

ISSUES OF LOW REGISTRATION OF FIRMS WITH
EMPLOYEES OLD AGE BENEFITS INSTITUTION
EOBI AND EVALUATION OF INVESTMENTS



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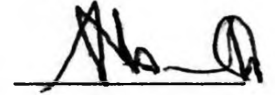
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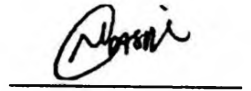
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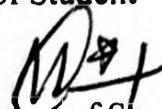
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Dedication

To my parents, siblings, nieces, and nephews

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ABSTRACT

The responsibility of EOBI as an institute is to cover both businesses and individuals who are self-employed. The institute registers enterprises by dispatching field officers across the state. It primarily gathers data and information about workers and employers via surveys. Field surveys are typically conducted by beat officers and assistant directors. It can play a vital role in expanding the pension coverage to wide range of employees working in private sector under the condition that private firms registered themselves with EOBI. However, there are only about 17% of total establishments registered and covered by EOBI. Thus, there is a need to investigate the potential of EOBI and the causes of this low coverage.

This study follows case study research design. Firstly, we conducted literature review of relevant studies and documents. Based on our literature review, we subsequently designed instruments for data collection. Then key informant interviews were conducted with officials of EOBI including assistant directors, beat officers and regional officers. We have conducted in-depth interviews with employers and employees of different private owned companies, departmental stores, private schools and factories. The data collected through interviews is analyzed through theoretic approach of data analysis. Our analysis indicated that EOBI's registration process is hampered by a number of issues. This includes physical surveys carried out by field officers when there is a lack of skill capacity building inside the institution among other problems. Officer performance is also hampered by EOBI's absence of a promotion policy, and the insufficient support provided to field officers. Similarly, the Employees Old Age Benefits Institution employs only half the number of people required to carry out its operations. Employers' evasive behaviour and reluctance to register with EOBI are due to the monthly contributions payments that employers must make on behalf of employees. Additionally, EOBI has been in existence for decades however most citizens are unaware of such an institute that provides old age benefits to private sector employees.

Keywords: pensions, EOBI, old-age benefits, thematic analysis, low-registration

TABLE OF CONTENTS

LIST OF FIGURES	viii
LIST OF TABLES	ix
CHAPTER 1	1
INTRODUCTION.....	1
a. Current Schemes in Pakistan.....	3
b. Government Servant (Pension-cum-Gratuity Scheme 1954).....	3
c. Provincial Employees Social Security Scheme (1967)	3
d. Public Sector Benevolent Funds and Group Insurance (1969).....	4
e. Workers Welfare Funds (WWF) 1971	4
f. Workers Children Education Ordinance (1972).....	5
g. Employees Old Age Benefits Institutions (EOBI) 1976	5
1.1 Statement of the Problem	8
1.2 Research Problem	9
1.3 Research Questions	9
1.4 Objectives of the Research	9
1.5 Significance of Research	10
1.6 Explanation of the Key Terms	11
CHAPTER 2	12
REVIEW OF LITERATURE.....	12
2.1 Introduction	12
2.2 Public And Private Sponsored Pensions	12
2.3 Who Should Provide Pension?	13
2.4 Problems In Pension Provision	14
2.5 Pension In Pakistan	16
2.6 Challenges In EOBI Pension Plan	17
2.7 Conceptual Framework	20
2.8 Research Gap.....	21
RESEARCH METHEDODOLOGY.....	22
3.1 Introduction	22
3.2 Research Strategy.....	22
3.3 Research Design.....	22
3.4 Units of Data Collection	24
3.5 Method of Data Collection.....	24

3.5.1 Sampling Technique	24
3.5.2 Sample Size of Key Informant and In-depth Interviews	25
3.6 Instrument for Data Collection	28
3.7 Study Area	28
3.8 Analysis	28
3.9 Ethical Considerations	29
CHAPTER 4	30
FINDING AND ANALYSIS	30
4 Introduction	30
4.1 EOBI's RESPONSE	30
4.1.1 Role of EOBI	30
4.1.2 Limitation by Law (clause 47).....	32
4.1.3 Limitation Of EOBI.....	33
4.1.4 Internal Weakness.....	34
4.1.5 Attitude of Employers.....	36
4.1.6 Integration of Organizations.....	37
4.1.7 Advertising EOBI.....	38
4.2 RESPONSE OF EMPLOYEES WORKING IN THE PRIVATE SECTOR	40
4.2.1 Lack of Public Awareness	40
4.2.2 Poor Quality of Services	41
4.2.3 Absence of Linkage Between Employees And EOBI	42
4.2.4 Transparency.....	43
4.2.5 Attitude of Employees.....	44
4.3 RESPONSE OF FIRMS	45
4.3.1 Employees Retention.....	45
4.3.2 Unwillingness to Share Total Number of Employees.....	45
4.3.3 Fear of Registration with Other Departments	45
CHAPTER 5.....	47
CONCLUSIONS AND RECOMMENDATIONS.....	47
REFERENCES.....	51
Appendix 2.....	59
Appendix 3.....	60

LIST OF FIGURES

<i>Number</i>	<i>Page</i>
Figure 2.1 Conceptual Framework.....	20
Figure 3.1 Research Design	23

LIST OF TABLES

<i>Number</i>		<i>Page</i>
Table 3.1	Sample Size of the Study	25
Table 3.2	In-depth Interviews (Employees)	27
Table 3.3	In-depth Interviews (Employers)	27
Table 3.4	Sample Size of key informant Interviews	28

LIST OF ABBREVIATIONS

EOBI	Employees old-age Benefits Institution
FBR	Federal Board of Revenue
SECP	Security Exchange Commission of Pakistan
PSRA	Private Schools Regulatory Authority
AD	Assistant Director
EOB	Employees Old-age Benefit
DB	Defined benefits
PAYG	Pay as You Go system

CHAPTER 1

INTRODUCTION

Each sector of the economy, whether public or private, provides retirement benefits to its employees differently. There is a difference in the provision of retirement benefits that the public and private sector offer to the employees that it covers. But when factors like contributions by the employees and social security are taken into consideration, such differences become less visible (Foster, 1996). There is also an argument that public sector pensions are more generous than private sector pensions. Individuals that work in the public sector have more chances of being covered by the defined benefits (DB) as compared to the workers of the private sector (Djankov & Ramalho, 2009). There are also more chances of public sector employees retiring before the age of 55 as they can still receive normal retirement benefits. But public sector employees are more likely to contribute to their pension plans as compared to private sector employees, majority of whom have solely employer-funded pension plans (Holzmann & Hinz, 2005).

Nevertheless, the pay-as-you-go (PAYG) pension system has become unsustainable in the past few decades which has led many countries to look for alternative options for providing benefits to individuals (Gazdar, 2011). This has increased the provision of pensions by the private sector. For instance, countries that have incorporated private pension as a mandatory pillar in its pension reforms have experienced visible increase in the role of private pension (Tapia, 2008). That is why the share of private pensions in the form of retirement income has been increasing in recent years and has been significant in the countries where private pension plans are mature.

Employer-funded pension plans frequently fail to pay employee contributions to retirement funds. This is believed to be mainly because “pension funds adjudicator” implements rules of retirement funds that prohibit payment of old age benefits to members who have not made contributions to the retirement fund. It is said to be the responsibility of employer to suffer the losses made by members of retirement fund if required contributions are not paid (Marumoagae, 2017).

Moreover, four reasons make employers or unions logical options as sponsors of retirement programs for their workers. These reasons include efficient labor contracts, informational efficiencies, access to capital markets, and principal-agent problems (Bodie & Mitchell, 1996). Some employers choose to sponsor pension plans for their workers for several reasons. For instance, some believe that pension plans can help to improve the overall labor force productivity. It works as an incentive in labor contracts in the context of employee work effort and retirement timings. Employers that provide retirement benefits to their employees might hire and retain highly skilled workers easily (Jamal, 2010).

Therefore, employees find their employers as more appropriate options for the provision of pension benefits than any other agent. However, there are also cases where employer-sponsored pensions are combined with government-funded pension plans. This integration of pension plans is generally done for replacing 70 to 100 % of the pre-retirement incomes of lower-income workers in developing countries (Quinby & Sanzenbacher, 2021).

Another crucial factor to consider in employer-funded pension schemes is the contributions by the employees. In case of public sector pension plans, workers usually contribute 5 to 7 % of their salaries to the funds as compared to the private sector where most of the responsibility falls on the employers and the employees hardly contribute (Wirtz, 2006). This leads to employers evading the payments to such pension funds.

That is why the provision of satisfactory retirement benefits to the elderly population is a serious problem that is faced by policymakers (Irfan, 2007). However, countries around the world can learn from each other experiences and come up with alternative methods of providing retirement benefits. Evaluation of pension plans in both the developing and developed countries would help the policymakers to structure better pension plans and organizations in the future (Khan, 2013).

a. Current Schemes in Pakistan

Majority of the programs in Pakistan are intended for the employees working in the formal sector of the economy. The current schemes in Pakistan primarily provide benefits in case of contingencies such as sickness, disability benefits, old age pension, maternity, and workplace injury. A brief overview of such programs has been provided in the following section.

b. Government Servant (Pension-cum-Gratuity Scheme 1954)

Government servant pension fund is initiated in 1954. This scheme provides coverage to the employees working in all governmental institutions that have completed a minimum of 25 years of service or have reached the age of 60 “ (PPARC, 1947)”. The fund covers two key aspects of benefits: Provident fund and Pension. The pension is government funded while the reserve fund is to be deducted from the employee’s salary on monthly basis. This program is introduced on behalf of the employees of the governmental department under the law called “*The Pension Act’ 1871*” (AGPR, 2006).

c. Provincial Employees Social Security Scheme (1967)

This scheme was introduced in March 1967 for the employees of the formal private sector following the “*Employees Social Security Ordinance, 1965*”. At first, this program provided coverage exclusively to workers in the textile industry. Its primary objective was to ensure protection against sickness, injuries related to workplace, maternity, disability, or death. The scheme however expanded its coverage to the employees of other industrial and commercial

institutions and later further broadened its coverage to provincial basis in the 70s under “Employees Social Security Institutions (ESSI)” (Punjab Employees Social Security Institution, 1974).

