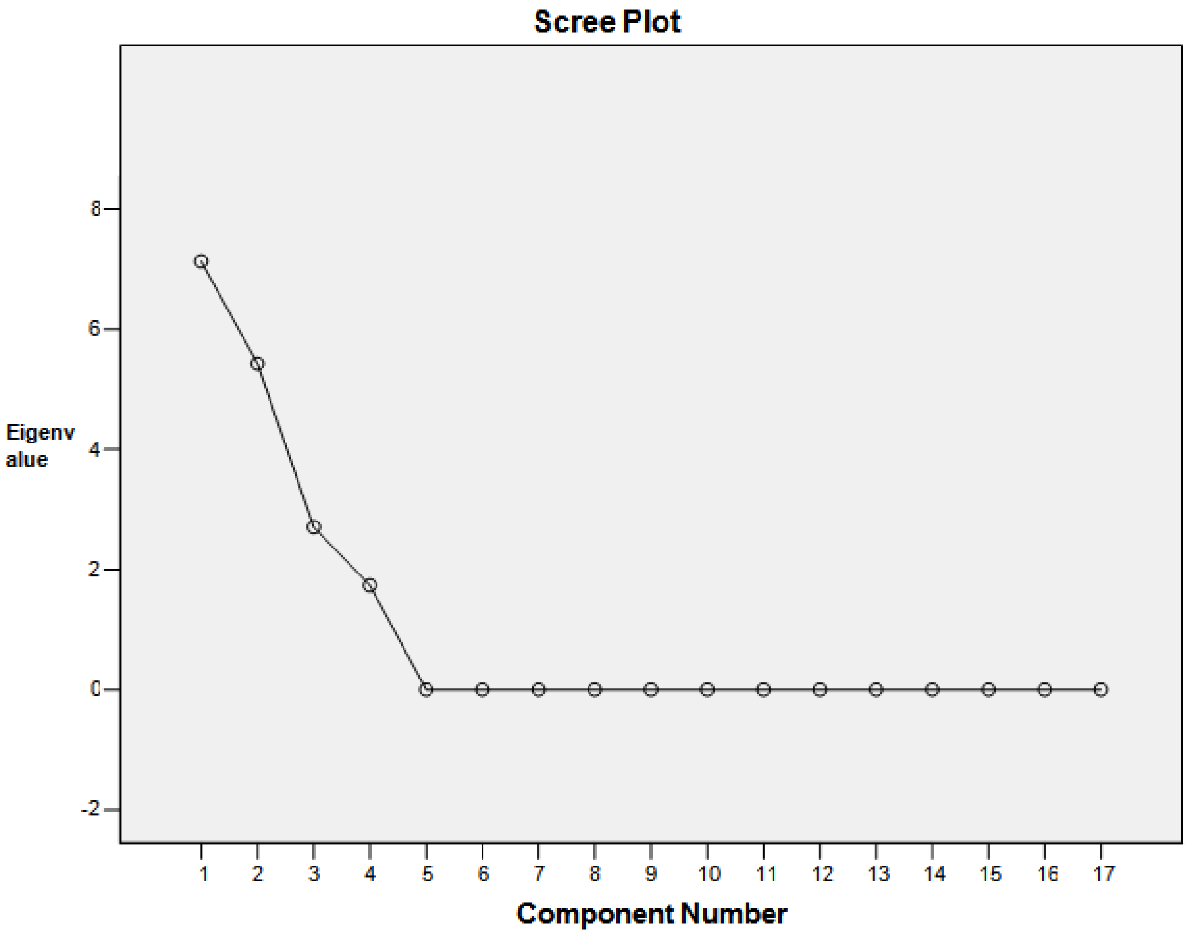

Figure 1 Scree Plot

Table no 2: Factor Loadings based on a PCA with Oblimin Rotation

Implementation Challenge	SPSS Vr/no	Component			
		1	2	3	4
Pension eligible employed workers with low monthly wages are not interested to be placed on pension schemes	04	**-.922**	.004	.123	-.024
Delayed responses by pension administrators to claims from employing companies	17	**.918**	.032	**-.456**	-.010
Economical hardships affecting employers' capabilities to manage pension contributions	12	**.900**	.022	-.048	-.039
Lack of adequate awareness on pension issues amongst some pension key players	10	**-.770**	.063	**-.451**	-.073
Complex pension administrative procedures for pensioners to access pension benefits	16	**-.770**	.063	**-.451**	-.073
Delayed remittance of pension contributions	02	-.204	**.993**	-.123	.056
Remittance of incorrect pension contributions	03	-.204	**.993**	-.123	.056
Delayed remittance of severance due entitlements	15	.137	**.929**	.115	-.245
Non remittance of pension contributions	01	.281	**.891**	.162	.097
Misunderstandings on severance due entitlements versus severance allowance	08	.281	**.891**	.162	.097
Lack of knowledge by some employment social partners on importance of pension	11	**-.540**	**.790**	-.319	.007
Perception by some employers and employees that pension is only for big companies	05	-.075	-.109	**.908**	.099
Employers' attitude of being overburdened with pension requirements	13	.075	.109	**- .908**	-.099
Some employers do not place their eligible employees on pension schemes	06	-.037	**.458**	**.838**	-.195
Delayed production of updated statements for pension members	09	-.263	**-.488**	-.252	**.801**
Lack of coordination among pension enforcement agents	07	**.413**	.323	.165	**.791**
Non provision of pension statements by employers to their employees on pension schemes	14	.147	.340	.313	**.727**

Source: Obtained from the results of data processing by SPSS version 22

Table no 3: Descriptive Statistics of the Implementation Challenges under each Component

Implementation Challenge		**Frequency (N)**	**Strongly Agree/Agree**	**Neutral**	**Strongly Disagree/Disagree**	**Mean**	**Std Deviation**
Component 1	Pension eligible employed workers with low monthly wages are not interested to be placed on pension schemes	120	80 %	0 %	20 %	2.6	.803
	Delayed responses by pension administrators to claims from employing companies	120	100 %	0 %	0 %	3	.000
	Economical hardships affecting employers' capabilities to manage pension contributions	120	80 %	20 %	0 %	2.8	.402
	Lack of adequate awareness on pension issues amongst some pension key players	120	100 %	0 %	0 %	3	.000
	Complex pension administrative procedures for pensioners to access pension benefits	120	100 %	0 %	0 %	3	.000
Component 2	Delayed remittance of pension contributions	120	80 %	20 %	0 %	2.8	.402
	Remittance of incorrect pension contributions	120	80 %	20 %	0 %	2.8	.402
	Delayed remittance of severance due entitlements	120	80 %	20 %	0 %	2.8	.402
	Non remittance of pension contributions	120	100 %	0 %	0 %	3	.000
	Misunderstandings on severance due entitlements versus severance allowance	120	80 %	20 %	0 %	2.8	.402
	Lack of knowledge by some employment social partners on importance of pension	120	100 %	0 %	0 %	3	.000
Component 3	Perception by some employers and employees that pension is only for big companies	120	100 %	0 %	0 %	3	.000
	Employers' attitude of being overburdened with pension requirements	120	80 %	0 %	20 %	2.6	.803
	Some employers do not place their eligible employees on pension schemes	120	40 %	40 %	20 %	2.2	.751
Component 4	Delayed production of updated statements for pension members	120	80 %	20 %	0 %	2.8	.402
	Lack of coordination among pension enforcement agents	120	100 %	0 %	0 %	3	.000
	Non provision of pension statements by employers to their employees on pension schemes	120	60 %	0 %	40 %	2.2	.984

Source: Obtained from the results of data processing by SPSS version 22

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