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## THE POLITICAL, SOCIAL, LEGAL AND ECONOMIC CONTEXT OF TRADE UNIONISM IN DEVELOPING COUNTRIES: THE CASE OF ZIMBABWE

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### ABSTRACT

This paper discusses the various factors that impact upon the context of trade unionism in Zimbabwe. Much as the leadership of the trade unions may want to implement their programs without hindrance, it has dawned on them that there is a complex web of variables that affect the operations of trade unions the world over. Trade unions are grappling with a labour market transformation that is taking many different forms. Technological progress, the greening of the economy, demographic change and ever-intensifying global competition are profoundly changing the landscape in which trade unions are looking to represent workers' interests. To these challenges we can add the long-standing preponderance of informality. Multiple crises, including COVID-19, have severely tested the capacity and resilience of the social partners. Today, legal restrictions on union activity and violations of trade union rights, such as the right to organize and bargain collectively for all workers, are widespread. Unsurprisingly, trade union membership is lowest where trade union rights are restricted.

### KEYWORDS

Political context, social issues, legal issues, economic issues, trade unionism, developing country.



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## Introduction

The role of trade unions is confined not only to the political arena but extends into the economic and social spheres. Labour, through trade unions, plays an important and active role in decision making that "vital concerns its interests" as important elements of social life (Kriesberg, 2014). Trade unions have a duty not only to collaborate with other social institutions, which include representatives of management and capital, but they also have responsibilities when it comes to the production of wealth. Their duties are not limited to the distribution of wealth, but extend to the production thereof. Therefore, it is important for society as a whole, and not simply for corporations and their shareholders, that wealth creation takes place in a continuous and sustainable manner. Sustainable development and participatory democracy are inextricably connected and trade unions play a key role in the democratic process. However, it has to be stated that trade union leaders need to conscientise themselves of the political and policy issues, social issues, legal issues as well as economic issues that impact upon their operations so that they can make informed decisions. These variables are discussed in detail in the following sections.

## Political and policy issues

Organisations in Zimbabwe today are presented with high levels of uncertainty, turbulence and rapid change. At the turn of the millennium, Zimbabwe was characterised by political instability and economic disintegration. The political sphere witnessed exceptional polarisation and violence. Political instability in the country, trailed with it policy reversals, uncertainty and rapid change that upset the policy formulation equilibrium and eventual execution of the policies (Chifamba, 2014).

The 2008 Zimbabwe general elections ushered in a hung parliament. Zimbabwe saw a dispute arise out of presidential elections, which dispute was resolved by way of a negotiated settlement called the Global Political Agreement (GPA) (Mokhawa, 2013). The GPA, as is commonly known, became a power sharing arrangement amongst three major political parties. Constructed on an acrimonious foundation, pregnant with antagonism, crafting and implementation of policy issues and laws was always going to be a challenge for the government born out of this arrangement. The endemic tension among political parties hamstrung impartial engagement with national issues. Employees and members of organisations viewed each other with spectacles of political parties further affecting organisational culture and politics (Ncube, 2013). The effect of policy uncertainty affected individuals and organisations differently. According to Mokhawa (2013) employees in organisations experienced insecurity as tenure of employment got uncertain, business people reduced investment, fearing exposure to risks. Organisations could not move forward with business. Workers became more and more restless, a development that made industrial conflict inevitable.

It is common practice to many, that when an organisation faces challenges and goes through turbulence that affects its continuous improvement and change for the better or worse, the search for answers is usually focused on numerous factors. (Mokhawa, 2013). In Zimbabwe, the decade of 2001-2010 presented organisations with unparalleled levels of uncertainty, chaos and internal organisational changes, a phenomenon that led many people to search for answers about organisational challenges and factors that affected or influenced organisational growth. This section of the study will seek to demonstrate how politics and eventual policy shifts affected organisations and their makeovers (Mokhawa, 2013).

