

**RETIREMENT IN ZIMBABWE: AN EXAMINATION OF THE SITUATION OF
RETIRED AFRICANS.**

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ABSTRACT

This paper is based on the findings of a study on **RETIREMENT IN ZIMBABWE; AN EVALUATION OF THE ADEQUACY OF SOCIAL SECURITY PROVISIONS IN MEETING THE NEEDS OF AFRICAN RETIREES** carried out by the author in 1990. The study found that, in Zimbabwe, formal social security provisions for post employment subsistence needs are rudimentary, inadequate and in most cases non-existent. Compulsory retirement in the absence of adequate formal social security provisions has induced poverty, destitution and a certain amount of restlessness among retired Africans. The study found that the majority of retired Africans had to resort to non-formal means of support for a living.

1. INTRODUCTION

The global demographic scenario reveals a tremendously accelerating increase of the elderly population in relation to younger generations. Since quite a significant number of elderly people are most likely to be in formal employment potential retirees are increasing. Thanks for the improved health services and the higher standards of living which have made people to live longer and to stay fitter for work for much longer than ever before. Pre-industrial societies in Zimbabwe and many other developing and developed countries did not have a retirement condition for elderly people. This position still maintains in the non-formal employment sectors in Zimbabwe (the peasant sector and the informal sector). An elderly person is not expected to retire on account of age.

The advent of industrialisation has necessitated the enforcement of the retirement condition in many countries. Retirement basically refers to the leaving of formal employment upon reaching a specified age. Problems of unemployment, implicit in most economic systems, the veneration of economic growth at the expense of individual welfare and the prejudice which some employers have against the continued employment of older workers have contributed to the prevalence of the phenomenon of retirement. In a cross-sectional study in Kansas city, Cumming and Henry (1961) found that there was a significant decline in social interaction and role performance with advancing age. Cumming and Henry contend that that the withdrawal of older workers from formal employment is beneficial to both the elderly person and the society at large. Old age is associated with mental and physical degeneration hence the retirement condition so that maximum productivity is not compromised.

Zimbabwe, in common with other developing and developed countries is faced with high rates of unemployment which continue to be difficult to eradicate.

In an endeavour to create employment for the young, older workers are increasingly being requested to retire, in some cases prematurely so as to make room for the aspiring youth. Thus older workers are prematurely condemned to inactivity, making their experiences and skills obsolete an ironic situation considering the higher life expectancy resultant from advances in medical technology and higher standards of living.

It seems there are variations in the onset of old age between individuals and it is also true that there are variations in the compulsory retirement age between countries and even within a country. In Zimbabwe, the public service has different retirement ages for its employees, requiring some for example in the defence forces to retire after serving for twenty years, while others are retired at 60 years of age. However, generally, workers in the private sector are retired at 60 years of age.

The aging process obviously depends on an individual's biological make up and his life experiences while the retirement age depends not only on the workers' mental and physical abilities but also on their occupation, the attitude of their employers and the state of the labour market in the country, among other factors.

Retirement presents problems of financial security for the post-employment period and coupled with this are the resultant physical and psychological effects of compulsory retirement. In discussing retirement it therefore becomes imperative to examine the adequacy of social security provisions for the prolonged post-employment period. It can be predicted with certainty that many workers, especially in developing countries will not individually be able to make adequate savings for meeting post-employment subsistence needs. Consequently, retirements and post-employment security cannot be viewed as being purely personal and this also goes for the responsibility for combating the problems experienced after retiring.

Whaley (1972) defines social security as the maintenance of a standard of life which a worker secured for himself and his family during his employment. Thus, ideally social security provisions for retirement should help insulate retired workers from financial insecurity. The major social security provisions for the retired include occupational pensions and public assistance schemes which, in Zimbabwe, are not comprehensive in meeting the needs of retired workers. Workers are also expected to make provisions for their post-employment support through private insurance schemes and personal savings. However, multiple factors militate against personal initiatives. These include low wages, episodes of severe illness and unemployment and other economic constraints.

