

MINISTRY OF PUBLIC SERVICE, LABOUR AND SOCIAL WELFARE



Government of the Republic of Zimbabwe

LABOUR MARKET OUTLOOK 2017

Publisher

Department of Labour Administration
Private Bag 7707 Causeway, Harare

Contributors

Editor in Chief: Mr C.Z Vusani
Contributors; S. Hobwani, T. Mudakureva, E.Chigowe, M. Nemhara,
C. Munongerwa, A. Tore, G. Mutsvairo

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Editorial Note

The issue of productivity has, of late, been gaining prominence in the national discourse as it is seen as critical to the country regaining competitiveness so as to spur sustainable economic growth and generate more employment opportunities. It is in this light that stakeholders in the labour reform process agreed to mainstream the issue of competitiveness and productivity into wage determination in the Labour Amendment Act No 5 in 2015. This means that parties engaged in collective bargaining are now obliged to take the issue into account in setting remuneration levels.

In this issue of the bulletin, our feature articles are on productivity and competitiveness. The first article on productivity is meant to increase labour market stakeholders' consciousness in this area by outlining the basic concepts and discussing some of the major methods and tools that can be used to enhance productivity. The second article dwells on how Zimbabwe compares with other countries in the region and abroad in terms of labour market efficiency. The comparative analysis is based on the Global Competitiveness Index (GCI) 2017 report. The competitiveness of the local labour market is examined in relation to all aspects that are measured in the labour pillar of the GCI.

There is also an article reviewing the performance of Employment Councils in relation to inspections and dispute resolution for the year 2016. Articles that present statistical information highlighting trends in the labour market in relation to employment placements and foreign recruitment are also featured.

We end with a report on the commemorations of the Africa Public Service Day.

The next issue of the Bulletin will, among other issues, feature articles on the subject of gain sharing which will be a discussion on how wealth generated from enhanced productivity can be fairly distributed among employers and workers at enterprise level. It will also explore the subject of labour broking as well as the current employment promotion initiatives being undertaken by the Ministry in liaison with various stakeholders.

C.Z. VUSANI
Director, Labour Administration.

1.0 Economic Outlook

The economy for the past few years has been underperforming, registering growth rates of 1.1% in 2015 and 0.6% in 2016. The sluggish economic growth was mainly due to high costs of production, liquidity challenges and low levels of Foreign Direct Investments (FDI) inflows as enunciated by the Minister of Finance and Economic Development in the 2017 Budget Statement.

However, the outlook for 2017 seems positive with an economic growth rate of 1.7% envisaged in the current year going by projections in the same Budget Statement.

Key Sectors Driving the Economy

Agriculture and mining, according to the Ministry of Finance's Budget Statement, would be the key drivers for overall growth with sector growth projected at 12% and 0.9% respectively in 2017. The manufacturing sector was also expected to recover if increases in capacity utilisation are to be relied on.

Agriculture sector

The sector has a major share in contributing to economic growth and is a key sector for producing exports in Zimbabwe. Growth in this sector is projected at 12% in 2017 on the back of a good harvest boosted by the Command Agriculture initiative which supported farmers with inputs; and also the normal and above normal rainfall that were received in the last half of 2016/17 agricultural season.

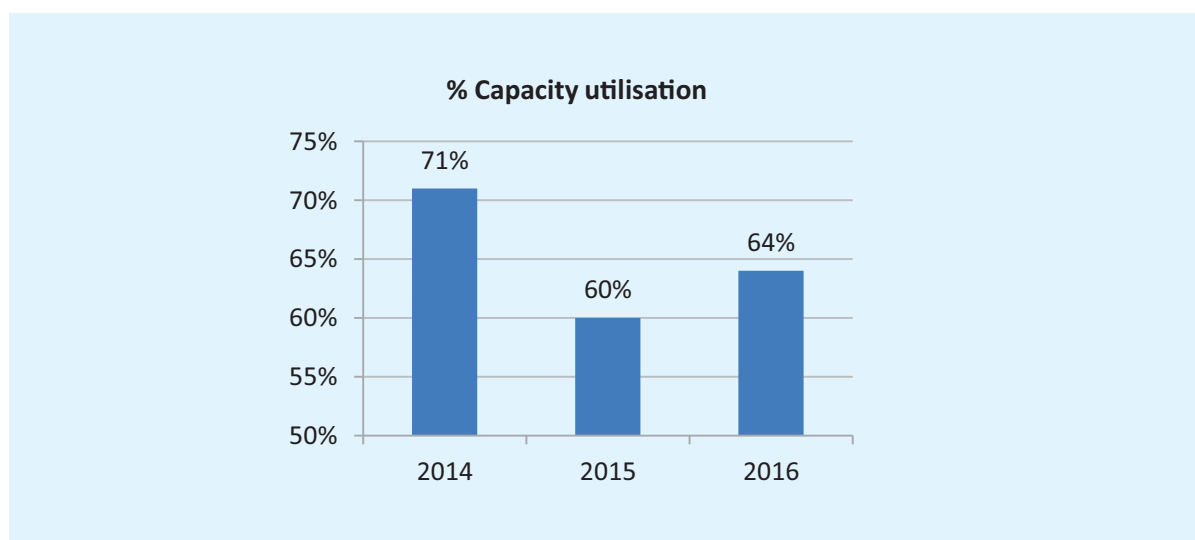
The sector has also benefited from the government through the 5% export incentive with US\$29 million already having been disbursed to tobacco farmers by the end of 2016. Revival of the sector is likely to boost local industries with raw materials and also boost employment levels. This is in light of the fact that the sector contributes about 70% of the total employment as indicated in the 2014 Labour Force Survey.

Mining and quarrying

The sector is expected to grow to 0.9% in 2017 from 0.4% in the previous year of 2016. Mining is a key sector since it is a major contributor to exports with a 60% share as well as its inter-linkage with other sectors of the economy contributing 10% to the GDP.

According to the 2016 State of Mining Industry Survey Report, the average capacity utilisation of the mining sector has increased by 4% from 2015 to 2016 due to an increase in output of key minerals such as gold and platinum. See Figure 1.1.

Percentage capacity utilisation of mining sector is indicated below in Figure. 1.1



Source: Chamber of Mines (2016)

However, the sector continues to face challenges such as high operating costs, expensive investment capital, ageing equipment and foreign payments challenges.

Manufacturing sector

Manufacturing is one of the important drivers for job creation and economic growth. The sector has been on an improving path with capacity utilisation projected to increase to 65% by year end, an increase from 47.4% in the previous year 2016 according to the Confederation of Zimbabwe Industries (CZI) Manufacturing Sector

Survey. The introduction of vigorous measures such as the Statutory Instrument (SI) 64 of 2016¹ by the Government, has contributed to the revival of the local manufacturing industry in terms of capacity utilisation.

However, the sector continues to face constraints associated with out-dated equipment, high cost of capital, low aggregate demand, liquidity crunches, high costs of utilities and unfair competition from cheap imports. However, it is projected to register modest growth of 0.3% in 2017.

¹ SI 64 restricts importation of selected goods that can be manufactured locally to promote local manufacturers

2.0 Overview of productivity

Introduction

In the previous Bulletin we discussed the Zimbabwe National Productivity Institute (ZNPI) whose main aim is to stimulate productivity improvement within the economy. Despite being in its formative stages, the Institute has already started rolling out productivity enhancing programmes starting with the manufacturing sector. These training programmes are being conducted in liaison with the respective National Employment Councils (NECs).

In this issue however, focus will be directed towards an overview of the concept of productivity, including the introduction of basic productivity concepts. The 5S system, which is one of the productivity enhancement tools, will also be discussed in detail.

2.1 Basic Productivity Concepts

Productivity is a ratio of a volume measure of output to a volume measure of input use. Basically, it shows the relation between the amount of output produced and the amount of input used to produce that output.

Productivity can be measured in different ways. In broad terms, productivity measurement can be classified as *single factor productivity* and *multi-factor or total-factor productivity*. The single factor measure relates a measure of output to a single measure of input while multifactor productivity relates a measure of output to a bundle of inputs. Productivity is usually measured in relation to the main inputs in the production process which are labour and capital.

Labour productivity shows how labour is used productively to generate output or value added and how rapidly technical change proceed. It measures the amount of goods and/or services produced by one unit of labour.

Capital productivity shows how productively capital is being used to generate value added or output. It basically refers to the ratio of the output to physical capital.

Multi-factor productivity shows how productively combined inputs, such as labour and capital, are used to generate output.

The need for productivity improvement

Increasing productivity has become a priority for most economies. Whether you are a policy maker, businessman or worker, your sustainable prosperity depends on increased productivity. In the same vein, it is essential to note that increased productivity provides a win-win situation among the social partners (labour, business and government).

In the case of employers, increased productivity results in higher revenues and profits, leaving the businesses with a surplus they can use to expand their businesses. This results in enhanced production capacities thereby creating more job opportunities.

Workers also benefit from increased productivity because it means more resources will be generated to sustain increased wages and offer better working conditions.

On the part of government, increased productivity entails growth in tax revenue that is needed to finance government expenditure on social services and infrastructure development.

Above all, increased productivity drives competitiveness of locally manufactured goods and services on the local and export markets. Local consumers benefit in terms of lower prices and better quality of goods due to decreased unit production costs. On the external markets, local goods and services would be able to withstand competition thereby boosting foreign exchange earnings.

2.2 Productivity enhancement tools:

There are various strategies and tools that can be implemented to enhance productivity. These range from basic to advanced productivity tools. The basic tools include the 5S system, innovative and creative circles as well as knowledge

management. On the other hand, advanced productivity tools include total quality management, *Kaizen* and lean production. This Bulletin will concentrate on the 5S system tool of productivity improvement.