It is administered through provinces and provides health services and interim cash compensation. The health services are supplied to employees at various stages through emergency assistance, free medical treatment in hospitals, and free medicines. Cash transfers are also made in some cases such as sickness allowance, maternity allowance, allowance given to widows, workplace injury assistance, disability gratuity, retirement income for disability, death allowances, etc. through the “*provisional employees social security scheme*” (Employees Social Security Ordinance, 1965).

d. Public Sector Benevolent Funds and Group Insurance (1969)

The public sector benevolent funds and group insurance, introduced in 1969, were essentially instigated for public sector employees following the “*Federal Employees Benevolent Fund and Group Insurance Act, 1969*”. It is funded through contributions from employees of the federal administration. This program offers benefits under the umbrella of 9 different schemes for workers at the federal level as well as their kids. It provides scheduled benevolent endowment in case of demise through service or invalid superannuation, Sum Guaranteed that is remunerated towards worker’s family in the event of his demise, marital allowance, burial responsibilities, allowance of farewell, summation grant when eighty percent in capacity is stated through the medical panel. It also provides learning allowance on behalf of 2 offspring of the worker along with other education-related grants (Federal Employees Benevolent Fund and Group Insurance Act, 1969).

e. Workers Welfare Funds (WWF) 1971

Workers welfare funds (WWF) were set up in 1971 for the employees of those industrial institutions that were listed with the fund through the enactment of “The Workers Welfare Fund

Ordinance, 1971". It obliges companies to submit a payment that equals around five percent of their earnings to the "*Workers Participation Fund*" following the distribution of employees' shares under the act "*The Companies Profits (Workers Participation) Act, 1968*". Through this fund, industrial companies in the private sector are obliged to pay 2 percent of calculable income.

This endowment may be utilized for many intents for instance in the construction of houses for employees, medical services, tricycles for disabled employees, marriage grants, allowance for the family of employee that has died during his service as well as provision of a grant on behalf of revenue generating activities. The Act applies to businesses that either have at least 50 or more employees, or they have equity of two million rupees, or have fixed assets worth Rs. 4 million or even more (The Workers Welfare Fund Ordinance 1971, 2008).

f. Workers Children Education Ordinance (1972)

In 1972, the workers' children education fund was initiated with the main objective to educate the children of those employees that were working in registered institutes that have employed 10 or more staff. Financial assistance was provided by a worker's welfare fund for building schools that were then administered by the provincial management councils.

Financing is derived from an education fund, where a levy is provided through employers which amount to hundred rupees by each wage earner every year. However, the Government of Punjab has stopped it (The Workers Children Education Ordinance. 1972, 2012).

g. Employees Old Age Benefits Institutions (EOBI) 1976

EOBI is an independent establishment that functions under the Ministry of finance, Overseas Pakistanis, and Human Resource Development. It is administered by a board of trustees which includes two representatives from federal government, four representatives from employers and employees' sides, and labor secretaries from each province (Employees Old-Age Benefits Institution).

This scheme was initiated in July 1976 to provide coverage to workers of commercial and industrial companies employing 10 or more workers¹. However, the institution, through an amendment in 2008, obliged all the industries or companies that have 5 or more workers or any establishment having less than 5 workers to register with EOBI voluntarily. Currently, the number of workers has been changed to 10 again through an amendment.

Under this scheme, 5 percent of workers' minimum wages (650 per month) is given in contribution by the employers registered with EOBI and 1 percent of workers' minimum wages (130 per month) is to be paid by the employee (Employees Old-Age Benefits Institution). The minimum wage limit for payment of contribution is Rs. 13000 per month. The scheme provides benefits to the employees in terms of old age pension in case of retirement, invalidity pension in the event of a disability, survivors' pension (death of the worker), and old age grant.

Normally, employees are eligible for pension after the age of 60 years for males and 55 years for females on a condition that they complete 15 years of their service. According to the rules of EOBI, the parents are entitled to a pension for 5 years when an unmarried worker expires. If the employee is married and he dies after 3 years of EOBI's insurable employment, then his widow is entitled to a survivor's pension for the whole life. The benefits provided to the children of the deceased worker continue even following the remarriage of his widow on the condition that the stepfather might not take financial responsibilities of these children.

The statistics of registered beneficiaries with EOBI suggest a rising number of old-age workers in the coming years. For instance, the number of registered employers with EOBI was around 43,560 in 2000 which has increased to 136,232 in 2021. But we do see a lower number of active employers which is 88,798 in the current year. EOBI had approximately 1,500,00 insured

¹EOBI covers all registered factories, companies, private schools, firms, social welfare companies, security companies and departmental stores with 10 or more workers.

employees in 2002 while 9,309,264 in 2021 (EOBI statistics , 2021). However, the coverage of EOBI is still not sufficient as a large fraction of the economy is still not covered under the scheme. There are total of 799,681 employers and 12,648,134 employees in the informal sector² in Pakistan while EOBI has only covered 136,232 till 2021 (PBS, 2018-19).

The EOBI performs all the roles of the scheme which includes the collection of contribution from employers and employees, investing the funds in profitable ventures, and providing benefits to pensioners. Apart from income that is sourced through employers' contributions, the institute also invests the fund in lucrative projects to generate added income for the workers' welfare (Rahman, 2010). The estimates indicate that number of contributions collected by the institute is insufficient to fulfill the requirements of the beneficiaries (EOBI, 2015). If the current trends continue, the fund will be depleted in next few years suggesting that EOBI needs to be assessed to increase its coverage of beneficiaries.

According to EOBI Act, funds that are not needed for expenses might be invested. The investment rules of EOBI 1979 allow the institute to invest in diverse assets as government securities, premium bearing deposits in ensured banks, and real estate, whether freehold or rented property (Rahman, 2010). However, investment has been limited to fixed-income securities like federal investment bonds, Pakistan investment bonds, and national saving schemes. But the government prohibited the institutions from investing in national saving schemes in 2000 (SBP, 2004), though the ban was lifted in 2006. Thus, EOBI has begun to step up its investment in domestic equity, the dominance of government-backed securities in their portfolio.

²The informal sector in Pakistan is formulated in terms of household enterprise and size of employment. Pakistan Bureau of Statistics defines it as Enterprises owned and operated by employers with less than 10 persons engaged.

Currently, companies registered with the EOBI are proposed a “self-assessment” package under which the companies must pay Rs 150/month and subtract Rs 20/ month for each employee whom they nominate. It is usually believed that companies under self-assessment package will not be subjected to any auditing on the actual number of employees in the company. As a result, the present situation requires the delegation of more authority to EOBI to verify the non-compliance of firms (Mahmood & Nasir, 2008). There have also been concerns by the employers over the number of various inspections they have to face for a variety of activities including pensions. Therefore, it is necessary to strengthen the profiling of establishments to decrease the number of inspections.

1.1 Statement of the Problem

Employees’ old-age benefits institution (EOBI) is an institute that provides social insurance to private sector employees (Employee's Old-Age Benifits Institution, 1976). It generates its fund through contributions received from the registered employers and invests these funds to generate income in a different investment portfolio (government securities, equities, and real estate).

Therefore, EOBI can play a vital role in expanding the pension coverage to wide range of employees working in private sector under the condition that private firms registered themselves with EOBI. But currently, only 136,232 employers are registered with EOBI which is very low compared to the 799,681 employers operating in the economy (PBS, 2018-19). This means that only about 17% of total establishments are registered and covered by EOBI. Thus, there is a need to look into the potential of EOBI and the causes of this low coverage.

It is also crucial to investigate the reasons for misreporting employees’ number by registered firms. Records of one factory revealed that only 190 out of 1,500 workers at the factory were registered with the Employees Old Age Benefits Institution (Ali, Hisam, & Tahir, 2016).

Therefore, to look deeper into the institute's functions and responsibilities and what causes problems within the institute, it is important to study the structure of EOBI. It is also important to understand what roles the officials of EOBI perform, what are its responsibilities, and to see how they can improve the performance of the institute.

Moreover, EOBI is responsible to provide old age benefits to retired people and the life of retired people heavily depends on these benefits. Hence, it is vital to explore the issues of low registration of firms³ with EOBI, understand the manpower needs of the institute, and study the reasons for misrepresenting employees' number by the registered firms.

1.2 Research Problem

Based on the narrative of the Statement as stated in the preceding text, I am narrowing my research problem into “Issues of Low Registration of Firms with Employees’ Old Age Benefits Institution (EOBI)

” And have operationalized my topic into the following research questions and objectives.

1.3 Research Questions

- What is the structure of EOBI regarding the registration and compliance of firms?
- Why do all private firms not register themselves with EOBI to provide old age benefits to their employees?
- Why do firms underreport their employee's data?

