

# Integrating the Informal Social Security Arrangements into the Formal Sector in Botswana

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## Abstract

This paper makes an attempt to define informal social security and discusses the role of traditional support systems and extended family as social security institutions. Self organised mutual support systems which are neighbourhood or community-based informal systems that go beyond kinship and family ties are discussed. The African traditional values such as “botho” “ubuntu” and “harambee” are discussed. The idea that formal and informal social security systems having the same goal is advanced and that it is possible to build synergies between the two systems. Finally that an integrative approach needs to be adopted between the nonformal and the formal systems of social security.

## Keywords

Informal Social Security, Formal Social Security, An Integrative Approach, African Traditional Values, Self Organised Mutual Support Systems, Traditional Support System

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## 1. Introduction

This paper makes an attempt to define informal social security, discusses the role of traditional support systems and the role of the extended family as a social security institution. The paper also touches on self-organised mutual support systems and the reasons for the reliance on informal social security arrangements. The African traditional values such as botho, Ubuntu and harambee do not escape mention. In the South African constitutional context, Ubuntu has been recognized as a value that is so fundamentally ingrained in the fabric of societal life that, according to the Constitutional Court of South Africa, it has to be elevated to the status of a constitutional value, albeit an unwritten one (Makwanyane,

1995). Discussion is also made on the general belief, as the modernization theory attests, that modern, statutory provisions would eventually protect the whole population. This has thus far proved to be too ambitious, as the realization of universal social security coverage continues to elude many countries of the world.

In the International Labour Organisation (ILO) literature, the term “informal sector” has since been used to cover a multitude of characteristics that are specific to the urban “non-modern sector of developing economies (ILO, 1999a). In the report of the Director-General to the International Labour Conference in 1991 (ILO, 1999b) the term referred to:

“Very small scale units producing and distributing goods and services, and consisting largely of independent, self employed producers in urban areas of developing countries, some of whom also employ family labour and/or a few hired workers or apprentices; which operate with very little capital, or none at all, which utilize a low level of technology and skills; which therefore operate at a low level of productivity; and which generally provide very low and irregular incomes and highly unsafe employment to those who work in it. They are informal in that they are for the most part unregistered and unrecorded in official statistics; they tend to have little or no access to organised markets, to credit institutions, to formal education and training institutions, or to many public services and amenities; they are not recognized; supported or regulated by the government; they are often compelled by circumstances to operate outside the framework of the law, and even when they are registered and respect certain aspects of the law they are almost invariably beyond the pale of social protection, labour legislation and protective measure at the workplace (ILO, 1999a).

The notion of “informal sector” covers that part of small scale income generating activities which take place outside the official regulatory framework and typically utilize a low level of capital, technology and skills, while providing low incomes and unstable employment (ILO, 1999b).

This concept was later for statistical purposes refined by the ILO and refers to the informal sector as follows:

“...consisting of units engaged in the production of goods or services with the primary objectives of generating employment and incomes to the persons concerned. These units typically operate at a low level of organization, with little or no division between labour and capital as factors of production and on a small scale. Labour relations—where they exist—are based mostly on casual employment, kinship or personal and social relations rather than contractual arrangements with formal guarantees.

Production units of the informal sector have the characteristic features of household enterprises. The fixed and other assets used do not belong to the production units as such but to their owners... Expenditure for production is often indistinguishable from household expenditure...

Activities performed by production units of the informal sector are not

necessarily performed with the deliberate intention of evading payment of taxes or social security contributions or infringing labour or other legislations or administrative provisions. Accordingly, the concept of informal sector activities should be distinguished from the concept of activities of the hidden or underground economy” (ILO, 1993).

The term “informal sector” does not include the “hidden” or “underground” economy. A distinction has to be made between those activities which, as a result of the low incomes they generate, cannot afford the cost of legality and those which, despite being profitable, do not deliberately comply with regulations, so as to evade taxes or the law of the land (ILO, 1999a).

Sectors of the economy involving informal operators include commerce, agriculture, construction, manufacturing, transportation and services. Crafts and other occupations found in the informal sector include hairdressers, beauticians, money changers, plumbers, mechanics, vegetable sellers, kiosk operators, second hand clothes dealers, tailors, textile workers, wood carvers, watch repairers carpenters and domestic servants (ILO, 1999b).

According to the ILO, in the informal sector, the self employed create their own one person business. They work alone or with unpaid workers, generally family members and apprentices. Despite their self employment status, they may be dependent on other people for their premises or credit. They generally do not have access to the loans of credit institutions because they cannot offer sufficient economic security. They are susceptible to exploitation by money lenders according to the ILO.

Street vendors are a significant percentage of the workforce in the informal sector, the majority of the workforce in the informal sector, the majority of which are women. They are again according to the ILO, the most visible component of the informal sector and play an important role as suppliers of a wide range of goods to low and middle income families. Shopkeepers regard them as unfair competitors and they are regularly subjected to harassment and eviction from public areas.

## 2. Informal Social Security

There is no precise definition of informal social security. Olivier and Dekker, (2003) define informal social security “as the counterpart of formal social security, covering social protection mechanisms outside the formal social security paradigm”. There are two types of informal social security systems in Africa, namely traditional support systems and self organized mutual support systems (Ntseane & Solo, 2007). Traditional support systems operate on the basis of solidarity and generalized reciprocity, and revolve around kinship and family ties. Kinship and family ties bind people together and enable them to develop a sense of belonging and togetherness (Ntseane & Solo, 2007). The values and beliefs underpinning family and kinship ties enable members to provide mutual support in the event that they are exposed to life cycle crises (Ntseane & Solo, 2007).

