

## **Industrial relations in Namibia since independence: Between neo-liberalism and neo-corporatism?**

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### **Abstract**

The paper seeks to examine the changes and continuities in industrial relations in post-independence Namibia. In particular, it aims to explore some of the key elements in the process through which the distribution of the costs and rewards of economic and industrial restructuring is institutionalised. The paper concentrates, through in-depth interviews with key role players, on how the attempts at sustaining a durable and redistributive trade-off between economic efficiency and social equality led to a contradictory fusion of neo-liberal and neo-corporatist forms of labour market regulation. The research reveals that changes in the regulation of the labour market since independence have created opportunities for advancement and participation by groups of more skilled and organised employees, while weaker and less skilled groups have generally experienced a decline in employment conditions and the absence of collective representation. These developments reflect and reproduce patterns of racial and gender discrimination, industrial structure, trade union membership and collective bargaining across the various sectors and occupations. The paper shows that a system of low-skill, low-wage and low-trust relations - with an emphasis on cost reduction and employment "flexibility" - is fast becoming embedded in industrial relations in Namibia. Given the prevailing economic policies, industrial strategies and labour market structures, Namibia's integration into the global economy will most likely involve the increasing dislocation and exclusion of vulnerable and "peripheral" workers from the formal economy. The paper highlights the ways in which the transformation of industrial relations in Namibia is shaped by the legacy of apartheid-colonialism and the pressures of globalisation. Specifically, the conjunction of increasingly deregulated product markets and increasingly regulated labour markets has driven a wedge between the pursuit of short-term objectives and the attainment of long-term transformational goals.

### **Introduction**

When Africa's last colony gained independence in 1990, the legacies of German colonialism (1884-1914) and South African segregation (1915-1989) continued to frame social relations in the workplace. Industrial relations in colonial Namibia have been described as "primitive in the extreme" (SALB, 1978, p. 31). Apartheid created highly adversarial and low-trust relations in the workplace and an occupational hierarchy cemented along racial lines. In an attempt to meet the heightened expectations among black Namibian workers of significantly improved terms and conditions, the post-independence government has pursued a blend of neo-liberal economic policies and neo-corporatist labour market strategies. The goal of these policies is the combined attainment

of “security” and “flexibility”. However, the struggle to overcome poverty and inequality, while ensuring that the economy becomes internationally competitive, has generated distinct sets of winners and losers. The period since independence is characterised by both a strengthening of the legal and social safety net covering permanent, full-time employment and a proliferation of casual and temporary employment relationships at the margins of this regulatory framework. This fragmentation of the regulatory structure in the labour market reflects the process through which the distribution of the costs and rewards of restructuring is institutionalised. This paper outlines some of the key elements of this process.

Namibia attained political sovereignty in an environment of vast social inequalities and extensive economic dependence on its former colonial master. This historical context has significantly hampered the new government's capacity to sustain a durable and redistributive trade-off between the imperatives of economic growth and the demands for greater social equality. Prevailing forms of interest representation, levels of technological development and so on represent a prior set of possibilities and constraints for the transformation of industrial relations. The growth of trade unionism among semi-skilled black workers and the resulting collective regulation of work, rising wages and increased job security coincided with an expansion in forms of employment that are unorganised, underpaid and poorly regulated. That is, the increasingly differentiated integration of the various segments of the labour market into the systems of production and regulation has had the effect of incorporating some while marginalising others. One group has moved up the occupational hierarchy into semi-skilled and skilled jobs and has formed the rump of the new industrial working class, while the other has been relegated to the pool of unemployed and underemployed. These developments shifted the incorporation-marginalisation dialectic onto a new terrain, away from the “settled” versus “migrant” distinction associated with apartheid-colonialism, towards greater segmentation of the labour market and rising urban unemployment. The net outcome is a shrinking, yet comparatively stable “core” and an expanding, but increasingly precarious “periphery”.