The 5S system 5S was started in 1972 by Henry Ford in the United States as the CANDO programme: Cleaning up, Arranging, Neatness, Discipline and Ongoing improvement. The technique was later popularized as 5S in 1980 in Japan by Hiroyuki Hirano.

Elimination of waste from the operations of an organization forms the basis for productivity improvement. The process of identifying and eliminating waste within the operations is referred to as *lean management*. There are various lean management tools which can be used in eliminating waste and one of them is the principle known as the 5S system.

The 5S system is a method of providing structure, focus, discipline and ownership to workers for any initiative or system within the organisation. It focuses on creating a clean and orderly workplace that exposes waste and makes abnormalities immediately visible.

The method involves 5 simple steps captioned by Japanese words which all start with the letter 'S' hence the name 5S. The steps involved are *Seiri* (sort), *Seiton* (set in order), *Seiso* (shine), *Seiketsu* (standardize) and *Shitsuke* (sustain).

Sort (Seiri)

Is the first step and it focuses on eliminating unnecessary items in the workplace. The idea is to keep only what is needed, the amount needed and ensure it is available when it is needed. In this process, prioritisation is the key concept hence employees are cultured on how to effectively prioritize resources, time and space.

In implementing this first "S", the red-tag process is usually implemented. This is a process by which useful materials are separated from what should be disposed.

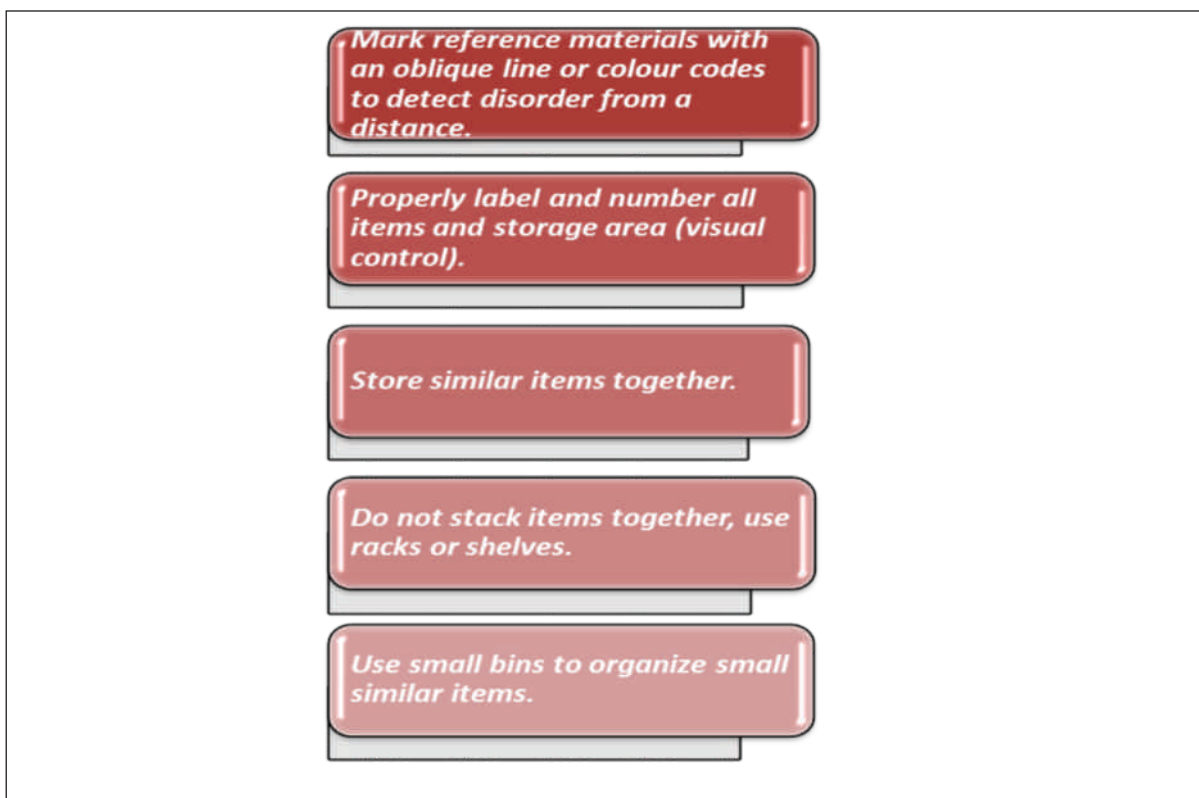
The potential impacts of sorting (seiri) are that necessary items are identified and positioned in the right workplace and location. Unwanted items are eliminated which leads to improved working environment, reduced searching time and optimal utilization of space.

Set in order (Seiton)

This step involves arranging necessary items in a neat and systematic manner so that they can be easily retrieved for use and returned after use. The second “S” emphasizes on safety, efficiency and effective storage. It is in line with the popular saying “a place for everything and everything in its place”

Once the first “S” (Seiri) has been successfully implemented, there is need to arrange all the remaining materials, tools and equipment in an orderly manner so that there is ease of access and storage. The activities given below can be included as part of the second “S”:

Recommended steps under Seiton:



Shine (Seiso)

This principle involves cleaning and thoroughly inspecting the workplace so that there is no dirt on the floor, machines and equipment. The emphasis of this activity is on inspecting the entire workplace for any red flags. If one continues to observe some anomalies such as oil leaks on machines, then there will be need for urgent remedial action.

Seiso inculcates responsibility and problem prevention attitude within employees. Employees will be sensitised on the fact that they are also responsible for the overall success of the organisation in as much the same way as management. Also cleanliness ensures a more comfortable and safer workplace as well as better visibility.

Standardize (Seiketsu)

The fourth “S” refers to maintaining a high standard of workplace organization by keeping everything clean and orderly at all times. Once the first 3 “S”s are in place, the next step would be to concentrate on standardizing best practices.

The organisation must include the creation of procedures and simple daily checklists which are to be visibly displayed at every workplace. The checklists ensure that the daily 3 “S” requirements are carried out habitually as best practices in the work place.

Sustain (Shitsuke)

This refers to the training of employees to practice 5 “S” system *continuously* so that it becomes ingrained in the organisational culture. This has more to do with self – discipline of everyone in working towards achieving organizational goals.

The fifth “S” makes it a habit of maintaining the momentum of the previous four “S”s to ensure sustainability of the system and to make further improvements. Sustainability of the first 4 “S”s can be achieved through building awareness of the importance of 5 “S”, rewarding and recognizing the efforts of staff as well as continuous training and sensitization programmes.

As a result of Shitsuke, the employees will be more compliant to workplace rules and standard operating procedures. Team spirit and discipline are also developed and the 'Kaizen' (continuous improvement) mentality is ingrained within the employees.

Conclusion

The 5S system goes beyond mere housekeeping activities and has the potential to yield far reaching results for the Zimbabwean firms if carefully implemented. In this light, the ZNPI is also prioritising the adoption of the 5S system within the manufacturing sector as part of its productivity enhancing programmes.

In order for the 5S system framework to be successful, the most important factor is the commitment and involvement of every employee as well as strong visible support from top management. Consequently, this results in operation effectiveness, enhanced productivity and a better working environment.

3.0 The 2017 Global Competitiveness Index (GCI) Report on labour market efficiency: How does Zimbabwe compare?

3.1 Introduction

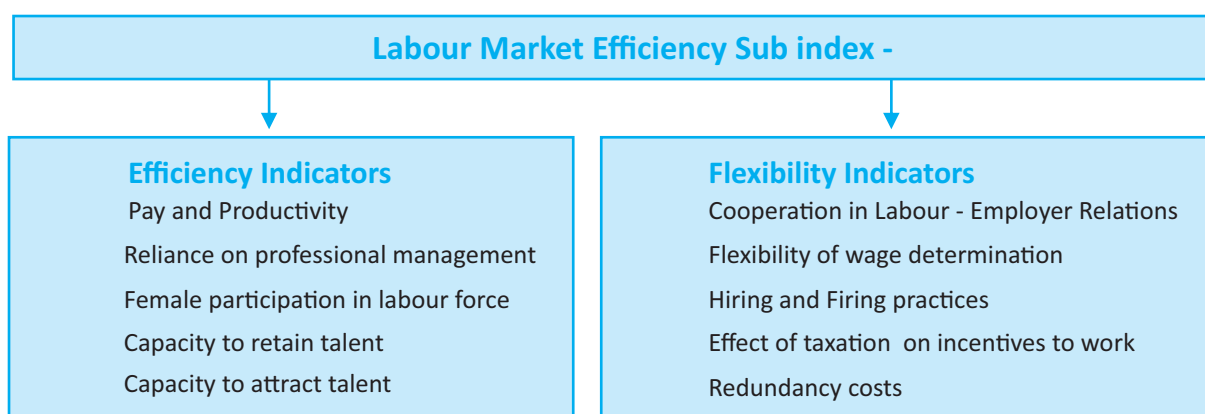
The efficiency and flexibility of the labour market are key in ensuring that human capital is allocated to its best use in the economy. Labour markets must therefore have the flexibility to shift workers from one economic activity to another rapidly and at low cost, and to allow for wage fluctuations without much social disruption. At national level labour market flexibility increases the ability of a country to relocate production to emerging segments and adapt the workforce to the new demands of high-tech sectors.

The GCI framework

The Global Competitiveness Report defines *competitiveness* as the ‘set of institutions, policies, and factors that determine the level of productivity of an economy, which in turn sets the level of prosperity that the country can earn’. The GCI combines 114 indicators that capture concepts that matter for productivity. It also includes data from the World Economic Forum’s annual Executive Opinion Survey to capture concepts that require a more qualitative assessment.