2 RETIREMENT IN A FEW SELECTED COUNTRIES

In a study of retirement in Nigeria, Ekpenyoung et al (1986) found that a very large number of Nigerians continued to work past the official retirement age. Nigeria raised its retirement age from 55 to 60 years in response to demands by government employees who were reluctant to retire while they were still capable of working. The shortage of teachers for the expanded education programme after 1976 also contributed to this change. This reflects that a retirement age is just an arbitrary decision by policy makers. The hanging on to jobs also reflects the precariousness of the post-retirement period.

Dixon, ed (1987) notes that, in Nigeria, support for the elderly is predominantly a family responsibility, there is limited public support available. Ekpenyong et al found that only 3% of urban elderly and 7% of rural elderly did not receive material support from family or kin. This shows that extended family ties are still relatively intact in Nigeria.

Zambia operates a National Provident fund towards which workers and employers contribute and at retirement an employee gets a lump sum benefit (Dixon ed 1987). However, provident funds are not considered a social security scheme for benefits are not paid over a period of time (Mouton, 1975). In addition, not all workers are covered by the provident fund. The second major scheme for the support of the retired and other destitutes in Zambia is public assistance. However, Dixon notes that in 1980 only 55 people in Zambia received public assistance. Most of the elderly in Zambia thus have to resort to non-formal means of support.

In Brussels, 87% of retired workers were found to be wanting to get formal employment in an enquiry carried out by "The Office d' Identification"(De Beauvoir, 1977). This indicates that retired workers in Brussels experience hardship in their life after retirement. De Beauvoir also notes that, in a similar study in Paris, two thirds of the retired respondents complained of boredom.

Britain's retirement age is 60 years for women and 65 years for males. However, Kinniard et al (1981) observe that there are debates about lowering the retirement age to make room for younger workers and to lower the retirement age for men to 60 years to bring it at par with that for women. They also point out that there is a movement advocating for more flexible retirement.

Townsend, in Kinniard et al (1981) notes that a third of the elderly population in Britain are either in poverty or are living on bare subsistence income. George (1973) also reveals that several studies have found that retirement is traumatic for a significant percentage of retired Britons in spite of other findings to the contrary. Old age is seen as a growing social problem in Western society (Wenger, 1984). However, as Parker, (1979) observes, in the rich industrialised countries poverty is defined in sociological rather than in physiological terms as is the case in developing countries.

For the retired, in Britain, there are standard flat-rate pensions for all pensioners and means tested supplementary pensions for those whose income falls below a defined minimum. However, Townsend, in Kinniard et al notes that, property, savings, private pensions and tax relief prevent most retired workers of high occupational status from experiencing much erosion of living standards.

Since 1975 the government of Sweden moved towards a nationwide programme of flexible retirement. The scheme permits a worker at 65 years to take up a job for stipulated hours. On attaining the age of 65 years all Swedish people are eligible for the national Old Age pension.

According to a Working Paper on Social Security in Canada (1973) by the government of Canada, there is a federal universal old age security plan whereby there is a guaranteed income supplement for the needy retired. this scheme is meant to augment income from employment and through savings and private insurance schemes. There is a lot of room for improvement in retirement provisions for retired workers internationally generally and particularly in the developing world. The development in schemes for the economic protection of the retired reflects a gradual realisation that individuals in society cannot meet their welfare needs without state involvement. In some countries it is now accepted dogma that the state must offer economic protection to all its citizens irrespective of age, sex, religion or race.

The account on retirement and the situation of the elderly in a few selected countries reflects that globally, generally, the retired experience a reduction in income and status. As De Beauvoir (1977) puts it, "retirement may be looked upon as a being thrown on to the scrap heap". it is however encouraging to learn that in some developed countries old age pensions are a feature in social security provisions for elderly people. This helps restore a portion of their lost income when disaster strikes (retirement) and guarantees a healthy and decent livelihood for retired workers.

3 RETIREMENT IN ZIMBABWE: A BACKGROUND

Historically, the societies that live in modern Zimbabwe had indigenous social security provisions which to a great extent met the welfare needs of the elderly. The family and community insured members throughout their lives (satisfied their needs) largely through their kinship system.

Kaseke (1988) asserts that traditionally, emphasis was placed on an individual's sense of belonging togetherness and solidarity among persons sharing a common kinship base. Such a set-up guaranteed security for all and saved the elderly from being marginalized from the political, economic and social mainstream of society., Rwezaura (1989) and Nyanguru (1987) also reveal that the elderly occupied a venerated position in pre-industrial society. the elderly exercised their influence through their control of land, cattle and the distribution of women.