1.4 Objectives of the Research

- Study the structure of EOBI in terms of registration and compliance of the firms
- Explore issues of low registration of firms with EOBI compared to the existing potential

³The term firm is used in the document for companies, private schools, factories, social welfare companies or departmental stores that have to be covered by the EOBI.

- Investigate the reasons for misreporting employees' number by registered firms

1.5 Significance of Research

EOBI operates based on contribution from employers under private sector to provide old age benefits to their employees. However, EOBI is facing issues to attract large number of employers from the private sector to get register with it (Sadiq, EOBI Woes, 2021). The payments to retired employees are made through employers' contribution. Hence, it is necessary to increase the registration of private firms to give wider coverage of private sector employees and current study will attempt to explore that what kind of policy intervention can motivate private sector firms to register with EOBI.

Low registration can be due to stringent requirement of EOBI, or firms want to save their contribution by not registering with EOBI. This leads to another problem of misreporting of data on registered employees with the firm. Firms are usually reluctant to share actual list of employees working with them. Apart from that, EOBI also has lower staff employed which puts a lot of burden on existing employees. With heavy workload and many responsibilities assigned to same employee it makes it harder for EOBI officials to comply the firms with EOB act.

As a result, studying the structure of EOBI is essential for delving deeper into the institute's functions and responsibilities, as well as what causes problems within the institute. It is also critical to understand what roles EOBI officials play, what their responsibilities are, and how they can enhance the institute's efficiency.

1.6 Explanation of the Key Terms

EOBI: Employee old age benefits institution that offers old age allowances to private sector workers.

Employer: Individual or establishment that has employed workers. In the context of the study, employer usually refers to an organization with 10 or more workers employed.

Employee: is a worker who is employed by the employer for salary or wages.

Firm: is a company that aims to earn profit and is often formed on basis of partnership to provide professional services. In the context of the study, the firm is used for companies, private schools, factories, social welfare companies, or departmental stores that have to be covered by the EOBI.

Old age benefits: old age benefits are the payment that an individual receives on monthly basis after retirement.

CHAPTER 2

REVIEW OF LITERATURE

2.1 Introduction

Pensions are provided to the elderly with the objective to smooth out their consumption curve when they run out of funds after retirement. Since pensions provision can also help alleviate poverty in the countries, its provision to each member of society has become crucial (Asher, 2003). However, there have been changes in the demography of the countries where life expectancies have been increasing subsequently with increasing birth rates. The bulge of older aged individuals has also been on the rise in most countries which creates problems for providing pension plans that are sustainable through government backed defined benefits pension plans (Bloom & McKinnon, 2013). Therefore, a shift has been observed towards pension plans sponsored by employers.

This literature review follows a narrative literature form.

2.2 Public And Private Sponsored Pensions

The main difference between pension provided to public employees and employees working in the private sector is the part that the government and the taxpayer plays as a sponsor in these plans. The role of the government in pension plans has a significant impact on the structure of the government, investment decisions, rules of financing the plans, as well as revelation of policies to the shareholders (Fore, 2001). This is because government performs many conflicting roles in the pension system such as functioning as a regulator for the pension fund that it sponsors, as a provider of that pension and making investment decisions of the fund. Therefore, how the government plays its role in pension plans is very crucial.

There is also a difference in pension plans sponsored by public and private sector. Pensions that are based on employers' contributions are usually explained through "life cycle model of

saving.” According to this theory, individuals make more saving in their employment years in order to consume in their retirement years (Quinby & Sanzenbacher, 2021). This model also proposes that government employees should save more elsewhere of defined benefits pension plans as a response to low pension savings. But government employees hardly respond to lower funds ratio which suggests that such employees would have lower benefits after retirement.

Although, in principle the return on investment should be sufficient to provide steady old age benefits to the individuals on the condition that contributions are made without fail. A study conducted found that if employers fail to contribute to the retirement fund, then this leads to visible decrease in expected returns of the investment in the retirement fund (Skinner & Samwick, 2004). Therefore, it is necessary to also focus on steady contributions made by the employers.

2.3 Who Should Provide Pension?

When pensions are regulated by privately owned establishments that work independently, the possibility of decisions regarding pension funds being influenced by pressures from the political parties is eliminated. This also helps in avoiding the pension fund to be used by state for its own purposes (Pinheiro, 2004). Therefore, in the case of pensions supervised by “*out of state entity*”, the pension plans are efficient and comply with the rules and regulations established by the institution. That is why it is suggested that when pensions are provided by the state, then it should be managed by the entity that has operational autonomy. Hence, in some countries the pension funds are protected against political influence by the constitution (Bloom & McKinnon, 2013).

However, employee funded pension plans are usually preferred to define benefits pension plans as they can help in reducing the burden of liabilities on taxpayers. The members of employer funded pension plans also exhibit more participatory behavior in the structure of governance executed in these pension plans (Regúlez-Castillo & Vidal-Meliá, 2012). The active

participation of members in the decision making of pension funds plays critical role in the management of fund reserves and helps in alleviating the usage of pension reserves in prospects that are not directly related to the objectives of retirement benefits (Pineiro, 2004).

Therefore, public pension funds should be maintained by private independent institutions. The experience of Dutch pension system shows that the best possible option for public pensions to be sustainable is when they are organized by privately owned establishments and are regulated and supervised in the framework that is applicable to pensions system of private sector employees (Bloom & McKinnon, 2013). That is why throughout the years developing nations have made reforms in order to improve their public pension plans.

2.4 Problems In Pension Provision

The idea of pensions that are sustainable has been on the rise in recent years as most of the government provided pension funds have exhausted. The problem of provision of pensions to the elderly has become urgent and should be countered by combining various policies that take into account the contribution levels, investment options, political sphere of the country as well as demographic transitions in the economy (Bloom & McKinnon, 2013).

The key issue that most pension plans fail to acknowledge is the problem of administrative design. It is important to identify issues related to the responsibility of enrolling individuals that are eligible in the pension programs (Bodie & Mitchell, 1996). This includes keeping records of collection of contributions and payments to the beneficiaries. It is also vital to detect fraudulent behavior by the administrative authorities regarding pension plans. Therefore, it is suggested that administrative effectiveness and efficiency is defined when designing pension plan that is sustainable and effective (Enoff & McKinnon, 2011).

According to the report published titled '2015 Ageing Report', major reforms are needed to be executed keeping in view the rise in elderly population in most countries due to high life expectancy ratios and rising birth rates (Commission, 2015). The report shows that if reforms

are not adopted in pension's plans, the expense on the government on pensions would significantly increase by 2060. An economy has to spare 7 percent of its GDP on the provision of pensions. Therefore, if the current trends continue it would become difficult to provide state sponsored pensions to the individuals (Carone, Eckefeldt, & Giamboni, 2016).

The sustainability of pension funds would need considerably higher rate of contributions which would in turn impose more burden on the taxpayers as they would now have to pay more taxes. What more, is that this burden would be borne by the current population that is employed instead of elderly population (Asher, 2003). This would lead to lower income provisions to the current working population and would cause decline in employment retention and rise in cost of labor. If these problems are not addressed, it would put the solidarity of current contributing members of pension plans with elderly population at jeopardy in the coming years (Bloom & McKinnon, 2013). The generation of future will bear two-fold burden. However, if reforms are adopted, it may lower the levels of pension in future in order to maintain rates of contribution from rising significantly (Peschner & Jaksic, 2017).

Policy analyst has tried to adopt reforms in pension system solely for making pensions sustainable. So that burden on future generations would be reduced. But it has ignored the consideration of other financial programs that might have impacted the adequacy of pension programs (Pensions, 2017). Therefore, evaluating the sustainability of a pension plan requires a holistic approach that would combine the objectives of a pension plan with that of its limitations in order to come up with pension program that is truly sustainable. Doing so would help in regarding the trust of the citizens in pension programs (Grech, 2018).

In 1980s, with the agenda to make pensions affordable and accessible to every individual, policy analysts shifted to privately sponsored pension systems. But they focused more on affordability and ignored the concept on expansion and greater coverage of citizens (Bodie & Mitchell, 1996).

A study suggested that governments are reluctant to bring changes in pension system as they perceive pension plans to be already significant (Carone, Eckefeldt, & Giamboni, 2016). Therefore, financing expenditure on the pension funds through higher future expenditure is not acceptable as it would increase the burden of taxes on individuals or debt deficit on the government. That is why; it is advisable to reduce the expenditure on future public pension plans by making privately sponsored pension schemes more attractive to new employees (Djankov & Ramalho, 2009). This would make the pension, in the long run, to be comparatively sustainable because the size of pension liabilities in the future will be reduced. An important aspect for the policymakers to consider is that expenditure for existing generations of beneficiaries should not be financed by the contributions collected from the current employees in the labor force. But instead, should be distributed into privately sponsored pension plan (Grech, 2018).

2.5 Pension In Pakistan

In Pakistan there are two types of pension plans. One is government sponsored pension plan that is funded through taxes. Second is employer sponsored private sector pension plan that is Employee Old age benefit institution program (Qureshi, 2021). Even though the state of Pakistan spends considerable amount on such schemes to provide old age benefits to its citizens, the mechanism of distribution of benefits is unstructured and extensive. Thus have no trickle-down effect as most of the plans in Pakistan are poorly coordinated (Shuhong & Zia-ud-din, 2017). Most of the plans only cover formal sector and fail to include informal sector and agriculture sector that consists of 70 percent of the total labor force (ILO, 2017). The formal sector is also insufficiently covered as usually the responsibility of funding is wholly on the employer (Sayeed, 2004).