According to the GCI, the labour market efficiency is one of the efficiency enhancers sub-index which is key for efficiency driven economies. This sub-index has 10 indicators which are grouped as shown in Figure 3.1

Figure 3.1: Labour Market Efficiency

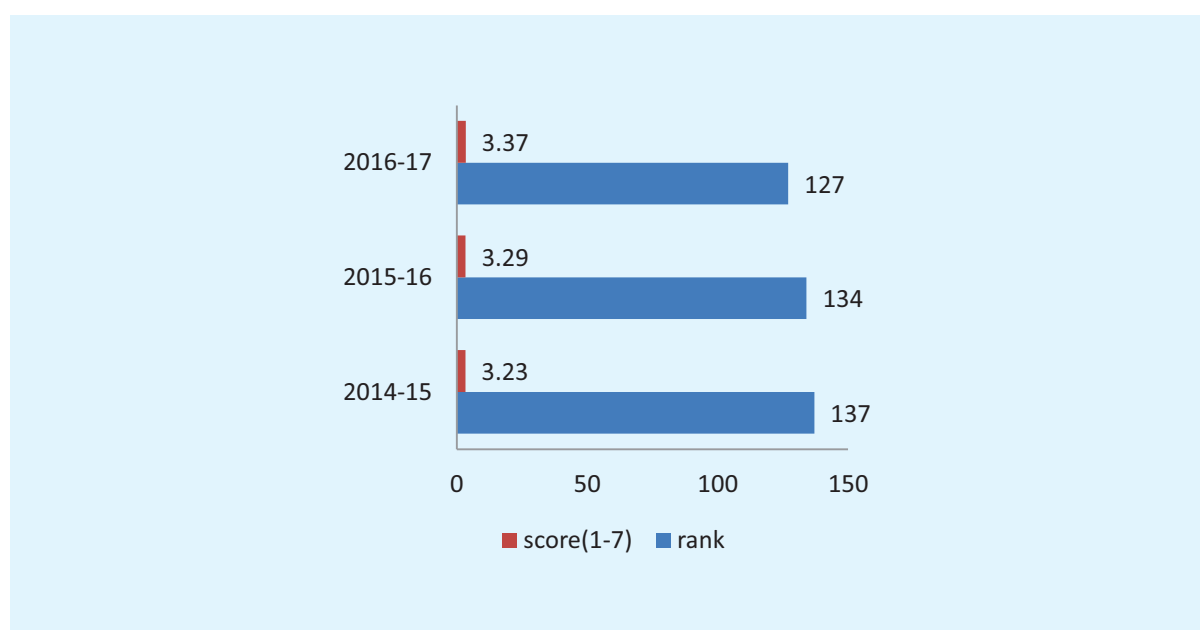


Labour Market Efficiency Trend in Zimbabwe (2014-2017).

The 2016-17 African Report on Competitiveness launched by the World Economic Forum in South Africa in April 2017 has classified Zimbabwe among the poorest performing nations for 2017. However, this ranking was much more influenced by the constrained macro-economic performance whose key indicators were on the negative, especially the financial sector.

Although Zimbabwe is lowly ranked in terms of labour market efficiency when compared to its counterparts in the region, its overall ranking and value has been improving since 2014 as reflected in Figure 3.2. The labour market efficiency performance improved from 137 in 2014-15 to the current ranking of 127. This has seen the value on a scale of (1-7) increased from 3.23 to 3.37 which is close to the sub-Saharan Africa average of 3.55 in 2017.

Figure 3.2: Labour Market Efficiency Trend (2014-2017), global ranking and score

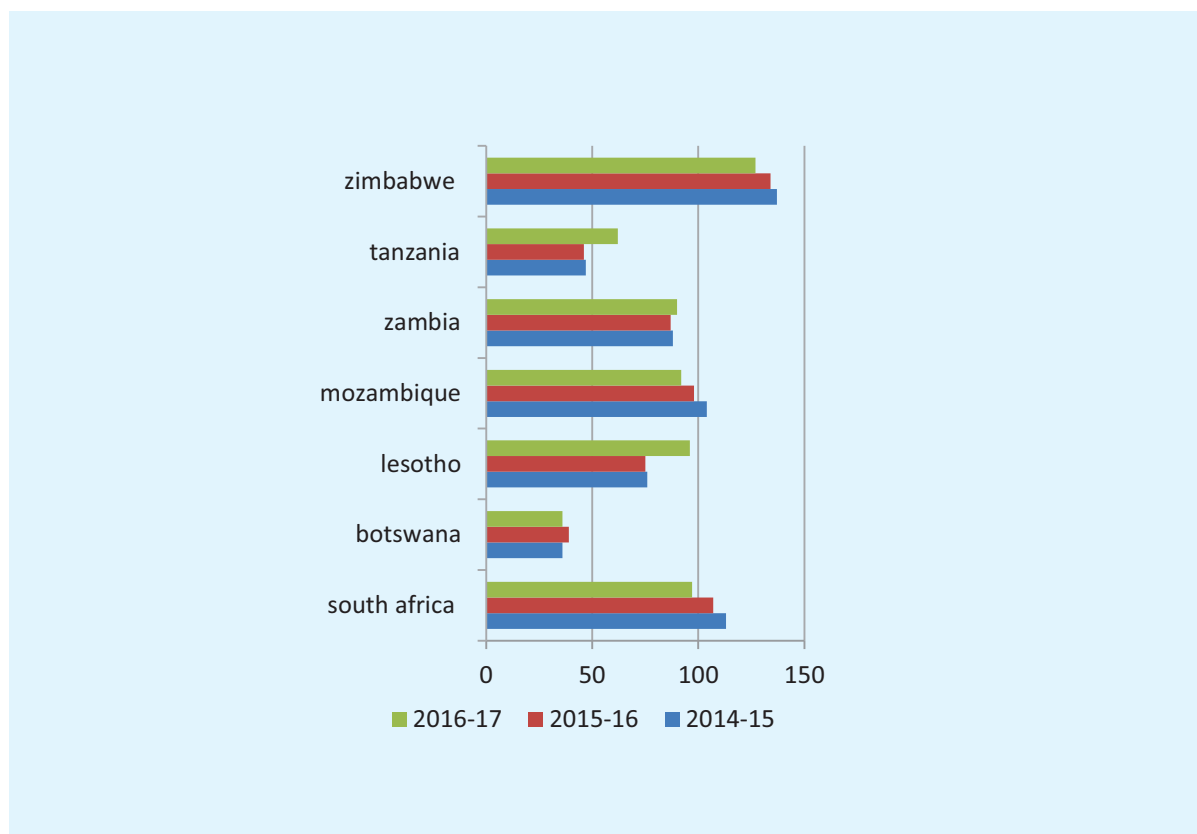


Source: World Economic Forum, 2017

When compared with its regional counterparts, Zimbabwe is the only country in the region with a rank above 100 since 2014 as indicated in Figure 3.3. Although the rank is above 100, there is a positive change by 10 rank points, that is from 137 in 2014 to

127 in 2017. This shows that the country is doing better in other aspects of the labour market which are explained later in this section.

Figure 3.3 Comparisons on labour market efficiency rankings (2014-2017)

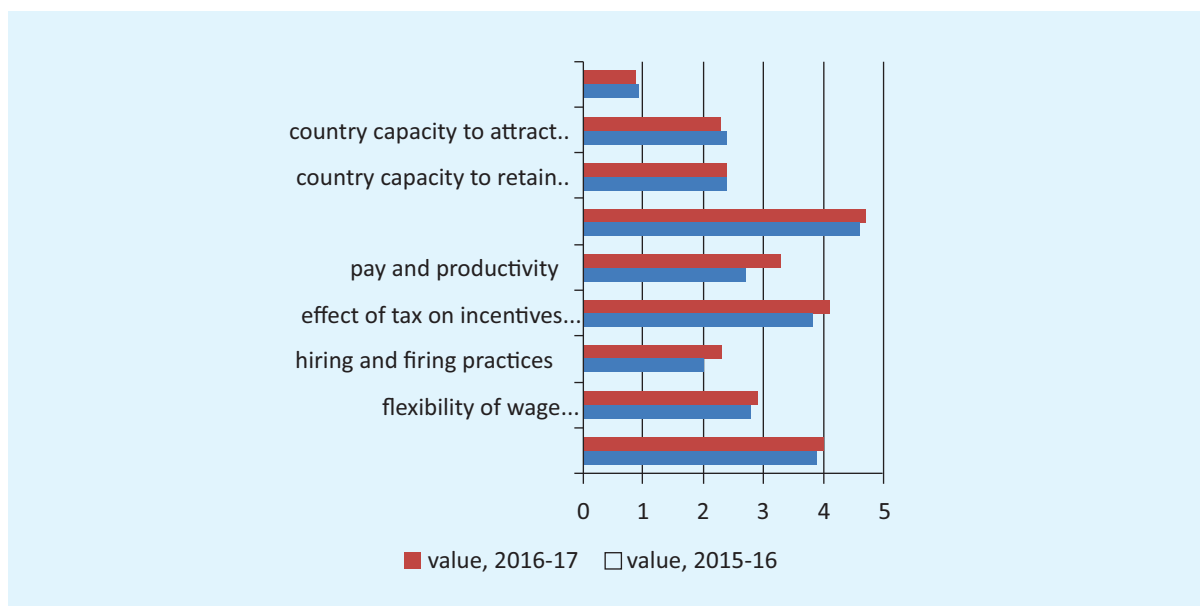


Source: World Economic Forum, 2017

Despite its ranking lowly on labour market efficiency, the country performed better for most of the indicators as reflected in Figure 3.4 above. Two of the efficiency sub-indicators were on a negative trend and these were: country capacity to retain talent and women in labour force as a ratio of men. The country's capacity to attract talent remained unchanged at a value of 2.4 between 2014 and 2017. The indicators are rated on a scale of 1 to 7 with a median value of 3.5, which half of the country's indicators falls below.

The country experienced a mixed performance on different individual indicators that builds up the labour market efficiency index. Positive changes were observed in

indicators under both sub-group categories of efficiency and flexibility indicators as depicted in Figure 3.4.