Consequently , as Simmonds (1970) asserts, the elderly had a very crucial role to play in the political, economic and social system. There was thus no retirement as we understand it today.

However, with the advent of the colonial state in Zimbabwe in 1890, the existing social order witnessed profound political, economic and social changes. The promotion of modern values, consumption patterns and production techniques at the expense of age old practices precipitated urbanisation with its attendant problems of nuclear families, loss of traditional skills and problems of adjusting to the new social order among Africans. Palmer and Parsons (1977), Van Onselen (1976) and Clarke (1977) point out that in the early years of colonisation, indigenous Africans were reluctant to engage in wage labour for they were relatively self reliant.

In an endeavour to promote investments in European industrial and commercial enterprises the settlers resorted to recruiting labour from neighbouring countries and also adopted coercive strategies to force indigenous Africans to seek wage labour. Parsons and Palmer (1977) observe that the Land Apportionment Act of 1930 allocated 48,5 million acres of land (half the country) to Europeans constituting only 5 percent of the country's population. Africans were forced to move to separate land which was infertile and largely unproductive, the intention being to strangle the peasant economy so that Africans could seek formal employment. In addition, the enforcement of the hut tax of 1901 and dipping and grazing fees made it increasingly difficult to subsist on the land.

As intended by the colonialists there was an exodus of able-bodied African to urban areas in search of employment. This resulted in a growing class of a fully proletarianised urban workers, wholly dependent on wage income for subsistence. Gargett (1977:52) asserts that, "the shift of the African from the traditional to modern society may be seen as the exchange of one form of social security for another". Retired Africans should thus have found security in urban areas where they spent their working life. Ironically, Hampson (1982) explains that, upon reaching retirement age, after having worked for the settlers, Africans were repatriated to the countryside where they had a piece of land and relatives who were expected to support them. Nyanguru (1990) succinctly summarises the prevailing view among the settlers saying, "the assumption was that African workers were only temporary migrants in towns, urban life was for whites".

Consequently, retired Africans were expected to return to their rural homes upon retiring. Clarke (1977) also reveals that, almost all African workers were left wholly dependent on the peasant economy for subsistence consumption needs after retiring in the pre-1940s. When social security schemes for retirement provisions were introduced in Zimbabwe, Rhodesia then, they were operated on racial grounds, favouring expatriate Europeans. This seems to be a common feature when social security schemes were introduced in the Third World (Midgley, 1984; Mouton 1975).

Occupational pensions, a social insurance scheme were initially introduced to cater for the post employment needs of European workers. In addition, the Old Age Pension Act of 1936 entitled all non Africans to Old Age Pensions upon reaching the age of 60 years. Until 1980, all non Africans of 60 years of age and above earning below a defined minimum could receive a monthly pension of Z\$93,00 then (Nyanguru 1990). Kaseke asserts that Africans were excluded because of the erroneous assumption that their security lay in the rural areas and that the extended family would look after them.

In spite of a public assistance scheme catering also for African destitutes being operational in 1986, not many African families were eligible for help. Emphasis then, was on repatriating African destitutes to their rural homes. With the passage of time however, a minority of Africans were absorbed into occupational schemes.

3.1 RETIREMENT : THE CURRENT SITUATION

With the advent of independence there was a mushrooming of occupational pension schemes catering for all racial categories (Kaseke 1988). In Zimbabwe, the main social security schemes which cater for post retirement needs are social insurance (occupational pensions) and public assistance. Social insurance is a state devised mechanism aiming to provide the wage earner and his family a minimum income when earning capacity is interrupted or cut off due to sickness, invalidity and retirement. This scheme can be distinguished from other forms of social security in that the beneficiary, the employer, and or the state provide the finance by contributing regularly to the scheme. Consequently, its benefits are regarded as a right in view of the fact that, beneficiaries will have made contributions for a specified period of time. Categories of social insurance include unemployment insurance and pension insurance (occupational pension) and it is this category the author is focussing at. In Zimbabwe, The Pensions and Provident Fund Act 1976 governs the operation of occupational pensions.