Usually sponsoring the pension plans require the employer to pay all the contributions which causes employers to default from paying the contributions to the pension fund. Therefore, it is suggested that employees should have more share of paying contributions (Jamal, 2010).

2.6 Challenges In EOBI Pension Plan

Private sector in Pakistan is huge, and there are cases where employees are willing to contribute towards their pension funds in order to have old age benefits after retirement. But a large number of employers in private sector are not yet registered with the employee old age benefit institution (EOBI) (Qureshi, 2021). Many reasons account to this, one was the bribery and fraud issue seen in EOBI (Rana, 2004). There are other problems as well such as low capability of institution and absence of appropriate targeting.

Even though private sector pension is growing in Pakistan, it is still confronted with many issues concerning poor record keeping and inefficiencies in the institutions which results in lower payments at the retirement level (Shuhong & Zia-ud-din, 2017).

The structure of EOBI is considered to be overly integrated and rigid. There are rules and regulations in its management that are usually regarded as irrelevant and cause delays in response to the members (Secretariat, 2016). This leads to lower number of employers registering with the EOBI causing lower levels of contributions collection (Nisar, Wahab, & Siddiqui, July, 2020). Another issue is the lack of coordination between different branches of the institution. These shortcomings create problems for both the employers and the employees.

Generally, in private sector organizations, workers are recruited on contractual basis for approximately 2 to 3 months. When the contract ends, existing employees are dismissed, and new workers are employed (Nisar, Wahab, & Siddiqui, July, 2020). This type of contractual labor work does not permit the employees to be eligible for any old age benefit plan or be a part of EOBI scheme as 2 to three months are typically considered as probation period for the

employee. This makes it easier for the employers to avoid providing contributions for the employees (Qureshi, 2021).

There are also cases where an organization with 10 or more employees would start representing itself as various small organizations with lesser employees and different employers to avoid paying contributions and registration with the EOBI (Shuhong & Zia-ud-din, 2017).

These issues are not only limited to small markets but are also equally found in large businesses dealing with multinational brands. Interestingly, these businesses are consistently directed and supervised by those foreign brands to adhere to labor laws but still, they register a lower number of employees. This means that even the fear of losing business is not enough to convince them to register all their employees with social security institutions. For example, a large knitwear exporter from Lahore revealed that the international labor standards are very strict, and it is binding upon all the production units to adhere to these laws (Ali, Hisam, & Tahir, 2016).

Also, there are various surprise checks and audits by various regulatory authorities, and it is almost impossible for them to hide any minute detail about laborers and facilities available to them. However, the same number is not revealed to EOBI to reduce the costs of registering employees. It was further revealed by the said establishment that since the costs of registering are paid directly from the company's kitty which dents the cash flows, so they consider it profitable to disclose only 50% to 60% of the total number of employees to social security institutions (Ayub, 2014).

EOBI is also facing problems in terms of keeping up to date records, detection of defaulters and enforcement of payments. The workers give very low importance to old age pension and benefits as most of the workers are not in the favor of paying contributions (Mahmood & Nasir, 2008). Statistics show that 80 percent of the workers are unaware of EOBI as an institute that provide old age benefits to the private sector employees. The rest who are aware of EOBI

scheme are unwilling to register themselves owing to numerous formalities that have to be fulfilled (Nisar, Wahab, & Siddiqui, July, 2020).

Ejaz Ahmad Qureshi, Pakistan's Federal Ombudsman, summoned the chairman of EOBI with regard to a list of all pending complaints and the department's plan to address them. After being forwarded complaints of negligence against officials of EOBI by President Dr Arif Alvi, the federal ombudsman took action on his own. He claimed that poor Pakistanis who spend their entire lives working receive only Rs8,000 in pension, but they must return to the office on a regular basis to collect it (Sadiq, 2022)

Therefore, making improvements in registration and record keeping of employers, employees and contributions will make the institution more progressive. Otherwise, it would be difficult for the institute to carry on its operations as actuary conducted suggests that funds of the institute would be exhausted by end of 2035 if current situation continues (EOBI, 2015).

In accordance with the report published by “Pakistan Readymade Garment Manufacturers and Employers Association”, several members of the organization have not yet registered themselves with old age benefits institutions like SESSI and EOBI. In terms of provinces, Sindh has faced more problems with the enforcement of EOBI act (Ali, Hisam, & Tahir, 2016).

In response to the performance of EOBI, brick kiln laborers in Toba Tek Singh with the support of LQM rallied in 2015 and called for the issuing of social protection and EOBI cards to kiln laborers. The issue was resolved by the meeting of assistant commissioner and district labor officer with the kiln laborers (Ali, Hisam, & Tahir, 2016).

Therefore, pension funds can only be efficient when they are enforced effectively and are in compliance with the rules and regulations of the fund (Gazdar, 2011). In case of employer funded pension plan to work efficiently, it is suggested to increase contribution levels only when costs to the employer are considered (Mahmood & Nasir, 2008). Since nominal

contribution rates are higher than real ones as they are applied to salaries but not to allowances. Thus, it is proposed that rate should be applied to all incomes but at discounted rates (Qureshi, 2021). The government should also look for more options to enable the establishments to register with the EOBI.

2.7 Conceptual Framework

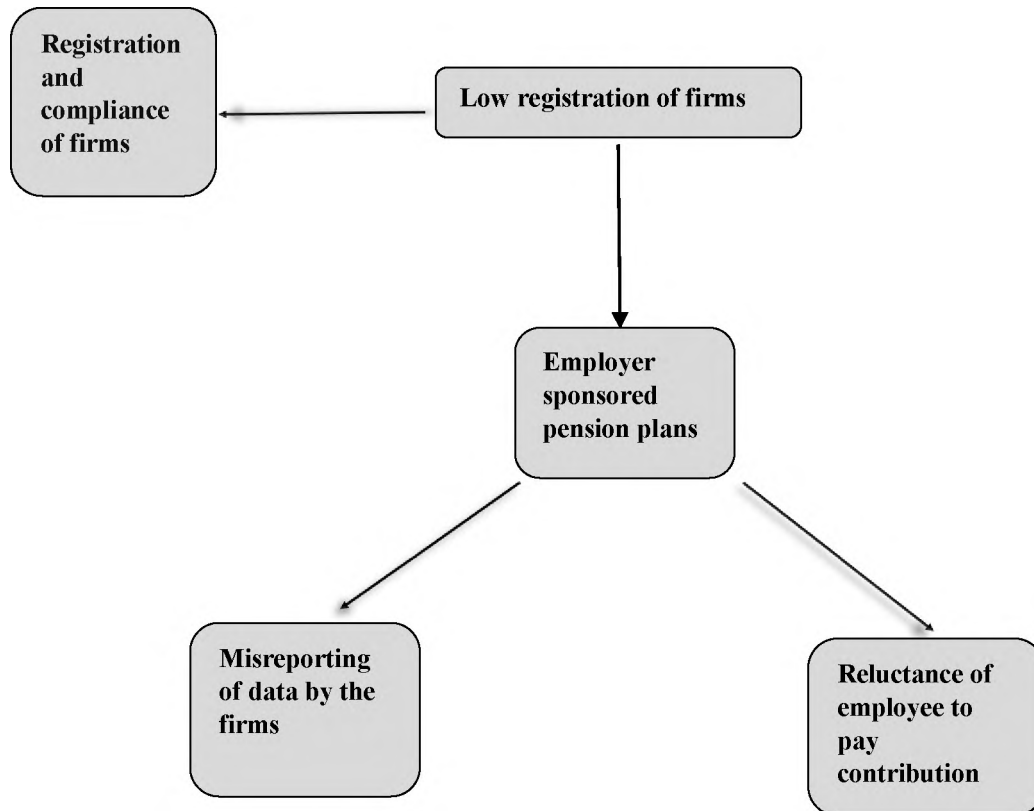


Figure 2.1 Conceptual Framework

The literature demonstrates that in case of employer funded pension plans, employers usually avoid the payment of monetary contribution. These pension plans although have their benefits but complying the organizations to such plans can prove to be difficult. As most of the institutions are hesitant to pay contributions for their employees, misrepresentation of employees' data is also common.

2.8 Research Gap

Under the condition that private firms register with EOBI, it can play a critical role in expanding pension coverage to a wide range of employees working in the private sector. As a result, there is a need to investigate the potential of EOBI as well as the causes of this low coverage. It is also critical to investigate the reasons why registered firms misreport employee numbers. This study explores the issue of low registration by conducting interviews from EOBI and the firms which has not been done in previous studies. Such that the problem of lower coverage is studied from both the employer and employees' side.

CHAPTER 3

RESEARCH METHEDOLOGY

3.1 Introduction

This section of the study shows the theoretical framework for achieving the objectives of our research. Based on sample size the data is collected from respondents on research variables. The research then proceeds to conduct thematic analysis of the collected data.

3.2 Research Strategy

The study follows a qualitative research strategy as it provides better understanding and knowledge of the problem through first-hand experience. Using qualitative research (Hatch, 2002) method will allow us to understand the feelings of individuals involved such as employees, employers and EOBI officials and will also help in supplying a different outlook. Qualitative research is critical in educational research because it addresses "how" and "why" research questions and allows for a more in-depth knowledge of perceptions, events, and context (Denzin, 2011). To understand human experience, qualitative research allows us to ask questions that cannot be easily answered numerically.