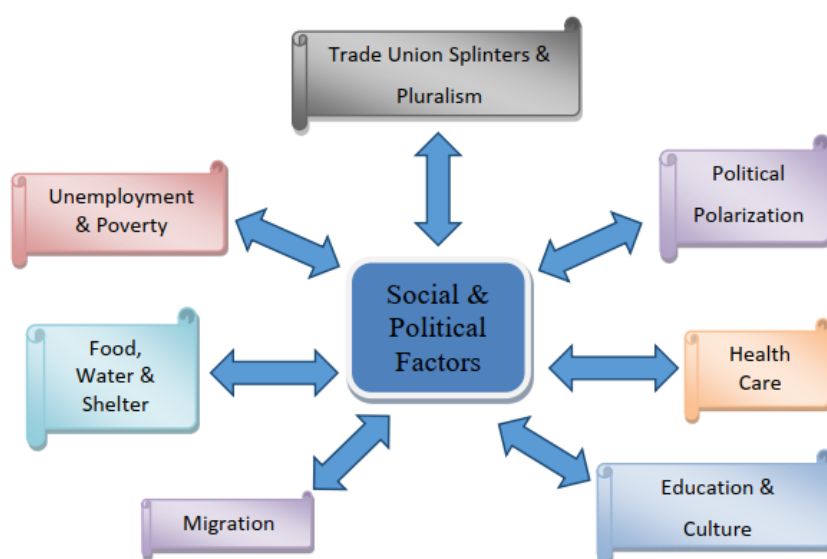
### Social issues

The collapse of the economy brought with it loss of jobs as firms either closed shop or downsized. As more organisations closed shop trade unions lost membership and with loss of membership, the effectiveness and relevance of trade unions waned (Kriesberg, 2014). Loss of membership strength and economic meltdown halted the growth of trade union movement. Lack of growth in trade union organisations limited their options in political and industrial activities. The polarisation in the political parties was mirrored in union life. Unions seeking relevance and survival and without economic strength aligned themselves to one political party or the other, leading to some form of clientelism. The union fabric began to give in, a development that saw the creation of retroactive and timid leaders who feared for the safety of their jobs and were willing tools of their corrupt political handlers. The splits in the labour movement were a clarion call for Zimbabwean trade unions to find ways to better conduct their business. The obvious need for smart trade union unity was brought to the fore by these developments (Tarugarira, 2011).

With thousands unemployed and living on less than a dollar per day, Zimbabwe citizenry was pushed to starvation, a situation that was worsened by poor harvests (Sibanda, 2017). Loss of employment forced many Zimbabweans to informal trading and those that remained in jobs, moonlighted to augment the paltry salaries. Some workers stuck to their jobs not because they enjoyed the fruits of their labour but used the workplace as a rendezvous point for shady deals

According to Chikanda (2015), loss of income forced labour to migrate to other countries, causing severe shortages in skilled labour. The migration of labour brought with it challenges in families, the family social structure broke-down, leading to some households being headed by children. Children with parents in the diaspora either missed the father or mother figure in the family. Money became the substitute of fatherhood or motherhood. However, there was a positive development that came with migration. At the height of food shortages, diasporans supported their families, averting serious starvation. The most enterprising diasporans took advantage of the currency and exchange problems to invest in property, while others used the diaspora to re-tool and re-skill themselves (Chetsanga and Muchenje, 2013).

The social and political factors are summarised below:



**Fig 1.1: Social and Political Context for Trade Unions** (Source: Ndlovu, 2016)

## Legal Issues

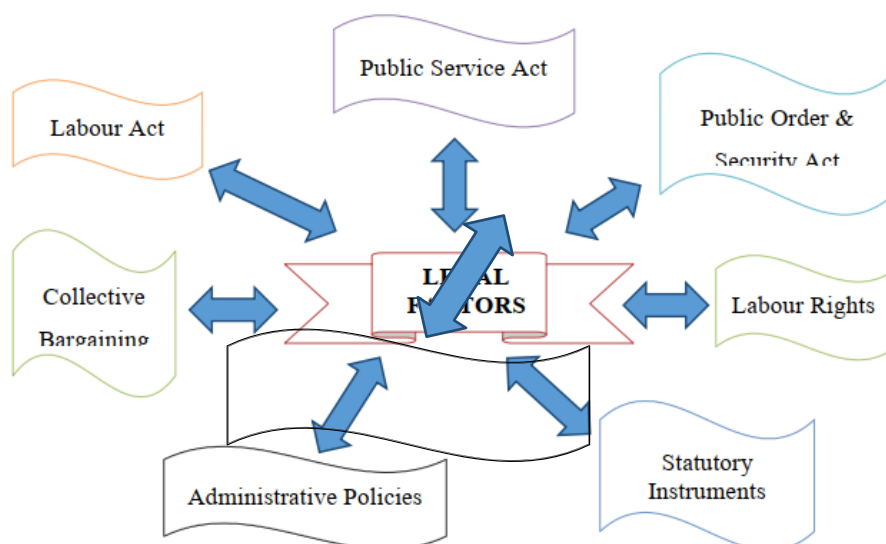
With hyperinflation setting in, laws that govern sound security were made redundant to a point that workers lost benefits from the National Social Security Authority and pensions in the Public Sector. Most public service workers who retired between 2007 and 2008 did not get part of their pensions that were to be commuted as one third (1/3) lump sum. This left workers powerless (Chenga, 2013). Administration of labour justice and disputes resolutions remained a tedious process, particularly in the civil service. At times, the issues of legal disputes went to the route of employment contracts with workers finding themselves losing employment through arbitrary termination and at times, shorter working hours (Tarugarira, 2011).

