

Exploring Determinants of Desire Towards Enrolling in Contributory Pension: Evidence from Self-employed and Informal Sector Workers of Sri Lanka

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Abstract

Social security is an essential mechanism for reducing old-age poverty and improving the living standards of vulnerable individuals. One such social security instrument is the contributory pension scheme. This study aims to identify the determinants of self-employed and informal sector workers' desire towards enroll in a contributory pension scheme offered by the State. A simple random sampling technique was employed to select respondents. Face-to-face interviews were conducted with 300 participants using a semi-structured questionnaire in the Kurunegala district of Sri Lanka. A multivariate logistic regression model was used to examine associations between the independent variables and the desire towards enroll in a contributory pension scheme. The results revealed that female workers, never married and divorced /widowed, individuals in middle-age, having an average education, those with fewer dependents, individuals with middle incomes, and workers with fair financial literacy have a greater probability of enrolling in a contributory pension scheme. Enhancing financial knowledge, promoting financial inclusion, and reducing various structural barriers to pension schemes can significantly foster the retirement planning behaviour of these workers. It is important to encourage target workers, in general, to enroll in a pension scheme, restore confidence in it, and ensure its sustainability. The findings of this study would be beneficial for the development of pension products, particularly to motivate self-employed and informal sector workers to enroll in a contributory pension scheme.

Keywords: Contributory-pension, Determinants, Self-Employed, Desire