3.3 Research Design

This study follows case study research design (John, 2016). The purpose of the case study is to describe the problems, issues, and limitations of an individual firm (an organization or an institution) in detail. We have tried to investigate fundamental issues in EOBI related to employers' registration and have used theoretical concepts to supply recommendations. We have completed the data collection by using various techniques including in-depth interviews and key informant interviews.

Firstly, we conducted literature review of relevant studies and documents. Based on our literature review, we subsequently designed instruments for data collection. Then in-depth interviews were conducted with officials of EOBI including assistant directors, beat officers

and regional officers. We have conducted key informant interviews with employers and employees of different private owned companies, departmental stores, private schools and factories. The figure below depicts the research design of our study.

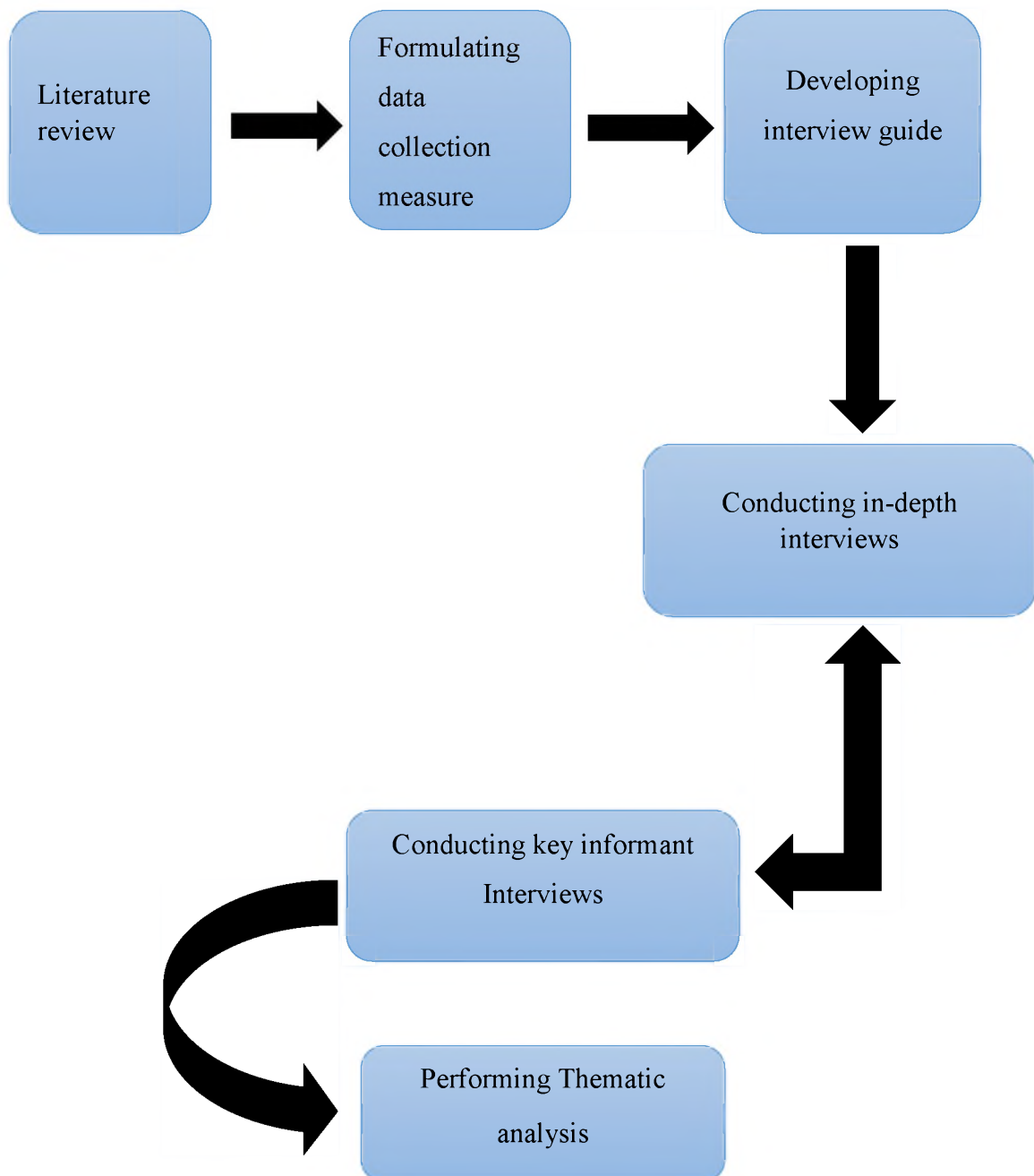


Figure 3.1 Research Design

3.4 Units of Data Collection

In order to obtain our first objective, our unit of data collection include officials of EOBI that are involved in the registration of establishments and are responsible for the execution of EOB act within the institute.

Our second unit of data collection includes employees in the private sector such as those working in private companies, schools, departmental stores or factories on whom the EOB act is applicable.

Our third unit of data collection include employers that are responsible for registering their establishments with EOBI under the EOB act.

3.5 Method of Data Collection

For the objectives of the study, the data is collected from both the firms and EOBI representatives. The method of data collection is semi-structured interviews (Kvale, 1996). Semi-structured interviews are effective for collecting qualitative and open-ended data and allows room for delving deeper into the issue. Questions related to structure, responsibilities, coverage, and the registration problems are asked from firms and EOBI representatives.

3.5.1 Sampling Technique

Various sampling techniques are used for finalizing the size of the sample such as probability and non-probability sampling including purposive sampling. In case of purposive sampling, the targeted group is chosen based on a specific criterion (Patton, 2002). The respondents that are relevant to the study are chosen so that suitable information is gathered. They are selected based on specified characteristics that varies for each study such as job experience, age, gender etc. Therefore, for the objective of this study, certain characteristics of the respondents were specified that is relevancy, job description, role, and their experience. Hence, our study employs purposive sampling as method of data collection for conducting interviews.

Table 3.1 Sample Size of the Study

Type of respondent	Sample size
In-depth interviews	30
key informant interviews	12
Total	42

3.5.2 Sample Size of Key Informant and In-depth Interviews

Experts are key informants. As a result, key informant interviews are only used by researchers if they can secure a respondent with unique knowledge of a subject matter while In-depth interviews seek to learn more about a previously discussed issue and can be conducted with anyone.

For this study, key-informant and in-depth interviews⁴ were conducted in order to collect firsthand data and information from the respondents. Various studies suggest that the size of sample should not exceed 35 (USAID, 1996). While conducting interviews, figuring out if the sample selected was suitable or not also depends on redundancy of the responses. The point of redundancy during data collection occurs at a stage where the researcher can no longer gain new insights by collecting more data (Sharon & Elizabeth, 2015). However, the suitable sample for conducting interviews is around 15 to 35. We have conducted 15 interviews each from

⁴ Focus group discussions are not used in the study as there is the possibility of certain participants to dominate the research study resulting in skewed results, dishonest responses, and moderator bias. Also, they may not be as effective in covering a specific issue in depth.

employees and employers of the private sector and 12 key informant interviews from officials⁵ of EOBI.

⁵ Interviews from different levels of hierarchy were conducted as regional officers, beat officers and assistant directors all have different line of action and expertise.

Table 3.2 *In-depth Interviews (Employees)*

Respondent	Sample size
Factories	2
Private schools	5
Private companies'	7
Security companies	1
Total	15

Table 3.3 *In-depth Interviews (Employers)*

Respondent	Sample
Private schools	5
Departmental stores	2
Private companies	6
Security companies	2
Total	15

Table 3.4 Sample Size of Key Informant Interviews

Respondent	Sample size
Regional officer	2
Beat officer	2
Assistant Director	8
Total	12

3.6 Instrument for Data Collection

To conduct interviews, three separate interview guides were designed for conducting semi-structured interviews from the respondents. The data collection instruments are given in appendix 1-3.

3.7 Study Area

The study area for our research is Islamabad and Peshawar. There are two reasons for choosing this area. Firstly, the registration of firms and insured persons is less in these cities. Secondly, the monitoring mechanism of EOBI is not as much strict here, as a result the employees of Peshawar and Islamabad are not aware of their due rights. Therefore, we have selected Islamabad and Peshawar as the area of study for our research.

3.8 Analysis

The data collected through interviews is analyzed through theoretic approach of data analysis. We have used Thematic analysis (Braun & Clarke, 2006), that is an approach used to look for themes and patterns that arise in the data. It is usually done through a six steps process. In the first step of thematic analysis, we recorded the collected data, called the familiarization. In this step the data was transcribed, and an overview of the data was taken. In the next step the data

was coded, which means the important phrases and texts are highlighted within the data where certain labels or codes are used to describe the content of the data.

The third step consists of generating themes within the data where we identified patterns and trends in the data. These themes were then reviewed in fourth step to discard themes that were irrelevant and included the ones that were related to the study objectives. Now that final themes were listed, they were defined and named to make them easily understandable and formulate its exact meaning.

The last step consisted of write up where we explain what the themes mean and how often they came up during the data analysis and provide evidence from the collected data. The important takeaways were explained and shows how the analysis responded to our research questions.

3.9 Ethical Considerations

Ethics were followed at every stage of this research from designing interview guides to analysis of the data. Before interviews were conducted, prior appointment and permission letter were signed. Confidentiality of the respondents were also kept. Respondents were assured that data collected will be only used for academic purposes.

CHAPTER 4

FINDING AND ANALYSIS

4 Introduction

This chapter describes the main findings of our research study. The analysis and findings of the study supply us a thorough understanding of the role of EOBI, employees and employers in the registration process. We have structured our results into three main dimensions that are i) role of EOBI, ii) role employers in registration process and iii) role of employees in the process of registration.

