



Factors Influencing Performance of Pension Funds: Evidence From Lapf in Tanzania

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Abstract

Pension funds are an important incentive to capital markets in most countries where they exist through financial intermediation. Pension funds complement and stimulate development of capital markets while acting as substitutes for banks as they generate returns themselves. The returns they realize depend on several factors that vary from country to country and from time to time. The purpose of this study was to determine factors influencing performance of pension funds in Tanzania specifically at the Local Authority Pension Fund (LAPF). This study used a quantitative research approach where questionnaires were employed to collect data. Probability sampling was used as well to select a representative sample from each stratum. Descriptive statistics such as percentages and frequencies were used to analyze data collected from respondents. SPSS version 20 and excel Microsoft application were ultimately used to process the data.

Findings from this study indicate that economic hardships faced by many companies result in firms winding up their businesses with arrears of members' contributions and this results into delay in benefit processing.

Additionally, late submission of collected contributions from employers' delays benefits processing. The study further reveals that employers who default in making contributions as legally required hamper benefits payments. The study equally exposes the fact that arrears in contributions result in delayed payment. The results also demonstrate that businesses with arrears contribute to delay of benefits processing. The study recommends that LAPF should devote more time in enlarging its membership frontiers to ultimately increase members' contributions.

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