### 3. Traditional Support System

Traditional support systems are based on kinship or family ties and are founded on the principle of solidarity and generalized reciprocity. The resources of the extended family system according to Olivier (2007) are mobilized to support members who are exposed to life cycle crises that they cannot manage on their own. Membership of an extended family system guarantees social protection, as well as engendering a sense of belonging and togetherness, and it ultimately promotes human well being. The problems experienced by an individual according to Olivier are taken as a burden on the entire extended family system. In the same vein, children are seen as a source of social security not only by the few biological parents but they entice extended family according to Olivier.

Schemes which are assistance based fall under this type of informal social security. Each member of the family or kinship system assists a member in need of support even though there is no guarantee that the assisted member would be able to reciprocate. That is generalized reciprocity. The role of the extended family according to Olivier has weakened over the years because of urbanization and westernization. The emerging values undermine the value of traditional support systems.

Africans in their day to day existence are joined together by what may be termed African traditional values. According to Olivier it is on account of these values (which are all about solidarity, collective responsibility, compassion, equality, unity, self determination, human respect and human dignity) that individuals subsist as families and that families become closely interlaced communities which form larger societies (Olivier, 2007).

The African traditional values such as botho, Ubuntu and harambee among others constitute the basis of informal social security in Africa (Olivier, 2007). According to Judge Langa: “The concept of Ubuntu is of some relevance to the values we need to uphold. It is culture which places some emphasis on community and on the interdependence of the members of a community. It recognizes a person’s status as a human being, entitled to unconditional respect, dignity, value and acceptance from members of the community such person happens to be part of. It also entails the converse, however. The person has a corresponding duty to give the same respect, dignity, value and acceptance to each member of the community. More importantly, it regulates exercise of rights by the emphasis it lays on sharing and co-responsibility and mutual enjoyment of rights by all” (Makwanyane, 1995).

Similarly, in Swahili, Harambee is a word that signifies that coming together relationally, facing life not alone, but pulling together, recognizing the power of one, but also the power of many one’s pulling together easing the burden one might face. Harambee can, in addition, be described as a Kenyan value that stands for “togetherness, mutual responsibilities and mutual assistance, pulling resources together to build family and community (Apt, 2000).

#### 4. Self Organized Mutual Support Systems

Self organized mutual support systems are neighbourhood or community-based informal systems that go beyond kinship and family ties (Kaseke, 2001). These mutual support systems are formed to respond to specific contingencies as determined by the membership. Mutual support systems owe their existence to the absence or inadequacy of formal security systems in view of the fact that formal social security systems are only oriented towards protecting persons in the formal sector (Ntseane & Solo, 2007). Given the small size of the formal sector in the SADC region, it is therefore apparent that formal social security can only cover a small percentage of the population. Thus self organized mutual support systems are responding to gaps in the formal social security provision (Ntseane & Solo, 2007). Mutual aid arrangements operating at the community level fill the gaps in the otherwise rudimentary cover provided by formal social security. The formal social security system in the SADC is mainly state operated. Often times, the poor and vulnerable are excluded, given their inability to contribute to and otherwise access these schemes.

#### 5. Integrating the Informal Social Security Arrangements into the Formal Sector

SADC saw the introduction of a variety of social schemes in the 1950's and 1960's and their proliferation (Mouton, 1975). This was the era of the modernization theory of thinking (Midgley, 1994). Central to this theory was the idea that:

“...economic growth in developing countries would rapidly transfer surplus labour from the subsistence sector of the economy into modern wage employment.

Those in wage employment would qualify for social security and be afforded protection. As the economy continued to grow and more peasants transferred into the modern sector, protection would be extended, resulting, eventually, in universal coverage. The theory also posited that those who live and work in the rural subsistence sector are adequately protected by traditional forms of support... As the society experiences modernization and the rest of the population gradually shifts into the modern sector, traditional obligations weaken, the family nucleates and loses its ability to provide care, and other indigenous forms of assistance gradually disappear. In this situation, the state social security system replaces the traditional system and provides universal coverage”.

The above theory has however proved to be too ambitious. Social security which is comprehensive and covers the entire population has proved to be elusive in the SADC. Recent thinking in the field of informal social security favour the idea of strengthening it and linking it with formal social security (Ntseane & Solo, 2007). The objective of linking informal social security systems with formal systems is to strengthen and help them assume some of the characteristics of

conventional social security. According to (Mupedziswa & Ntseane, 2013) formal and non formal social protection systems have the same goal. That of providing various forms of support to a variety of social groups. The relevant focus areas are generally similar: they include food and basic needs for various categories of people including the extremely poor, destitute and older persons (Mupedziswa & Ntseane, 2013). There is therefore a need to build synergies between the two systems. An integrative approach needs to be adopted between the non formal and the formal systems of social security.

## 6. Conclusion

While the integration of the formal and non formal has been advocated for by many as a desirable conclusion, the purpose of integration should enhance the efficiency and effectiveness of the social protection regime (Mupedziswa & Ntseane, 2013). The greatest benefit of successful integration, where two systems truly complement each other, is the extension of sufficient levels of social protection to those in need (Mupedziswa & Ntseane, 2013). Mechanisms are needed to recognize the strengths and limitations of both systems and to create a new system that builds on the strengths of each in order to progressively build a national social protection regime for all citizens (Mupedziswa & Ntseane, 2013). The challenge therefore is to ensure that integrative measures do not destroy the spirit of solidarity and reciprocity that is embedded in the indigenous welfare system (Mupedziswa & Ntseane, 2013). The non formal social protection system is an integral part of Botswana's welfare regime, despite the fact that its contribution has not been officially appreciated.

## Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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