4.1 EOBI's RESPONSE

4.1.1 Role of EOBI

The responsibility of EOBI as an institute is that it must cover employers and employees that are privately employed. EOBI register employees through field officers all over the country. It mostly collects data and information of employees and employers through surveys. The role of institute is defined by the 1976 act of EOBI. They have to reach out to the employers, gather data on the employees and register them to ensure terminal benefits by assigning them their universal card. That universal card is mobile. Therefore, EOBI plays a critical part in ensuring registration of private sector employees with the institute so that they can acquire pension and old age benefits after their retirement.

When it comes to the responsibility of EOBI in terms of data collection of firms, the usual way to go is through SECP, FBR and sister branches of EOBI. The institute has authorized its field officers to register firms under section 11 of EOB act 1976. They collect data regarding employee's attendance, payment, balance sheet, profit and loss, ledgers, trial balances and any other document pertaining to employment of employees. The second step is fielding on the

field that is officers visit the area which is assigned beat officers⁶. Usually the assistant directors (AD's) field are mainly responsible to conduct survey's and submit data onward.

However, one of the respondents told that:

"[There is] no role of EOBI [in registration of firms], organizations must within 30 days register itself [after it is established]. EOBI can later comply the firm if applicable"

Another respondent added that.

"There is no concept of promotion policy in EOBI. Officials spend decades on a single PayScale which causes demotivation and frustration that results in low performance"

Another problem is identified by the respondent as.

"EOBI field officers register firms wholly solely on verbal terms and on personal skills"

He further added that.

"No authority and no support from other departments for example police or even our own department do not provide support in majority cases"

The findings show that EOBI as an institute is meant to register firms that have 10 or more employees under the EOB act 1976. The institute assigns field officers that collects data and information on employees and employers to get them registered. Usually, field surveys are performed by beat officers and AD's. However, there are several problems that constraints the registration process from EOBI's side. This includes the physical survey's that field officers must perform when there is lack of skill development and training within the institution. The performance of officers is also affected by no promotion policy within EOBI, and lack of support provided to the field officers. Although according to the law, EOBI has the authority to first send in notices to establishments that fail to comply with the act. It can further seal any

⁶ Beat officers are officers that are assigned to areas where they have to conduct surveys.

such establishment that do not register with EOBI with the help of local authorities and police personnel. However, they are not provided any support from those departments. If EOBI is backed by police officers and local administrations as per law, compliance of firms would be easier.

4.1.2 Limitation by Law (clause 47)

The institute by law is bound to register all the firms that have 10 or more workers employed. But currently, only 136,232 employers are registered with EOBI which is very low compared to the 799,681 employers operating in the economy (PBS, 2018-19). This means that only about 17% of total establishments are registered and covered by EOBI. However, when it comes to low number of firms registered with EOBI one of the main reasons is the exemptions defined in clause 47. According to the clause, the institute can only register establishments that have ten or more employees. However, from 1976 till now a more than 10 million employees are registered but the number of employees and institutes registered are still less. The main reason for it is the EOB act constraint on smaller firms.

Additionally, there have been multiple amendments in EOB act throughout the years since its inception. First the act was applicable on all those establishments that had 20 individuals working for it. Later the number was changed to 10 individuals. Then amendment was made in 2008 where establishments that had 5 workers employed, had to be registered with EOBI. But recently due to some court cases the amendments that were made, they were challenged through finance act. So, the total number of employees were again changed, and status quo is now of 10 individuals. Therefore, establishments having less than 10 workers employed are exempted. Although, we can suggest that salary payment should be made via account so that number of employees cannot be hidden, but the problem is that of daily wagers for whom the payments are made daily without the maintenance of bank accounts. Therefore, for employees ease it is not made a requirement so that all employees can be possibly registered.

EOBI officers also make random visits for check and balance on the establishments. However, one of the respondents said that,

“Most of the establishments usually maintain such a record that when EOBI officers visit them where they would have either 8 or 9 workers employed but not 10. Thus, are exempted from the law”

All those firms or establishments that have less than 10 workers employed are exempted from the EOB act. This is one of the loopholes in the EOB act that allows employers to disclose only a small number of their workers so that the act will not be applicable on them. Our findings illustrate that EOB act should be amended where exemptions as discussed above should be eliminated. It would enable the institute to cover all private owned firms and establishments regardless of their employee’s strength. Even though the law gives EOBI the authority to first send notices to establishments that fail to comply with the act. It can also seal any such establishments that do not register with EOBI with the assistance of local authorities and police officers. However, they receive no assistance from those departments. Firms will be more likely to comply if EOBI is supported by police officers and local governments as required by law. Additionally, firms that have avoided registration with EOBI but have been functional for years, can be made liable as per law to pay contributions for those years from which the act was applicable on them as well.

4.1.3 Limitation Of EOBI

Employees old age benefits institution is working with half the number of employees than it needs to properly carry out its operations. Currently EOBI have only 50 percent strength which limits its functions. This leads to not only less efficient performance by the department but also allows the firms to evade registering with EOBI. This is because officers of EOBI have to make field surveys by visiting the establishments, perform inspections, look for new establishments and verify old establishments. Additionally, the verification of pension also comes under the

responsibility of assistant directors and beat officers. Moreover, field visits that officer have to perform for discovering new establishments in the area are more like a blind shot. Sometimes the officers spend their day without registering any new establishment. With this much workload, officers are usually unable to perform proper inspection and verification of establishments.

The primary limitation for the institute is shortage of human resources. Sanctioned strength in 1976 was 1400 plus whereas despite of industry/ commercialization the strength today is less than seven hundred. One of the respondents while discussing the issue of lower number of staff employed with the institute explained that.

“Well, we have a smaller number of field officers, for example only 300 field officers are assigned to cover all employees of the country so their outreach would definitely be limited”

Another respondent added that,

“Around 900 positions are lying vacant. Recruitment is inevitable”

Therefore, it is very important that the institute recruits new employees. Presently, there is a huge gap between the number of employees that are required by the institute and the current staff that is employed. It is absolutely vital to recruit new batch of more than 700 employees.

Our findings show that EOBI is facing acute shortage of officers and staff. On factual grounds it is currently working on fifty percent of the sanctioned staff. To overcome this gap among the required and present staff, the institute must recruit more individuals. Doing so will enable EOBI to increase its efficiency and performance. This will also decrease the workload on existing personnel and will improve their efficacy.

4.1.4 Internal Weakness

EOBI is an autonomous body that works under the Ministry of finance and Overseas Pakistanis and human resource development. However, when it comes to operational decision making,

the institute do not have much authority in the implementation and execution process. There is a need for stringent regulations for compliance of the act in terms of registration of firms and making the establishments liable to pay contributions.

The institute is also bound in terms of policy implementation and have weak internal control. Although EOBI has partially authorized regional offices for the operational procedures such as settlement of benefit cases, registration of establishments and recovery cases. However, all the operational circulars are issued by the head office.

According to one of the respondents,

“Law is a bit weak in terms of application”

Another respondent added that,

“We have been debating this with the prime minister as well. I myself have worked with the prime minister. I think more executory power to the EOBI would make it compliance acceleratory”

Our findings suggest that although EOBI is an autonomous establishment, when it comes to policy implementation, the institute is bound. The institute require the support of local administrations and police personnel for registration of establishments. Additionally, weaker internal control within the institute such as lack of on job training and proper data on number of total registered firms as well as fewer meaningful inspections of the institutions leads to fewer number of establishments registered with EOBI. Moreover, absence of support provided by the local authorities and police officers during inspections constraints the registration process. Therefore, if more executory powers are delegated to the institution, it would enhance the compliance rate of the establishments.

4.1.5 Attitude of Employers

According to EOB act 1976, every firm having employees more than 10 should register themselves with EOBI. Since the pension plan that it provides is employer sponsored such that every registered employer has to pay 5 percent of the contribution for each worker that it has employed. Therefore, most of the employers try to avoid paying this contribution. Such that most of the establishments try to evade registering with EOBI because they consider the contributions as a tax.

That is why institutions are usually hesitant to get themselves registered with EOBI. Even when they register themselves, in most cases the total number of employees are not disclosed as one of the respondents said.

“Lesser the number of employees, lesser would be the contribution”

However, the institute since its inception has registered millions of employees. Still the number of employees and employers registered are far less and there is potential for greater number to be registered. One of the reasons is the evasion behaviour of businesses. In majority of cases unless and until the field officer has reached to the businesses himself/herself, the employer is usually reluctant to come by themselves. The officials of EOBI consider it the inadequacy of the employer that fewer employees are registered with the institute. As put into words by one of the interviewees.

“[Fewer employees are registered with EOBI because of the] Reluctancy of employers to fulfill their own responsibility”

Responses from some of other respondents were as follows.

“Because of financial impact”

“Monetary evasion”

The above findings show that the evading behaviour of the employers and their reluctance to register with EOBI is because of contributions' payment that employers have to make every month on behalf of employees. They try to avoid the registration because of the financial impact it would have on them. Therefore, most of the time establishments either do not get registered or are reluctant to disclose the total number of their employees. This can be easily avoided because EOBI asks the establishments to share the detail of their employees such as CNIC and mobile number. Additionally, it should be authorized to randomly call any employee and ask about the total number of employees in his/her organization to cross-check whether a firm has wrongly reported the number of their employees.