Public assistance is a scheme which provides benefits to persons whose income is not enough to maintain a healthy and decent level of subsistence. It is financed from taxation and it is non-contributory but means tested. Contingencies covered by public assistance include old age pensions and relief of destitution. The public assistance scheme is administered in terms of the Social Welfare Assistance Act of 1988, by the Department of Social Welfare.

In spite of the elderly being a special target group, they also have to pass an eligibility test. In terms of section 6 subsection 2, of the social Welfare Assistance Act, an applicant for assistance has to prove and demonstrate that he is destitute and has no relatives in a position to help. The assumption is that the extended family support system still exists and should provide for its retired.

Nyanguru (1990) asserts that only a tiny fraction of the nation's elderly are covered by the public assistance scheme. Kaseke (1988) also notes that the public assistance scheme stigmatises applicants and beneficiaries because of its means test and this discourages the genuinely in need from applying.

The Department of Social Welfare also administers the Old Age Pensions Act of 1936 which caters for non-contributory pensions for non Africans who were in receipt of old age pensions before 1980. This scheme was discontinued at independence, however, those who were getting the old age pensions continue to receive the pension.

3.2 STUDY FINDINGS

The study referred to in this paper was carried out in 1990 with the aim of finding out the social security situation of retired African. A purposive sample of 80 retired Africans was interviewed, and the sample comprised of retirees in both urban and rural areas. The study focussed on retired Africans who had been retired from formal employment.

3.3 RETIREMENT AND SOCIAL SECURITY PROVISIONS

Compulsory retirement was found to be a prevalent phenomenon in Zimbabwe, 82,4 per cent of the respondents indicated that they were officially retired. Others retired because of health, old age and other reasons.

Occupational pensions are a major social security scheme for the meeting of post-employment needs. However, lamentably, not all retired workers were catered for by occupational pensions. It was found that 52.5 per cent of the respondents were not covered by occupational pension schemes. Mouton (1975) and Brand's (1981) observations that social security in Africa at independence has been extended to cater for a limited number of Africans was confirmed by this study. Infact the percentage getting pension (47,5%) is relatively high because quite a significant number of public service retirees were interviewed and this obviously raised the percentage getting pension. All public service employees are catered for by a public service pension fund. Thus the percentage not covered by occupational pensions could be higher than the 52,5% found in this study.

Of the respondents getting pension, 50% received pension of \$50,00 or less per month. For the retirees in receipt of pension it is apparent that their income was drastically reduced upon retiring .

The study also found only 2,5% of the respondents on public assistance. Apparently, they are indigenous Africans who were placed in an old people's home because of destitution and they indicated that they could not retire to their rural villages for they had lost touch with rural kin. The majority of the respondents (65%) indicated that they were not aware of the public assistance scheme.

As can be expected, as many as 40% of the respondents had no savings at all for their life after retirement while 32,4% indicated that they only managed to save a thousand dollars or less.

The respondents had very low levels of education (76,1% had seven years of primary schooling or less) and this partly explains the low wages they were getting prior to retirement.

Contrary to the widely held belief that the retired no longer have dependents, 52,5% of the respondents had between one and five dependents while only 35% had no dependents., It is thus not surprising that 43,8% of the respondents indicated that they were very worried when they were asked to retire. The respondents were worried because they had not made adequate preparations for post retirement security and also because they were not adequately protected by occupational pensions. Asked about their feelings now that they were retired, 73,8% of the respondents were very unhappy with their situation.

A very significant percentage of the retired Africans were dependent on informal activities as their main source of income while 31,3% indicated that the meagre pension was their main source of livelihood. Only 7,5% of the respondents got support from the extended family, contrary to the assumption that retirees would get support from kin. Thus many retired Africans were found to be engaging in informal activities such as peasant farming in order to raise income for subsistence. The retired were thus engaged in even more strenuous activities than in their previous work in the formal sector. This indicates that retired Africans need to supplement their income because of inadequate formal social security provisions. Even in cases where retirees were getting pension it was totally inadequate to satisfy their needs.