Of the efficiency indicators, reliance on professional management had the highest score of 4.7 with a positive trend having moved from 4.6 in 2016. This score is above all regional counterparts and most other African countries. The score is comparable to emerging markets countries and the developed world. The score is above the 2016 score of Spain (4.5), Turkey 4.2, Russia was at 4.0, and Portugal 4.1 as well as China scored 4.4. It is also not far from the 2016 highest scores of 6.0 and 6.1 by the world's number one and two on labour market efficiency, which are Switzerland and Singapore.

In terms of human capital, this demonstrated that Zimbabwe is competitive.

Employer/employee cooperation on wage and productivity issues

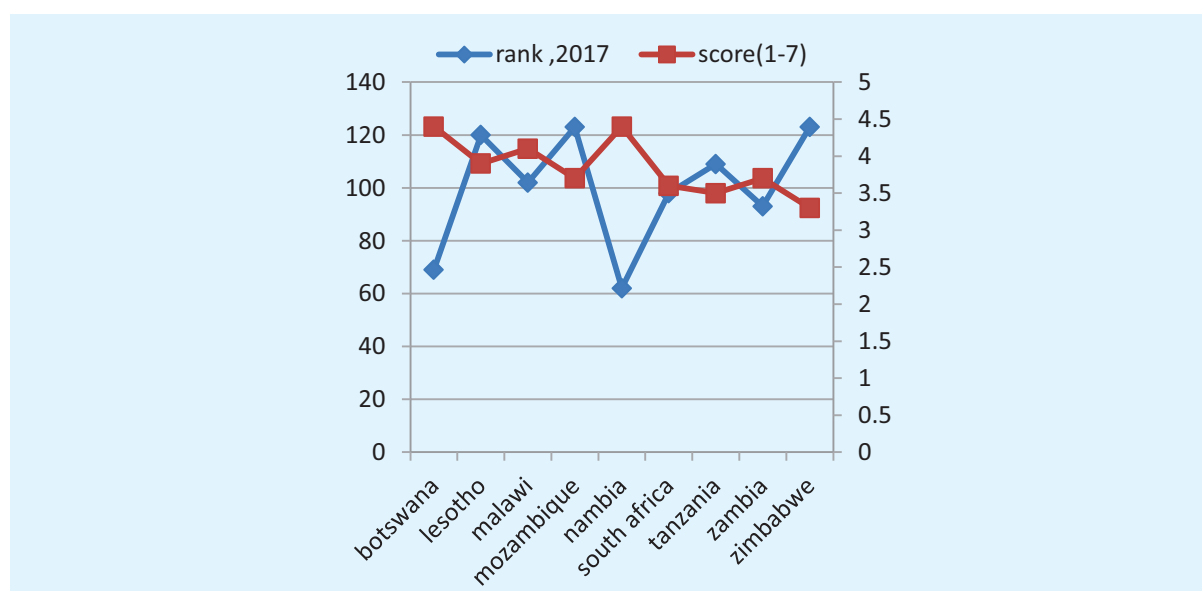
Another key measure of efficiency indicators that Zimbabwe performed better for the period under review is the cooperation in labour – employer relations. Industrial relations between players in the Zimbabwe labour market has improved over the period 2014 to 2017 as indicated by the score in Figure 3.4. This is mainly attributable to social dialogue systems that are provided for by the labour regulations and laws of the country. These include bipartite negotiation at works council level (company

level), at Employment Council (industry level) and at the Tripartite Negotiating Forum (national level).

More importantly, the level of maturity and professionalism displayed by players themselves in understanding the gains of dialoguing is a matter to consider. Parties are engaging each other regularly at the lowest level (company level), and at National Employment Council Level some are even engaging on monthly basis to discuss common matters affecting industry performance in their sector.

At national level ,the cooperation between players in the labour market is represented by the Tripartite Negotiating Forum (TNF), where social partners, namely government, labour and business interface to discuss labour market matters, as pronounced in the national policy framework agenda. Nevertheless, there is still need to improve the process to match our regional counterparts as we are lowly ranked compared to them as indicated in Figure 3.5.

Figure 3.5 Cooperation in labour-employer relations, regional comparisons, 2017



Source: World Economic Forum, 2017

Processes are underway to make the TNF a legal persona which is the case with South Africa where the main social dialogue platform, National Economic Development and Labour Advisory Council (NEDLAC) is a fully legislated body.

Flexibility of wage determination has become a topical issue in the global labour market reforms debate. Investors worldwide are considering wage inflexibility or wage rigidity when choosing investment destinations. The intensification of competition also creates pressures for wage localization so that employers can achieve greater flexibility concerning pay, both on cost and performance grounds, within and between companies. The consequence is an increasing decentralization in multi-employer collective bargaining systems to expand the scope for wage flexibility, and a concomitant growth in all countries of variable payment systems. The decentralization, and to a lesser extent decline, of collective wage bargaining is now common.

According to the World Economic Forum, wages that are set by a centralized bargaining process are highly inflexible and attract a score of 1 and wages set by each individual company are highly flexible and attract a score of 7.

Wage flexibility is broadly defined to encompass the nature of pay regulation under collective bargaining, in particular, tendencies to decentralization and also to specific schemes that deliver pay variation in practice.

The collective bargaining system in Zimbabwe provides for wage flexibility by allowing companies to apply for exemptions not to implement the agreed sectorial wage rate. The company applying for an exemption has to prove that it has no capacity to pay the sectorial wage and has to also agree with its workers. In practice, the system proved difficult if the exemption sought is a downward variation. This is partly because there are no set rules agreed for the supplementary wage negotiations unlike in other countries. For example, in other countries' manufacturing sector, the presumption is made that supplementary company wage

negotiations will occur, governed by four criteria: financial situation of the enterprise, productivity, business prospects and the labour market situation. Research has shown that the most common parameters used in company negotiations are the productivity parameters. They frame the majority (60%) of negotiations in manufacturing sectors, while profitability criteria are used almost universally in negotiations in the banking sector.

Evidence exists in the labour market that points to the challenges in minimum wage setting in the industrial sectors in Zimbabwe. In the recent past, a significant number of NECs have failed to conclude their Collective Bargaining Agreements (CBAs) and for those that have managed to register their CBAs, they also even failed to implement and led some to approach the courts. For example, the NEC for the construction sector has failed to reach an agreement since 2013 and their case is still to be determined in the labour court. The insurance sector has also been in deadlock for the past ten years. Administrative data from inspections conducted has revealed that cases of underpayment from agreed wages, non-payment of overtime and bonuses have become prevalent in the labour market. In 2016, 1 182 cases of underpayment of wages were reported and the majority of 39% were in the commerce sector, with agriculture at 14%, motor industry at 11%, medical and engineering were at 7% apiece and transport 6% of the cases.

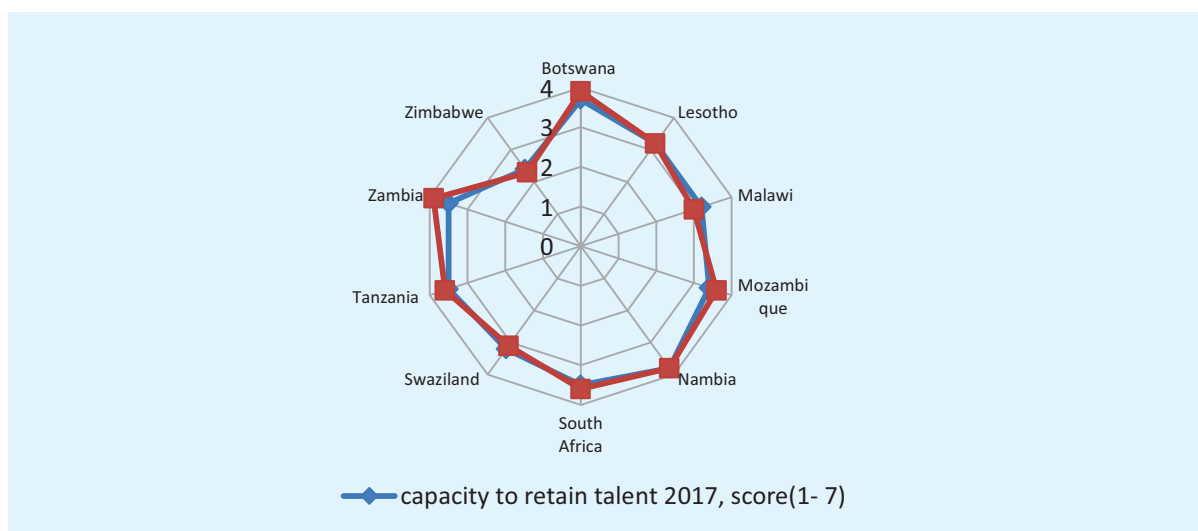
Pay and productivity: Does the gap point to wage decoupling or else?

The efficiency wage model suggests that the productivity of workers in firms is positively co-related to the wages they receive. When one looks at the relationship between worker wages and worker productivity, there's a significant gap that has arisen in the past several decades. According to data from the Economic Policy Institute of United States of America, productivity grew by about 74 percent between 1973 and 2013, compensation for workers grew at a much slower rate of only 9 percent during the same time period.

Various researches worldwide have come to the same conclusion that there is varied gap between pay and productivity in most countries. The Zimbabwean labour market scored 3.3 in 2016-17, a positive change from the 2.7 realised in 2015-2016 period. Although the score has improved, its value is still below the median score and the SADC average score of 3.6. This, to a larger extent, points to a wider gap that exists between wages and productivity in the country's labour market. This means that the gap between pay and productivity has shrunk over the period. This could be explained by the stagnation of wages which is in line with the poor sectorial performance during the period under review.