The labour legislation began to lose its protective role of defending workers and their families from exploitation as companies sought to freeze salaries and retrench workers. Other companies opted for voluntary liquidation. The power and role of labour law in regulating relations between parties through the rules of conduct of collective bargaining and settlement of labour disputes diminished (Sachikonye, 2015).

The labour legislation which accords trade union rights continued to exclude public servants. Public Servants for their labour relations relied on the Public Service Act and various statutory instruments that were heavily skewed in favour of the government to the disadvantage of public sector workers. Public Sector workers do not have the right to form and join trade unions, to bargain collectively or to strike. The laws of the country confer consultative status to the sector. However, there is a glimmer of hope that this may soon be a thing of the past as the new constitution, amendment (No. 20) Act (2013) provides for collective bargaining for all workers in Zimbabwe (Tarugarira, 2011). In the private sector workers' committees enjoy collective bargaining rights at company level, a phenomenon which has a potential to undermine unions who prefer central bargaining at industry level. Union activities, although not covered by provisions of the 2002 Public Order and Security Act (POSA) which banned public gatherings, were caught up in the overzealousness application of law by enforcement agents (Chifamba, 2014).

The legal environment had a total effect of compromising the exercise of the rights to form and to join trade unions for the protection of their interests, to organise and collectively bargain, the rights to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment. As alluded to earlier on, security of one's income from employment was compromised. From a labour point of view everyone who works has the right to just and favourable remuneration ensuring for themselves and their family an existence worthy of human dignity.

Some of the legal factors that impacted on trade unions are summarized by this diagram below:



**Fig 1.2: Legal factors impacting on Trade Unions (Source: Ndlovu, 2016)**

#### 1.2.6.4 Economic issues

The economic environment changed so rapidly to a point that Zimbabwe became the first country in the 21<sup>st</sup> century to hyper-inflate. Hyperinflation led to loss of purchasing power, flight of capital and investor confidence plummeted to an all-time low (Chifamba, 2014). Official statistics from the Central Statistical Office (CSO) now known as Zimbabwe Statistics (ZIMSTAT) as quoted in June 2008 set inflation at two hundred and thirty-one (231) million percent. Independent economist like Professor Steve Hanke of Cato Institute put inflation at 89.7 sextillion percent that is, 89.7 followed by twenty-one (21) zeros. With such inflation, commodity prices increased at least twice daily and eventually most basic commodities disappeared from the shelves. Workers' salaries could not keep pace with such inflation trends (CSO, 2008). Companies closed shop and some organisations employed unorthodox business practices in order to survive in the economic jungle. Trade unions that survived on membership dues failed to access funds as workers went without salaries for months.