A number of problems beset Zimbabwe's occupational pension schemes. Contributions by employers and employees towards pension schemes are small. Kaseke (1988) notes that the rate of employee contributions in Zimbabwe range from 5 to 7% and this cannot be expected to build up adequate pension funds to satisfy post-employment needs. The absence of transferrability of pensions when workers change employers is also a major factor mitigating against larger pensions at retirement. The study also revealed that there exists no state pressure for employers to act to ensure the economic security of retired African hence the majority of workers are not covered by occupational pension schemes.

It is also difficult for many workers to save for their retirement period because of the large families that are solely dependent on them. Kaseke (1982) observes that social security schemes have the potential of influencing demographic patterns, particularly in Zimbabwe where a majority of the people still view children as a form of social protection in old age.

He notes that if all citizens are guaranteed economic security in old age , this can promote smaller families.

In addition Zimbabwe is also faced with resource limitations and resultantly, not many retired Africans are in receipt of public assistance.

3.4. CONCLUSIONS

The main formal social security instruments that are supposed to provide for the post employment needs of the retired in Zimbabwe, occupational pensions and public assistance are not universally provided. Occupational pensions do not cover all retired workers and for those in receipt of pension it is very inadequate.

Public assistance which is supposed to complement occupational pensions in social security provisions for the retired is operated under very strict eligibility criteria.

As a result, only an insignificant percentage of retired Africans are getting public assistance.

Most retired Africans are experiencing financial difficulties and this is exacerbated by their inadequate personal savings. Consequently, the majority of indigenous African retirees are engaged in informal activities in order to supplement their income. Retired Africans with rural homes also go back to the rural villages where they hope to mobilise extended family support.

It is thus apparent that Whaley's (1972) definition of social security as the maintenance of a standard of life which a worker secured for himself and his family during the working life is untenable under present arrangements. Retirement induces poverty among the retired.

4. RECOMMENDATIONS

1. Compulsory Occupational Pensions:

In view of the fact that the majority of retired African workers (52,5%) are not getting occupational pensions, legislation should be enacted as a matter of urgency, making occupational pension schemes compulsory for all workers. In making this recommendation, the author is mindful of the huge administrative costs this is likely to involve. The proposed National Social Security Scheme is a very welcome first step towards social security provision for all workers when they retire.

However, this scheme should cater for those not currently catered for only, that is, the scheme should coexist with private sector organisations providing occupational pension schemes.

2. Tax Incentives for those looking After the Retired

In Japan, there is legislation providing for tax incentives for families looking after elderly kin. In Zimbabwe, if legislation is enacted providing for tax relief for families supporting retired relatives this would go a long way towards strengthening the weakening extended family support structures. It seems people lack the financial resources to enable them to support retired kin.

3. Increase in the Public Assistance Vote

It is appreciated that the government has competing demands on its revenue. However, it should be the concern of every government to eradicate poverty among its citizens. Consequently, there is need to increase the public assistance vote so that more destitute retirees can be assisted. The amount of public assistance granted to destitutes should be based on need rather than just to fulfil a statutory requirement. Kaseke (1988) notes that the amount of public assistance granted is usually \$15,00 per adult. The basis of assistance should be need and the degree of need should determine the amount to be granted.

4. Old Age Pensions

Retired people are living in poverty. they are a very vulnerable category, considering that it is very difficult for them to get other employment and that extended family support is not always forthcoming. With the Economic Structural Adjustment Programme underway, many older workers are going to be prematurely retired. They are going to be the first to get the chop. Since income from occupational pensions is not significant at all. Old age Pension would help in cushioning the harsh effects of retirement. Retired people would be guaranteed a basic minimum of subsistence for a healthy and decent life.

5. Flexible Retirement for Older Workers

In spite of the difficulty of eradicating unemployment the current tendency to prematurely retire older workers needs to be reconsidered. The waste emanating from condemning older workers to inactivity is disastrous to both the economy and the retired.

Zimbabwe is experiencing a shortage of skilled personnel and yet at the same time we continue to retire older workers who have lots of experience and skill. Since the aging process varies from person to person and the fact that people now live much longer than ever before and the lack of comprehensive social security schemes there is need to consider flexible retirement. Flexible retirement would enable older workers to enter into a second or third 'career' and thus contribute positively to national development. This is also important in instilling a feeling of continued usefulness among older workers which has great psychological benefits.

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