The other two crucial indicators that Zimbabwe has badly performed in are the 'capacity to retain and attract talent'. Zimbabwe throughout the continent and global arena is known for producing talent courtesy, of its high quality educational system.

However, since 2000 the country has faced bottlenecks in retaining its own talent and even attracting talent around the globe due to the economic meltdown precipitated by a variety of challenges and recurring droughts, among other factors. This has resulted in poor ranking on these key indicators. The country's ranking on the capacity to retain talent slipped from 128 in 2015-16 to 129 out of 138 countries covered in 2017. Similarly, the capacity to attract talent also worsened from a score of 2.4 to 2.3 over the same period. In the region, Zimbabwe is the only country with a score below 2.5 while most of the countries are between the score of 3.1 and 3.6.

Figure 3.6 Retention Capacity: regional comparisons

Source: World Economic Forum, 2017

However, there is need for a deliberate policy at national level and by the private sector to come up with strategies and policies to retain and attract talent. At the height of the skills flight in Zimbabwe around 2007 and 2008 the government introduced a monetary incentive retention allowance to certain professional skills in a bid to discourage its drain from the local labour market.

The Health Services Bipartite Negotiating Panel offered a combination of financial and non-financial retention allowance, in the form of, for example the vehicle loan and housing schemes and a 10% of basic pay for staff based in rural areas. However, the quantum of the incentives were considered inferior to those offered in other competitive markets and failed to stop the massive migration of professionals in the sector.

The Zimbabwe Engineers Association indicated that the majority of experienced and skilled engineers were working outside the country and the local market has of late been depending on expatriates, particularly in the mining sector, as indicated by a rising figure of expatriates in that sector.

Furthermore, the policy of bonding staff to retain their services upon completion of training has now proved unpopular and has encouraged desertion by staff without giving the contractual notice period. New policies by both government and the private sector are needed to abet the continued skills flight out of the country. As much as more effort has been put to produce quality skills through an enhanced educational system, the same should be done to retain the skills so that they do not produce personnel for other countries.

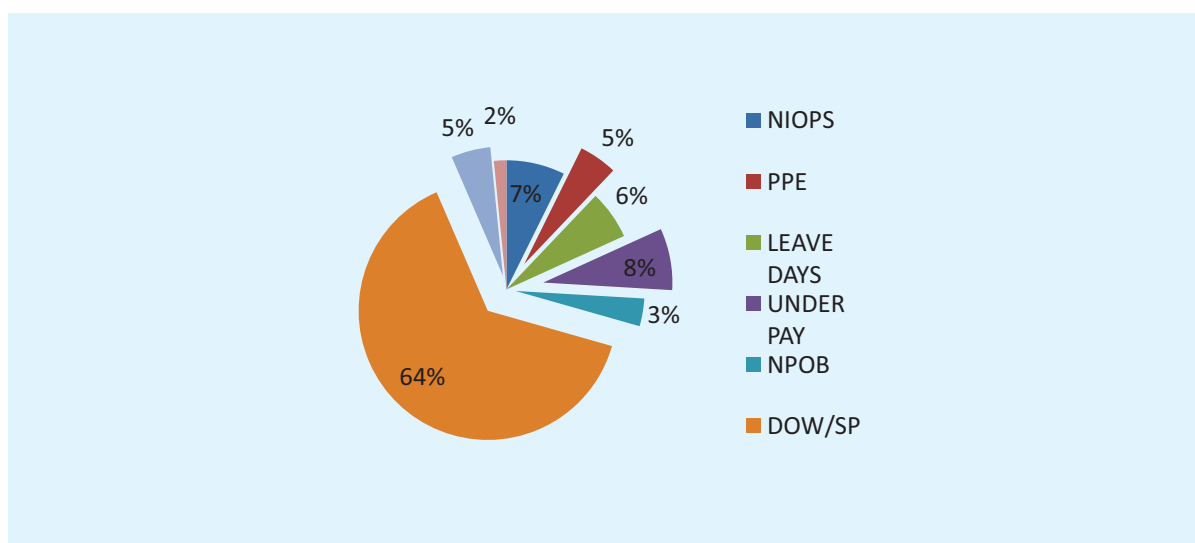
4.0 Inspections and dispute resolution: The performance of employment councils

This article looks at the performance of a key component of labour administration in Zimbabwe - the employment council. The focus is on the inspectorate and dispute resolution functions of these entities, analysing the trends in terms of the findings of the inspections.

4.1 Inspections

The purpose of a labour inspection is to check on compliance with the provisions of labour legislation and where there are deficiencies to rectify or ensure that measures are in place to ensure that they are rectified. The total number of inspections conducted by the NECs in 2016 fell by one percent (1%) from 15 162 in 2015 to 15 005 in 2016.

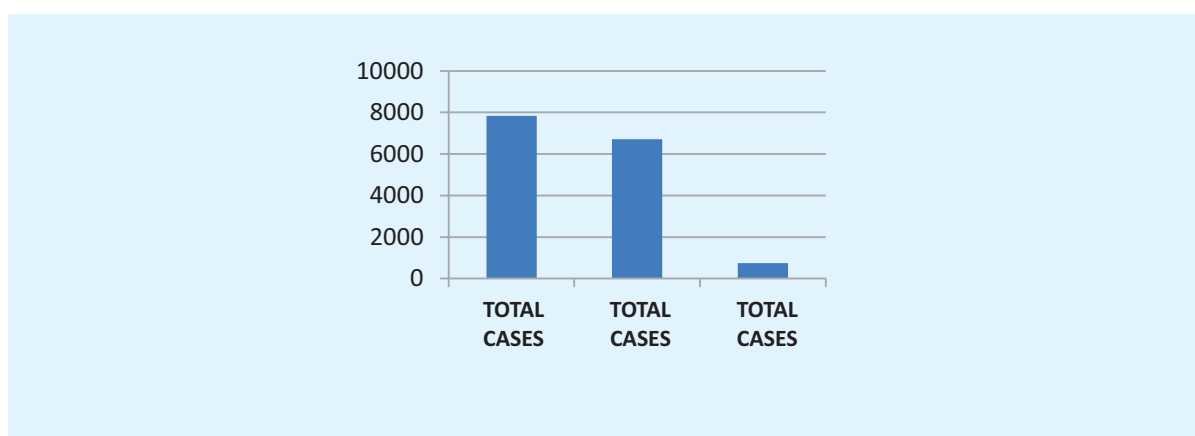
The inspections conducted revealed that the major area of non-compliance with regulations is on the date of wages and salaries payment, which is abbreviated to “DOW/SP”. This constitutes 64% of the areas of non-compliance and is the single largest violation that was discovered during the inspections. The second most prevalent area, at 8%, was underpayment of wages and salaries, followed by non-issuance of payslips which is at 7% of violations. The other areas of non-compliance included failure to comply with provisions for leave days (6%), non-issuance of protective clothing (5%) and non-payment of overtime (NPOT) at 3%. The other areas of non-compliance not classified under any of those above were at 2%. (See Figure 4.1 below).

Figure 4.1: Areas of non-compliance uncovered during the inspections

Source: MPSLSW

4.2 Dispute resolution

In the year under review, a total of 8 834 disputes were reported to the employment councils. Of these disputes 6 709 were disposed of leaving 745 of the cases outstanding by the end of the year. (Figure 5.2 refers)

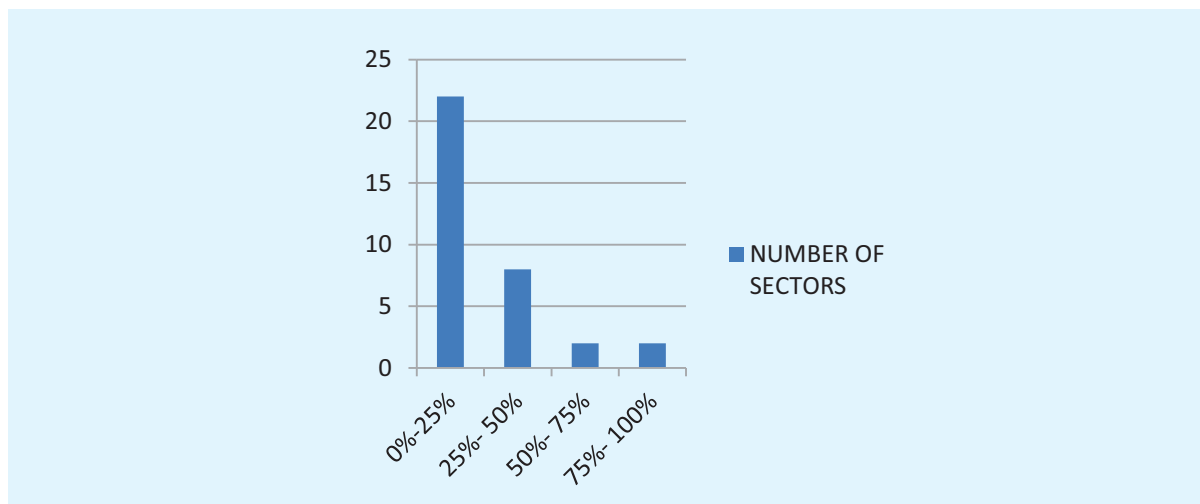
Figure 5.2: Share of resolved/outstanding cases (2016)

Source: MPSLSW

Looking at the sectoral spread, the majority of employment councils had outstanding disputes at the end of the year 2016 with only four employment councils that did not have any outstanding disputes by year end. In terms of the proportion of outstanding

cases of the total cases received, most of the employment councils had less than 25% of their cases outstanding as depicted in Figure 5.3.

Figure 5.3



Source: MPSSLW

Of the sectors that did not have outstanding cases, pulp and paper had received only one (1) while the Grain Marketing Board received nine (9) disputes, sugar milling seventeen (17) and transport operating stood seventy-seven (77).