4.1.6 Integration of Organizations

One of the reasons it is difficult for EOBI to register the establishments on which the act is applicable is because of lack of connectivity between the sister departments. The registration of firms will be easier for the institute if organizations such as FBR, SECP and private school's agency make it mandatory for the firms to register with EOBI as well.

One of the respondent added that.

"It is not difficult task. All we need is support from government departments. For example, PSRA has made registration with FBR mandatory. Similarly, they can also include EOBI in the list. Same is for other departments"

Our findings suggest that integrating departments such as FBR (federal board of revenue), SECP (security exchange commission of Pakistan) and PSRA (private schools regulatory authority) with EOBI would guarantee higher number of registration rate with EOBI. This will ensure that employers do not misreport information about their employees. Doing so will also make it easier for the institute to register all such establishments on which the act is applicable.

Moreover, instead of registering firms we can ask the employees to register themselves with EOBI by giving the detail of their firms. In case the employees move from one firm to another firm for better job or for any other reason then he/she should inform the EOBI so that EOBI can confirm by calling the firms office. In this way EOBI would not need to run behind firms to register them rather employees will come to EOBI's office to register themselves because they otherwise would not get the benefits.

Additionally, private school's agency should not register any school unless the school will present proof of their registration with EOBI. That is why an amendment in the law is required which make would the establishments bound to register with EOBI.

4.1.7 Advertising EOBI

Although it has been decades that EOBI was established still most of the citizens are unaware of such an institute that provides old age benefits to private sector employees. Therefore, there is a need for publicizing the institute. According to one of the interviewees.

“Massive campaign is necessary, just like India where they have reached to individual level”

However, doing so is not an easy task for EOBI. As one of the interviewees explained that.

“We are not allowed to advertise in any newspaper or even through any news channel or any other form of advertisement. We cannot market ourselves. If we are allowed to market our services, then like Sehat sahulat card and ehsas program EOBI will also be known by every individual”

Therefore, findings suggest that if the institute is allowed to openly make the individuals aware of their functions, it would create a sense of trustworthiness in the employers and employees about the institute. EOBI needs to make changes in their website where employees can make an online registration and, in the registration, EOBI can ask detailed information about the employers, and this will help to track the new firms which are not registering themselves or

hesitating. Website should be user friendly, and it should compile all information by firms and districts.

According to our findings, EOBI's registration process is constrained by a number of problems. Such as physical surveys are conducted by field officers when there is a lack of skill capacity building within the institution. The performance of field officers is also hampered by EOBI's lack of a promotion policy, numerous amendments in the law and the insufficient support provided to them by local administrations and police personnel during inspections. Additionally, there is a significant disparity between the institute's required workforce and the current workforce. The monthly contributions payments that employers must make on behalf of employees is also the reason for employers' evasive behaviour and reluctance to register with EOBI. As a result, most employers are hesitant to disclose their total employee count. There is also lack of connectivity between sister departments such as FBR, PSRA and SECP. Moreover, despite the fact that EOBI has been in existence for decades, most citizens are unaware of such an institute that provides old age benefits to private sector employees.

4.2 RESPONSE OF EMPLOYEES WORKING IN THE PRIVATE SECTOR

4.2.1 Lack of Public Awareness

EOBI is an establishment that provides old age benefits to employees that work in the private sector. Therefore, it is essential that employees are aware of their rights. However, private sector employees as well as most of the employers hardly know about institutions such as EOBI. There are many individuals that have only heard EOBI's name. In most cases the only knowledge that people have is that individuals older than 60 years of age visits their office. In this era of social and electronic media, the institutional authorities are responsible for advertising and publicizing the role, need for and importance of the concerned institution. For a lay man, there should be reasons to know about such organizations, for which the stakeholders are needed to be the ambassadors. Moreover, a chapter about the institutes working for the welfare of people needs to be included in the primary school curriculum. This will help to bridge the information gap.

Registration with EOBI can only be possible and made easier, if the employees know about the utility and significance of the institution, otherwise, there is no reason for getting registered with an unknown, invalid, and non-significant organization. People do not even get registered with websites providing lot of needed information as there are alternative options, so making registration easy or difficult is a secondary issue. Every minute thing is advertised these days. If EOBI advertises its functions, it is highly likely that the establishments and workers alike will get themselves registered because mostly individuals are working in the private sector.

The response of interviewees when asked about EOBI are as follows.

“Our office was established in 2004 and is a registered organization. But no one has visited us or informed us about EOBI and its services”

Another respondent stated that.

“I don’t know much [about EOBI]. I only know that as in governmental organizations pensions are provided but in private organizations some deductions are made on your behalf. And you get benefits after retirement. Though I don’t know the details”

Additionally, one of the respondents said that.

“No, I am not registered with EOBI. If the basic knowledge about the institution to individuals is provided with its aims and importance, it may be a source of motivation for getting registered with EOBI”

The above findings suggest that EOBI needs to devise an advertising policy. To have maximum number of firms registered with the institute, publicizing of EOBI is essential. Social, electronic and print media, organizational and personal visits through official means, conduction of formal meetings and awareness seminars, issuance of letters to employers, annual books, magazines, brochures, banners etc to reflect the intensity of measures that EOBI creates among its stakeholders. There is also a need for introduction of a chapter related to employees right to be included in the primary school curriculum.

That is why if workers are aware about their rights and are detailed information about the services that EOBI provides are being disseminated, then it would be easier for the employees to get themselves registered without any hesitation.

4.2.2 Poor Quality of Services

EOBI since its inception has registered millions of employees and employers although the registered number of firms are far less than the existing potential. One of its major reason is the quality of EOBI’s services that makes the individuals reluctant to register with the institute. Therefore, the quality of EOBI’s services must be improved to attract clients as most of the individuals registered with EOBI are not at all happy with the performance of this institution.

One of respondent shared her view as follows.

“The problem lies in its [EOBI’s] poor service. My father who worked all his life in various private medicine companies couldn’t get any benefit after his retirement from this program. They made him file several applications and in the process of verification they completely ignored my father’s 21 years service in one of the companies resulting in no regular EOBI fund. They said they “couldn’t find any evidence” of his work. My father was only given 32000 Rs in compensation after a lifetime of services and deduction of EOBI’s contribution”

Additionally, one of the interviewees shared his experienced as follows.

“I was in a company in satellite town before working in this company. There we were issued [EOBI] cards. We had started making payments as well. But when we will visit EOBI’s office, we will meet senior citizens that had been waiting for 2 to 3 months for their pensions to be processed by the institute. That is why I stopped making payments after that because I believe they don’t pay any pension. Also the amount of pension that they pay is very less”

Therefore, the findings show that if EOBI wants to increase the number of its registered employees and employers, it has to improve the quality of its services and work on the performance of the institute.

4.2.3 Absence of Linkage Between Employees And EOBI

EOBI deals with provision of old age benefits to employees. However, one of its shortcomings is that it does not deal with workers directly. Most of the workers even while registered with EOBI through their employer has no knowledge about its functions and benefits. The reason for it is that EOBI deals directly with the employer while neglecting the employees. One of the respondents said that.

“No, I don’t have any idea about this policy [EOBI]. Though my institution must have incorporated and made it a part of other employment benefits, it hasn’t shared it with us until an employee comes to know from the third person”

Another interviewee commented that.

“Yes, I am aware of the institution. However, the organization deals with the EOBI directly via its head office. I have had no direct communication with it and thus is not able to comment on its performance or procedures”

Both EOBI and private institutions seems responsible for this lack of linkage between EOBI and the employees. Neither EOBI meet the employees directly nor the private institutions inform their employees about it. If the institute start meeting the workers directly and give them a brief information about its benefits, there are chances that employees might register themselves more willingly. There is also a need to change the law that rather registering firms, employees need to be registered with their mobile number. Then EOBI needs to keep record of each employee’s contribution separately. Some employees’ salary is high, and their contribution is also high, so they also need to pay higher pension and other attached benefit if any to those employees.

The above findings illustrate that there is lack of communication between EOBI and employees of private organizations. Therefore, if the institute devise such a policy that would narrow down the gap between EOBI and private sector employees, it will lead to higher registration and compliance rate of the establishments.

4.2.4 Transparency

The findings from the interviews showed that employees had reserves about the transparency of EOBI and their employers. According to one of the respondents.

“There is no check and balance in the institutions who offer such advantage. They exercise their own discretion in this matter and do pick and choose. They might have added in their policies to gain weightage whenever they are in competition with each other, but inside picture is bleak”

That is why there needs to be a department that should keep check on such institutions who have kept their employees in dark. In governmental jobs individuals have a sense of security that after retirement they will be provided pension. Similarly, in private jobs description the rules and regulations for pensions and benefits should be clearly mentioned and shared with the employees. Workers should also be updated about any changes in such policies. It is vital that employees are made aware of their rights. The organizations should not keep information from the workers that they have employed.

4.2.5 Attitude of Employees

When it comes to the opinion of employees about increasing registration rate with EOBI while there is lack of awareness among employees and employers, one of the respondents said that.

“It is also our responsibility [to make ourselves aware about such institutions]. We have heard the name of the institute but have not bothered to get detailed information about it”

The findings above indicate that EOBI should develop an advertising policy. Publicizing EOBI is critical in order to have the greatest number of firms registered with the institute. The reason people are hesitant to register with EOBI is because of the quality of its services. If EOBI wants to increase the number of registered employees and employers, it must improve the quality of its services and work on the institute's performance. Another flaw of the institute is that it does not deal with employees directly. There is a breakdown in communication between EOBI and private-sector employees. Employees were also skeptical of EOBI's and their employers' transparency.