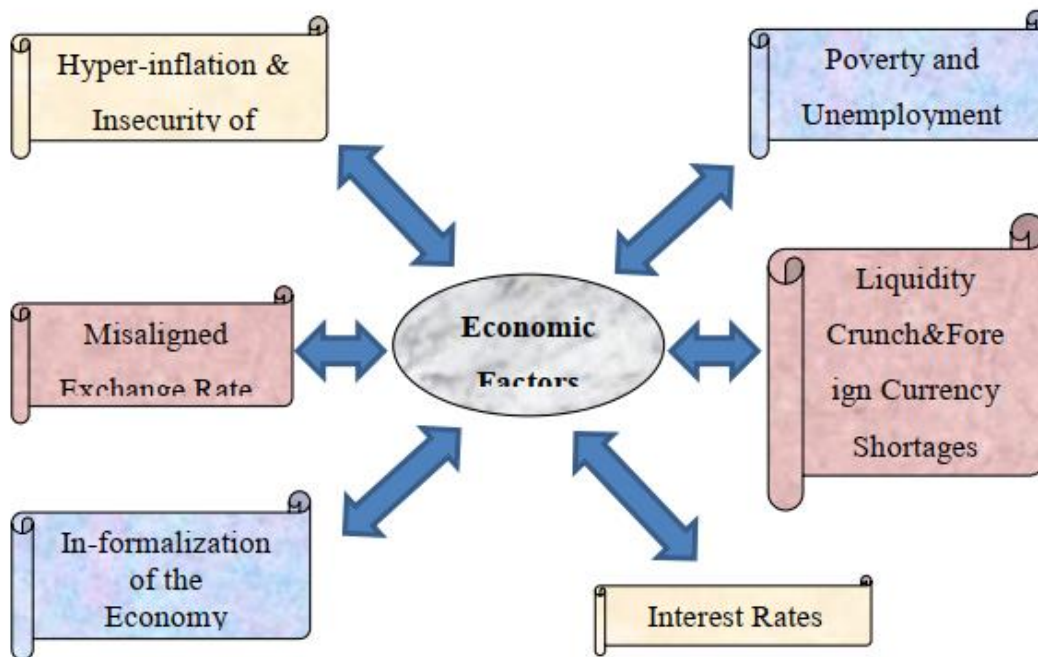
Inflation by its nature causes uncertainty and eventually, impacts on savings and investment, effectively hampering supply growth, Savings and investment reflect faith in the future. With loss of faith in the future of Zimbabwe, some companies in the manufacturing sector closed. When companies close, this means capital loss and contraction of Zimbabwe's security markets. It is reported that Zimbabwe as of 2011 had accumulated external borrowing including interest to the tune of US\$7 billion dollars (CSO, 2008). The effect of such huge debt-servicing burden on the security market is that it withers incentives to invest.

The incentives are wiped off because Government raises taxes and bonds to pay interest rates. This way, large deficits are accumulated further pushing up interest rates. The end result is that future generations may inherit a smaller capital stock and hence reduced production possibilities. The burden of debt servicing can be traced to loss of investor confidence as a result of political instability (CSO, 2018). Loss of confidence has led to capital flight, which has flown away with foreign currency. What was once a burgeoning stock market in the African region slowed down and began to experience slow trading.

Zimbabwe, for a long time operated a misaligned fixed exchange rate. This fuelled currency hoarding and flourishing of parallel exchange market and distortion of domestic prices. Lack of foreign currency limited Zimbabwe's participation in the foreign investment and this affected balance of payment position. If Zimbabwe cannot buy foreign stock due to foreign currency shortage, then its expansion in stock market becomes limited. Such a situation reduces Zimbabwe's credit worthiness and banks cannot confirm lines of credit to a country facing liquidity problems.

The exchange rate system eventually collapsed leading to speculation, seignorage and eventual collapse of the export market (Tarugarira, 2011). Government taxation also collapsed. The economic collapse drove Zimbabwe into a poverty trap. It is very difficult for trade unions to function effectively in an environment where workers are not sure about their future. This research therefore sought to explore how the economic developments of Zimbabwe affected or impacted on unions and further give impetus to the examination of how trade union organisations survived under such an economic environment.

Some of the economic factors that affected unions in Zimbabwe during the period under review can be summarised diagrammatically as follows:



**Fig 1.3: Economic factors impacting on Trade unions** (Source: Ndlovu, 2016)



## Conclusion

Trade unions are facing challenging conditions in representing their members; they face crisis of membership density, the wearing out of structures of interest representation and declining mobilisation capacity. The decline in density has been as a result of the changing structure of employment, the decline of employment in traditional manufacturing industries and the increased employment in service industries. There are several factors that have and would continue to pose a challenge to unions. The factors include the institutional environment (for example the structure of collective bargaining, legal and arbitration procedures and political system, the structure of the union itself such as union leadership, relationships, networks and organisation of movements. In these difficult economic times, when there is a high level of unemployment and drastic cuts in wages and benefits, unions would find it almost impossible to please their members. Borrowing the words of Koelble (2018) it is worthy to note that the more brutal these economic crises are, the more problems union leaders have to face. As they navigate their way out of these challenges, trade unions need to be aware of some of the political, social, legal as well as economic contexts that impact their business.

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