The Employment Council for Rural District Councils had the highest incidence of outstanding cases having received forty-six (46) cases which were all outstanding at the beginning of the year 2017. Low turnover of cases was also recorded in the ceramics industry where only one (1) out of the eleven (11) cases reported was resolved. A detailed breakdown of the outstanding disputes for each sector is given in Appendix 1.

4.3 Possible measures to enhance the employment councils' role in labour administration

Employment Councils remain vibrant agents of the labour administration system in Zimbabwe. They have managed to execute their functions as evidenced by the statistics of the work that they have been doing which has been summarised in this article. However, there are sectors that need to improve on their capacity to resolve disputes. In the interest of ensuring a sound labour administration system in

Zimbabwe, officials of employment councils need to be equipped with the necessary skills to execute their mandates.

In this regard, the regular inspections and subsequent reports and feedback given to the employment councils are of great assistance. The few employment councils without designated agents need to move with speed to employ agents as that is a key contributor to ensuring that the employment councils fully and properly execute their duties.

The prevalence of late or non-payment of wages and salaries requires a solution at national level. This issue needs to be discussed among social partners in the Tripartite Negotiating Forum as part of the broader social contract perspectives to address the socio-economic challenges that result in business entities failing to pay wages on time.

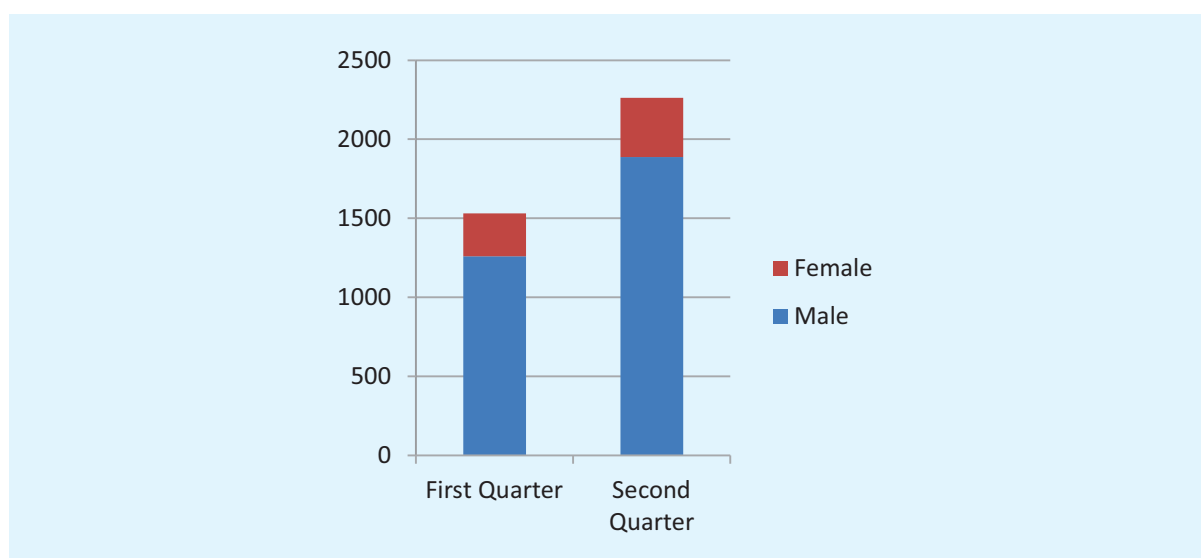
5.0 Employment placement trends: Casualization of labour persists

This article seeks to analyse job placements trends utilising administrative data from the MPSLSW's National Employment Services Division (NESD). NESD is a public employment exchange service that provides a platform where jobseekers are linked to employers. The employers notify the Division of available vacancies at their establishments and jobseekers' skills are matched with the requirements of jobs notified. Statistics from NESD do not indicate national trends on job placements since most companies and businesses use their own recruitment procedures while others resort to private employment agencies. However, the statistics may help to paint a picture as a proxy to employment trends obtaining at national level.

Employment by sex

The disposition of employment placements by sex for the first quarter and the second quarter of 2017 exhibited that the employment of male outstripped that of females by significant margins. During the first quarter females only accounted for 19% of employment placements. Similar trends also prevailed in the second quarter where employment placements for male were 86% of total job placements (**See Figure 5.3**)

Figure 5.3: Job placement by sex



Source: MPSLSW

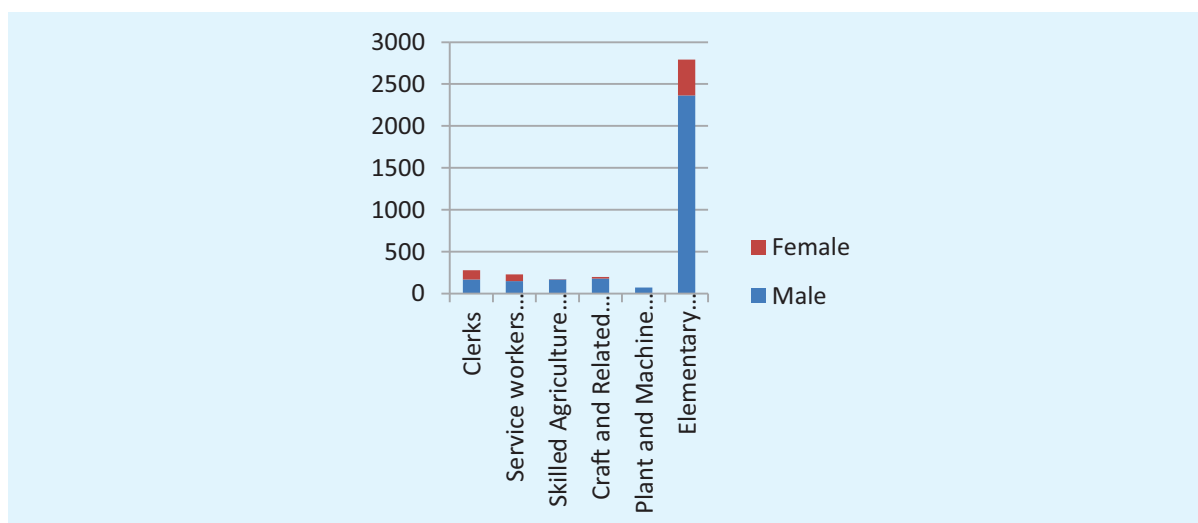
Judging from Figure 5.3, there is need to promote policies that provide for equal opportunities for employment for both men and women. It is important for women to be informed on opportunities available for them to ensure their active participation in the labour market.

The government is taking bold measures to encourage economic empowerment of women and their participation in the world of work. Some milestones worth noting include the establishment of the Women's Development Fund, National Gender Policy, the National Financial Inclusion Strategy and the development and implementation of Women's Savings and Lending Schemes.

Robust campaigns and career guidance talks during which the roles of women in economic development are highlighted may play a significant role in persuading marginalized women to take responsibility in building the nation through their skills which are crucial in the labour market. Women should also be encouraged to take challenging tasks or positions at work regardless of their gender and roles. The efforts to improve on participation of women in the labour market should be considered at the same time with the need for improving work environments to be suitable for women. An example is the provision of nursery facilities at workplaces so as to allow for convenient breastfeeding for female employees while they are at work.

Employment by skills category

Looking at the statistics provided by the National Employment Services Division one can deduce that males dominated not only in the number of job placements but also in skilled work. An analysis of job placements by category of work shows that most job placements in the first half of 2017 (76%) were in the Elementary Occupations category with males accounting for 85% (**See Figure 5.4**). Having the majority of placements falling under this category implies that the bulk of the workforce is being trapped in low skill, low pay and precarious jobs.

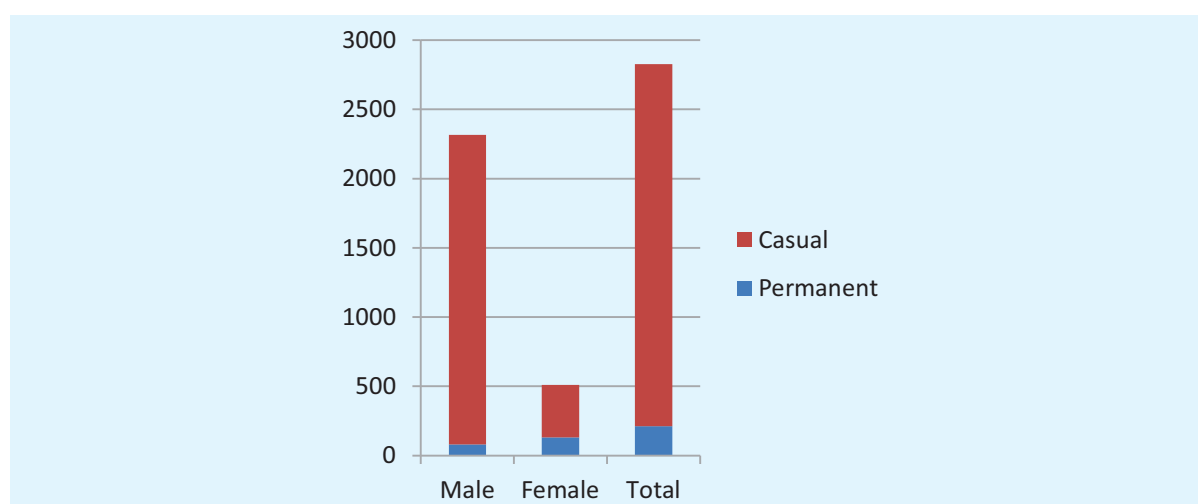
Figure 5.4: Job placements by category, 1st half of 2017

Source: MPSLSW

Apart from the Elementary Work category a modest number of jobseekers were absorbed in the 'Clerks and Service workers' sectors and shop market and sales categories which employed 10% and 8% respectively.