4.3 RESPONSE OF FIRMS

4.3.1 Employees Retention

One of the major themes that emerged during the analysis of interviews conducted with employers was that of employees' retention. Employers were willing to register their workers because they believed that doing so would help their establishment in retaining skilled personnel. One of the respondents put it as.

"I think for employees' retention it matters a lot that their company provide them with health and other benefits"

Another respondent added that.

"To attract high skilled workers and boost our company's image in the market, we will register with EOBI. It also falls within the domain of our corporate social responsibility"

4.3.2 Unwillingness to Share Total Number of Employees

Although most of the employers were willing to register their establishments with EOBI, they were not so much enthusiastic about sharing total list of workers with the institute due to the financial impact it would have on their organization. According to one of the interviewees.

"Once our financial situation becomes a little stable, we will register at least half of our employees"

Another respondent said that.

"We are open to registration [with EOBI]. But will share number of permanent employees only"

4.3.3 Fear of Registration with Other Departments

Our findings suggest that establishments might be willing to register with EOBI in order to provide old age benefits to its workers. But the fear of registering with other departments such

as FBR and SECP etc. makes them reluctant to register with EOBI as well. According to one of the respondents.

“We have this fear that once we register with EOBI, other organizations will soon follow suit”

Our findings indicate that although most employers were eager to register with EOBI, they were hesitant to share their entire employee roster with the institute due to the financial impact on their business. Establishments may wish to register with EOBI in order to provide employees with old age benefits. They are hesitant to register with EOBI, however, because they are afraid of being registered with other departments such as FBR and SECP.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

The responsibility of EOBI as an institute is to cover both businesses and individuals who are self-employed. The institute registers enterprises by dispatching field officers across the state. It primarily gathers data and information about workers and employers via surveys. Field surveys are typically conducted by beat officers and ADs. However, our analysis indicated that EOBI's registration process is hampered by a number of issues. This includes physical surveys carried out by field officers when there is a lack of skill capacity building inside the institution. Officer performance is also hampered by EOBI's absence of a promotion policy, and the insufficient support provided to field officers.

Furthermore, numerous amendments to the 1976 act of EOBI have been made over the years since its inception. All firms or establishments with fewer than ten employees are exempt from the EOB act. It is one of the weaknesses in the EOB act that allows businesses to disclose only a small number of their employees in order to avoid having to comply with the act. That is why the results of our study demonstrate that the EOB act should be modified to eliminate the exemptions mentioned above. It would allow the institute to encompass all privately owned firms and establishments, irrespective of the strength of their employees.

Similarly, the Employees Old Age Benefits Institution employs only half the number of people required to carry out its operations. Currently, there is a significant disparity between the number of employees required by the institute and the current workforce. As a result, the department's performance suffers thus making it easier for the businesses to avoid registering with EOBI. Therefore, it is critical that the institute recruits new employees, as it is only operating at half capacity. To close this gap between required and available personnel, more

people must be hired. This will not only allow EOBI to improve its efficiency and performance but will also reduce the workload on existing employees.

Similarly, the institute has registered millions of employees since its inception. Even so, the number of registered employees and employers is far lower, and there is still room for more. The officials of EOBI consider it the inadequacy of the employer that fewer employees are registered with the institute. Employers' evasive behaviour and reluctance to register with EOBI are due to the monthly contributions payments that employers must make on behalf of employees.

Similarly, most of the time establishments either do not get registered or are reluctant to disclose the total number of their employees. This can be easily avoided because EOBI asks the establishments to share the detail of their employees such as CNIC and mobile number. Additionally, it should be authorized to randomly call any employee and ask about the total number of employees in his/her organization to cross-check whether a firm has wrongly reported the number of their employees.

Furthermore, one of the reasons EOBI finds it difficult to register businesses to which the act applies is a lack of connectivity between sister departments. Integrating government agencies like FBR, SECP, and PSRA with EOBI would ensure a higher rate of registration with EOBI. This will prevent employers from reporting inaccurate information about their employees. This will also make it easier for the institute to register all establishments covered by the act. Furthermore, rather than registering firms, we can ask employees to register themselves with EOBI by providing information about their businesses. If an employee transfers from one firm to another for a better job or for any other reason, he or she should notify the institute so that EOBI can confirm by calling the firm's office. Employees will come to EOBI's office to register themselves rather than running behind firms to register them, as they would not receive the benefits otherwise.

Moreover, private school agencies should not register any school unless the school can provide proof of registration with EOBI. That is why a change in the law is required to entail establishments to register with EOBI.

Additionally, despite the fact that EOBI has been in existence for decades, most citizens are unaware of such an institute that provides old age benefits to private sector employees. As a result, the findings suggest that if the institute is allowed to openly inform individuals about their functions and is supported by governmental departments, it will instill trust in employers and employees about the institution. EOBI also needs to make changes to their website so that employees can register online. During the registration, EOBI can ask detailed information about the employers, which will aid in tracking new firms that are not registering or are hesitant. The website should be easy to use and organize all information by firms and districts.

Similarly, one of the major reasons that people are hesitant to register with EOBI is the quality of its services. EOBI must improve the quality of its services and work on the institute's performance if it wants to increase the number of registered employees and employers.

Another flaw of the institute is that it does not deal directly with employees. There is a communication breakdown between EOBI and private-sector employees. That is why if the institute develops a policy that bridges the gap between EOBI and private sector employees, the registration rate will rise. Employees had reservations about the transparency of EOBI and their employers, according to the findings of the interviews. As a result, it is critical that employees understand their rights. Organizations should not withhold information from the employees they have hired. Furthermore, a chapter about institutes working for people's well-being should be included in the primary school curriculum. This will aid in closing the information gap.

In addition to that, one of the major themes that emerged during the analysis of interviews with employers was employee retention. Employers were willing to register their employees because they believed it would help their company retain skilled workers. Although most employers were eager to register their businesses with EOBI, they were hesitant to share their entire employee roster with the institute due to the financial impact it would have on their business. Establishments may wish to register with EOBI in order to provide old age benefits to their employees. However, they are hesitant to register with EOBI because they are afraid of registering with other departments such as FBR and SECP.

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Appendix 1

Interview guide for semi-structured interviews

In-depth interview

The purpose of conducting this interview is to know about the existing policies and practices of Employees old age benefit institution (EOBI) in terms of registration of firms with the institution. The information thus gathered would become part of a research study. The confidentiality of the information will be kept at every cost.

Name: _____ Department: _____

Designation: _____ Contact No.: _____

Questions from employees

1. Are you aware of employees' old-age benefits institution (EOBI)?
If yes, what is your view about the institution in terms of performance?
If no, then what are the possible reasons for it?
2. Are you registered with EOBI?
If yes, what is your experience about the institution?
If no, what would motivate you to register with EOBI?
3. Have EOBI contacted you in terms of registering as a beneficiary?
If yes, then how was the process of registration? (Probe in terms of level of difficulty/ease)
If no, then have you contacted EOBI individually or through your employer?
4. Who do you think is responsible for unawareness about such institution?
5. What in your opinion would make workers aware of an institution like EOBI?
6. What would make it easier for the employees to register with EOBI?

Appendix 2

Interview guide for semi-structured interviews

In-depth interview

The purpose of conducting this interview is to know about the existing policies and practices of Employees old age benefit institution (EOBI) in terms of registration of firms with the institution. The information thus gathered would become part of a research study. The confidentiality of the information will be kept at every cost.

Name: _____ Department: _____
Designation: _____ Contact No.: _____

Questions for employers

1. Are you aware of employees' old-age benefits institution (EOBI)?
 If yes, what is your view about the institution in terms of performance?
 If no, then what are the possible reasons for it?
2. Are you and your employees registered with EOBI?
 If yes, how many of your employees are registered with EOBI?
 If no, then what are the reasons for non-registration?
3. Have EOBI visited you in the last few years?
 If yes, what was the frequency of visits of EOBI?
 If no, have you contacted the EOBI?
4. If EOBI visits you/your organization, would you register yourself with them?
 If yes, what are the reasons?
 If no, what in your opinion should be done?
5. What would motivate you to register with EOBI?
6. Would you be willing to share the total number of your employees with the EOBI?
 If yes, what is the reason?
 If no, why?
7. Do EOBI have dispute resolution mechanism available?
8. What would make it easier for the employers to register with EOBI?

Appendix 3
Interview guide for semi-structured interviews

Key informant interview

The purpose of conducting this interview is to know about the existing policies and practices of Employees old age benefit institution (EOBI) in terms of registration of firms with the institution. The information thus gathered would become part of a research study. The confidentiality of the information will be kept at every cost.

Name: _____ Department: _____
Designation: _____ Contact No.: _____

Questions for EOBI officials

1. What is the role of EOBI in registration of employers/firms?
2. How much autonomy or authority do EOBI have in its operational decision making?
3. On what basis have the EOBI assigned staff to its sub offices?
4. What are the reasons for a smaller number of firms registered with the institute?
5. What are the facilities provided to regional offices?
6. What kind of responsibilities is assigned to EOBI staff/officials in terms of data collection on firms?
7. Does the institute need more staff/manpower?
8. What are the limitations to EOBI regarding registration of firms?
9. What is the dispute resolution mechanism in EOBI?
10. What would make the registration of firms easier for the institute?
11. Why do you think eligible firms avoid registering with EOBI?
12. What do think would make the eligible firms comply with EOBI act?