Employment by status in employment

Considering employment placements by status in employment shows that the majority (92 %) of the job seekers were engaged as casual workers. (**Figure 5.5**)

Figure 5.5: Job Placements by status in employment

Source: MPSLSW

This situation reflects the sad reality of the increasing casualisation of employment in Zimbabwe. The incidence of labour casualisation has been increasing at an

exponential rate from the year 2013. Casual workers placed in 2014 were at 72% up from 51% recorded in 2013. The upsurge continued to a record of 85% in 2015.

However, the Labour Amendment Act Number 5 of 2015 stipulates that employment councils should set time limits for fixed term contracts. This means that a fixed term employment contract beyond the set limit is deemed a contract of a permanent nature.

It is evident that in the face of the challenging economic environment, business entities are reluctant to engage labour on a permanent basis. Preference is given to casual labour which provides for flexibility in terms of hiring and firing in response to changes in the operating environment.

Some argue that casual work provides a stepping stone for unskilled and inexperienced workers to enter the labour market and gain experience which will allow them to progress to full-time work which is more secure. This purported advantage is used to justify claims that jobseekers are more likely to get permanent work if they were engaged in casual employment rather than remain in a state of unemployment. However, casual work can be advantageous to employees who seek flexibility and have instrumental attachment to the labour market. Some students are attached to the labour market because they are enabled to fund their studies through casual work so it is beneficial to them.

Apart from the aspect of flexibility, casual contracts are perceived to be less costly to employers since they do not burden them with other obligations such as pensions, paid leave and related benefits that permanent employees are entitled to.

What are the implications of casual work?

Increasing informalization of the labour market is detrimental to employees' wellness due to the prevalence of low-pay and precarious nature of the jobs. The jobs are precarious because of the unpredictability of earnings, lack of opportunities for skills development, reduced work hours, increased exposure to occupational health and safety hazards and low union representation, among others. Casual workers also face a high risk of dismissal. For instance, female casual workers are less likely to take maternity leave in fear of being dismissed.

In addition to the occupational hazards, an incident of instability or variance in pay within a short period makes it difficult for this category of workers to make long term plans. Periods of work can be accompanied by long gaps or short call-in times that make it hard for casual employees to predict their incomes, let alone plan for the future.

6.0 Technological gap spurs continued reliance on expatriates

The Government of Zimbabwe, in 1981, established a policy on the employment of expatriates in the critical manpower shortage sectors. The employment of expatriates was initially to counter the effects of the exodus of white skilled personnel that happened after independence in 1980. It was also realized that in the medium to long term, Zimbabwe as a developing country would have to rely on foreign skills as a result of general economic expansion, installation of new technology and in areas where the local training system did not adequately meet the human resources requirements.

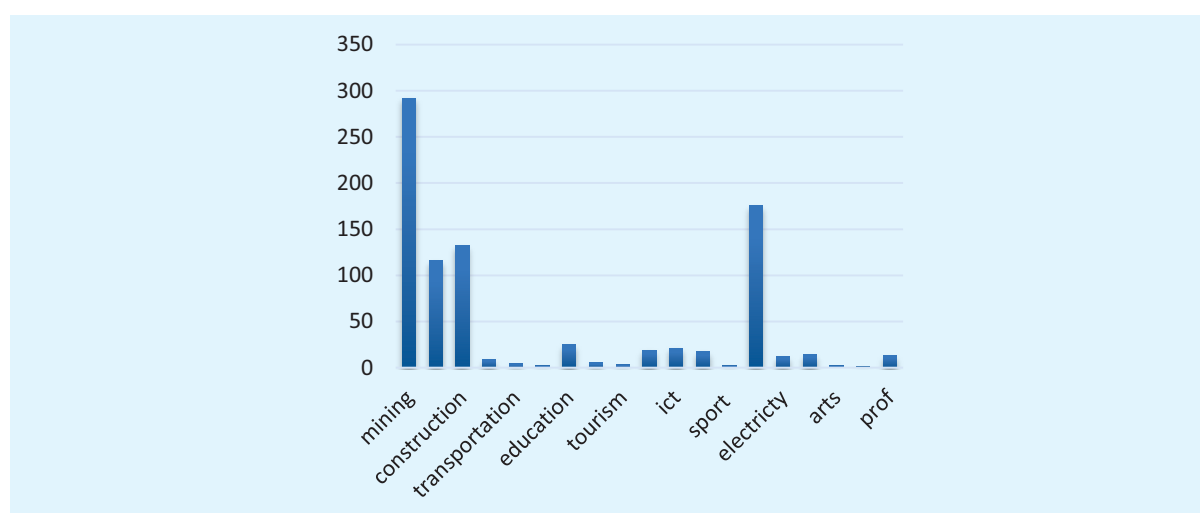
The policy was put in place to control the inflow of foreign personnel into the country by restricting it to clearly defined human resource shortage areas and for specific periods of time. This would ensure that foreign recruitment did not become self-perpetuating and undermine the training, development and employment of Zimbabweans.

The policy to engage expatriates was envisaged to ensure that the employment of expatriates in defined areas would be resorted to only after all possible alternatives to hire locally had been exhausted. The recruitment of expatriates would be carefully and selectively done, taking into account the applicant's special skills and experience and the skills needs of the country. It was also envisaged that the expatriates would transfer skills, where applicable, to identified Zimbabweans who would understudy during the course of their contract with a view to take over when the expatriate leaves.

The committee of officials of the Manpower Planning Committee on Foreign Recruitment is responsible for policy implementation advising the Department of Immigration on specific temporary employment permit (TEP) applications and monitoring the transfer of technology and skills to locals.

Looking at trends for 2015, statistics from the Foreign Recruitment Committee show that three productive sectors namely mining, manufacturing and construction account for a considerable number of foreign skilled workers. See **Figure 6.1** below.

Figure 6.1: Approved TEPs per sector in 2015

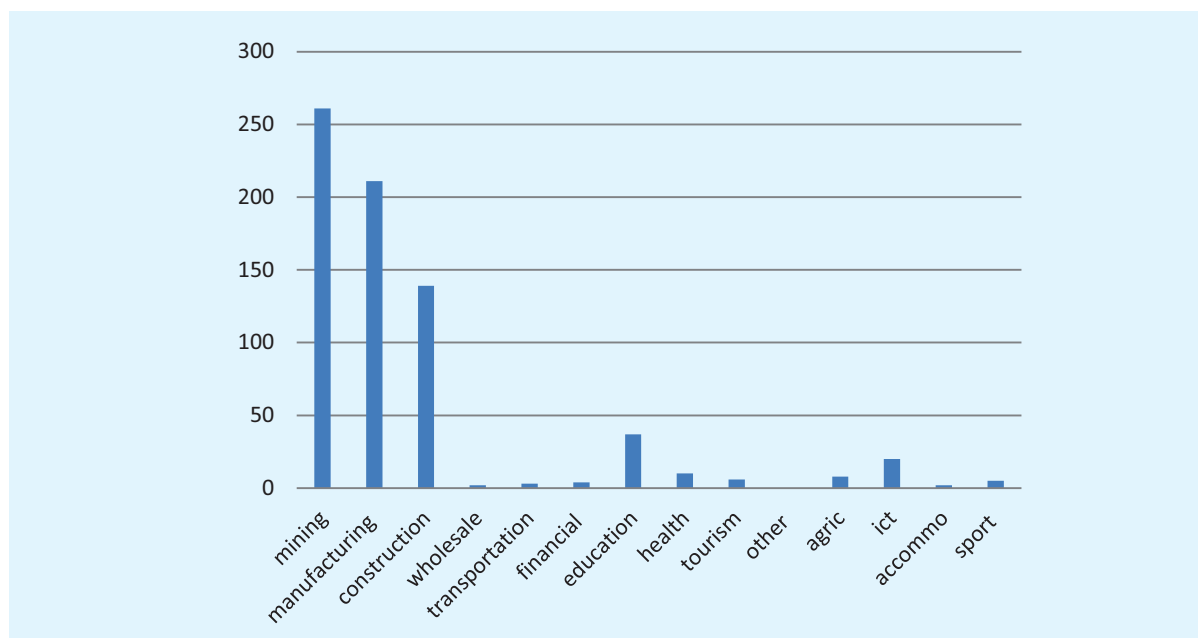


Source: MPSSLW, Administrative Records

A majority of these expatriates are on secondment from manufacturers of plant and equipment to facilitate installation, operation, and servicing. However, there are still

some coming to other sectors such as wholesale and retail trade, agriculture, forestry and fishing and information and communication. The year 2016 had a similar pattern as shown by the high rise in vertical bars. See **Figure 2**.

Figure 6.2: Approved TEPs per sector in 2016

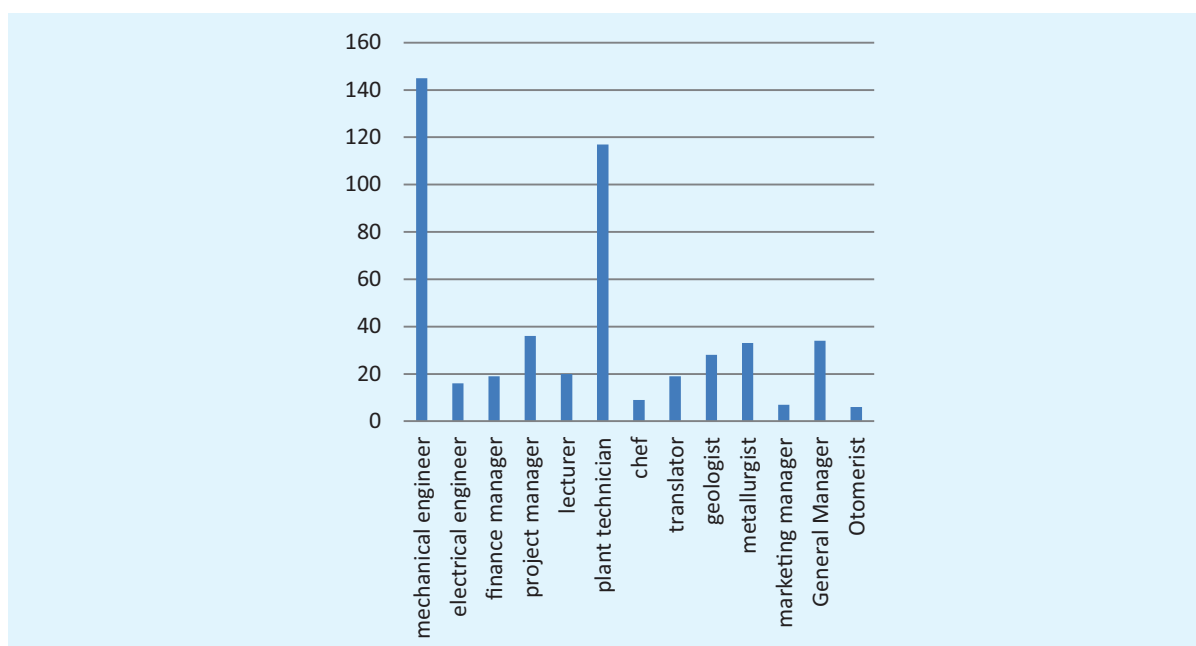


Source: MPSSLW, Administrative Records

The mining sector has brought in equipment mainly ball mills, hammer mills, diamond wire and double cutting machines. The manufacturing sector, on the other hand, has brought in lathe machines used in steel manufacturing and computerized machines for making sandak shoes, among others.

The 'other' sector has brought in missionaries responsible for ecclesiastic roles in respective denominations. Similar patterns were replicated in 2016 as the same sectors drew greater proportions of foreign experts. This supports the fact that these are the very sectors that are getting state of the art equipment needed to kick-start projects.

Looking at the expatriates coming in the country by profession in the first half of 2017, mechanical engineers and plant technicians dominate the list.

Figure 3. Approved TEPs by profession in 2017(1st half)

Source: MPSSLW, Administrative Records

In the mining sector geologists come for exploration whilst mechanical engineers sink the mining shafts and set the mining plants. Plant technicians operate double cutting machines and diamond wire in granite extraction and service the equipment. Metallurgists and mineral analysts are responsible for getting the final mineral from the Carbon in Pulp (CIP) plants, ball mills and electromagnetic sorter used separate mineral from slag.

The manufacturing sector continues to attract plant technicians coming towards the operation of equipment ranging from foam sheet extrusion line machines, vacuum forming machines and recycling machines used in the production of food containers (kaylites) for the fast food industry. Some are technicians coming to install and operate and service lathe machines used in the productions of deformed steel making. Very few technicians are operating heat press rollers that produce braids from synthetic fibres, assembling hammer mills that crush minerals like chrome and gold. This has seen some recovery in the manufacturing industry which had low capacity utilisation over the years.

A good number of the expatriates are finance managers mainly playing an oversight role in serving the interests of investors. Since most of investors are non-English speaking, they ease the communication barriers by bringing in their own translators.

The health sector has attracted optometrists who examine eyes and recommend appropriate spectacles to patients. The country has to rely on neighbouring countries to bridge this gap as they have optometry schools. This is an area where our local universities could introduce programmes to develop local capacities. Information and technology and accommodation and foods have attracted very few expatriates as the country has training institutes in those areas. However, local chefs seem to fall short in preparing Chinese and Brazilian cuisines and that is where foreign skilled chefs have come in to train locals.

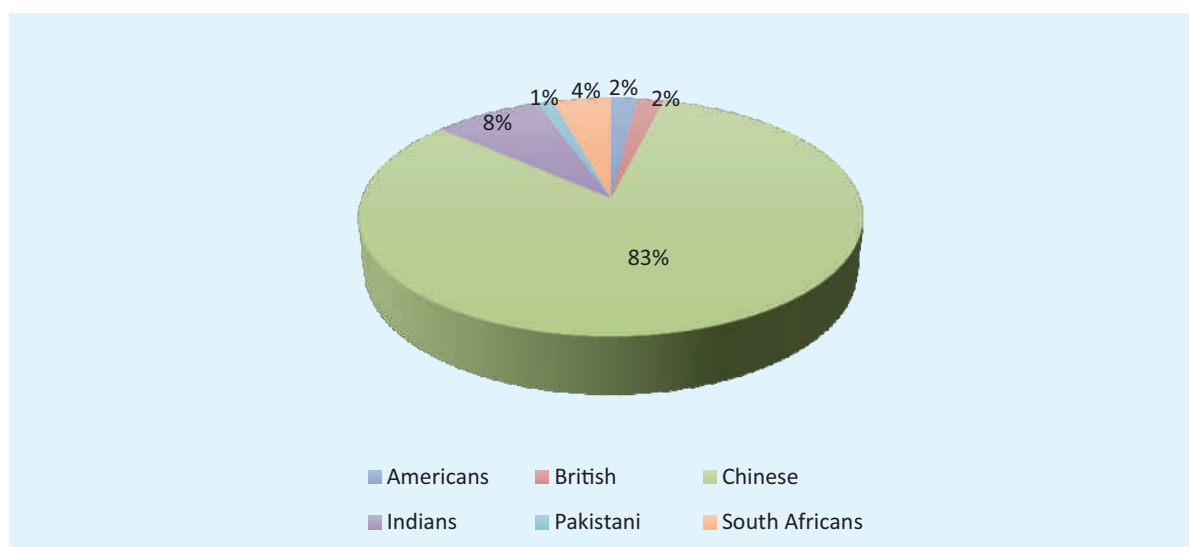
Information technology experts are coming mainly in the telecommunication sector for the installation and optimization of 4G technologies, installation of fibre optic cables and operate the splicing machines.

The construction sector has drawn expatriates working towards major government projects for the construction of the airport, universities and dams.

The increased numbers of mechanical engineers, electrical engineers, production managers and plant technicians buttresses the fact that most expatriates are working in the productive sectors to kick start projects.

Some local universities and schools have bilateral agreements with similar institutions in other countries to share and rotate their staff. This has led to the influx of foreign based skills in the education sector.

Over the years the country has been receiving equipment from the Asian countries, mainly from China, which has also translated into an increase in Chinese nationals working in Zimbabwe. See Figure 4 below.

Figure 4. Approved TEPs by nationality

Source: MPSLSW, Administrative Records

In summary, it is evident that the majority of expatriates are coming into the country to install machinery and equipment brought in by foreign investors. In the process, they also train local personnel in the operation of the equipment as part of technology transfer.

7.0 Conclusion

The foregoing articles have shown that in terms of labour market efficiency Zimbabwe's ranking in the Global Competitiveness Index (GCI) has gradually improved from 137 to 127 between 2014 and 2017. Although it may be too early to tell whether the improvement is sustainable, this may be an indicator that some of the reforms instituted in 2015 have begun to contribute to improving the industrial relations environment in the country.

It is also important to note that further amendments to the country's labour legislation are pending since the current session of Parliament is scheduled to deliberate on the Labour Amendment Bill which is meant to institute further reforms to the labour code. The underlying principles of the proposed reforms, which the social partners agreed on are aimed at ensuring that our labour laws are more responsive to the needs of labour market.

With regards to the issue of productivity, the Ministry is working on enhancing productivity consciousness at workplaces and in society at large. The articles featured in this Bulletin on this topic are part of the efforts to spread knowledge and awareness on the concept of productivity. Furthermore, the Zimbabwe National Productivity Institute (ZNPI), which is in its formative stages, has started rolling out productivity promotion programmes which will be undertaking in liaison with Employment Councils of the various sectors and sub-sectors of the economy.

It is however regrettable that statistics of the National Employment Services for the first half of 2017 indicate that the spectre of casualisation of employment continues to grow. This is an indication that the labour market will continue to face challenges that can only be tackled effectively if stakeholders work together towards a social contract to address the socio-economic challenges that the overall economy is grappling with in a much more holistic manner.

Appendix 1: Disputes resolved by NECS by Sector

Sector	Cases Reported	Cases Disposed	Outstanding Cases	% of Outstanding Cases
Ferro-Alloy	16	14	2	12.50
Detergents , Edible Oils And Fats	6	6	3	50.00
Soft Drinks Manufacturing	14	6	8	57.14
Energy	33	33	8	24.24
Ceramics	11	1	10	90.91
Tourism	49	33	16	32.65
Pulp And Paper	1	1	0	0.00
Bricks And Clay	28	27	1	3.57
Grain Marketing Board	9	9	0	0.00
Schools Development Associations/Committees	70	15	55	78.57
Rural District Councils	46	0	46	100.00
Commercial Sectors	2494	2282	212	8.50
Cotton	27	26	1	3.70
Security	865	838	27	3.12
Sugar Milling	17	17	0	0.00
Engineering And Iron And Steel	146	102	44	30.14
Clothing	21	19	2	9.52
Harare Municipal Undertaking	48	43	5	10.42
Construction	337	302	35	10.39
Furniture Manufacturing	51	39	12	23.53
Lumber Milling	32	24	7	21.88
Electronics, Communications And Allied	21	20	1	4.76
Motor	1224	1139	85	3.82
Insurance	6	5	1	16.67
Catering	542	339	202	37.27
Agriculture	1130	965	165	28.26
Textiles	26	25	1	3.85
Medical And Allied	100	88	12	12.00
Railways	19	14	5	27.78
Transport Operating	77	77	0	0.00
Leather	12	7	5	41.67
Chemicals, Fertilizers, Battery And Plastics Manufacturing	116	82	34	29.31
Communication & Allied	30	27	3	11.11
Tobacco Industry	17	14	3	17.65
Mining	193	70	123	
Average				23.56