## **Research design**

While there is some quantitative data available on industrial relations in Namibia, there is an almost complete lack of qualitative information on the motivations, opinions and beliefs of employers, employees and government officials. As such, existing information provides very little insight into the actual dynamics of the employment relationship as it is conducted in the workplace. This study draws on semi-structured interviews with key role players aimed at maximising the information flow and allowing for the adaptation of preconceived questions. Such intensive research techniques emphasise rather suppress the differences between subjects. The rationale for sampling follows on from this: the individuals chosen for the interviews were not “typical” and were selected as the research process unfolded.

In addition to a documentary study of publications emanating from government, trade unions and employers' associations, the research involved 91 in-depth, partially structured interviews. The list of respondents include the general secretaries of the major

trade union federations as well as their affiliates; regional organisers and shop stewards from the largest industrial unions; human resource managers from the leading industrial sectors; trade union researchers and management consultants; office bearers from the national employers' federation; and senior officials in the Ministry of Labour.

Guaranteeing the anonymity of managerial respondents proved to be an essential precondition for forthright responses. In the interest of uniformity, it was decided to refer to all respondents by their status or designation. Interviews were conducted during the following periods: October-November 1998, July 2000, June-July 2002 and September-October 2007. Some of the respondents were interviewed more than once over these research periods.

### **Economic restructuring: neo-colonialism and globalisation**

Namibia has all the hallmarks of a country that does not consume what it produces and does not produce what it consumes. The newly-independent government of Namibia inherited an unstable and discredited political system rooted in discrimination and oppression; a fractured society scarred by a prolonged war and widespread deprivation; a fragmented and dependent economy highly susceptible to climatic conditions and global markets; and an industrial relations system in which conflict and coercion were endemic and migrant labour was the dominant form of employment (see Leys and Saul, 1995a; Keulder, 2000; Melber, 2000; Winterfeldt et al., 2002). The system of social and economic institutions forged under apartheid-colonialism was designed to serve purposes very different from the Swapo government's own stated goal of combining economic efficiency and social equality. As Wood (1991, p.769) argues:

Successive South African government policies ensured that, on independence, the material base, core apparatus and ideological coherence of the new Namibia state remained weak. A lack of new financial resources, a legacy of ethnic fragmentation and the preponderance of populist and clientelist political relations inhibit what little the state can do to overcome the sharp social contradictions between rich and poor.

The dominant industries are mainly mature, non-science-based sectors, benefiting from either local natural resources or cheap labour. The capacity to innovate and lead technological development is severely limited; production methods are standardised; employment and productivity growth is sluggish; and the major form of competition is price competition, depending predominantly on labour costs. In the light of efficiency gains of about 1.5 per cent per year and a population growth rate of more than three per cent, it is estimated that economic growth of at least 4 per cent is required just to maintain the current level of employment in Namibia. Given the steady depletion of mineral reserves and harsh climatic conditions, much of this growth will have to come from an expanding manufacturing sector. The Namibian economy, however, is highly specialised with an "enclave" type of export sector with limited internal backward and forward linkages; an extensive reliance on imported basic consumer goods; and export products with low value-added content (Curry and Stoneman, 1993). These factors, together with the lack of capital and skilled labour, constitute significant obstacles to industrial development in Namibia.

At independence, Namibia presented a contradiction common in African decolonisation:

... the conditions that had allowed international capital to realize large, even vast profits, and were expected to do so again, were in contradiction with those for constructing an equitable and civilized society for its people (Leys and Saul, 1995b, p.196).

A small internal market, an inability to attract significant foreign direct investment and a “new world order” opposed to protectionist, state-driven economic policies have largely ruled out a viable import-substituting industrialisation strategy in post-independence Namibia. The crux of the problem, as the president of the Chamber of Mines noted, is that:

Namibia [is] a poor country eager to attract foreign investment. However, to succeed the government had to pass legislation that would protect both existing and future investments and allow unrestricted dividend returns to investors (cited in Kempton and Du Preez, 1997, p. 599).

The legacy of apartheid-colonialism combined with the pressures of globalisation to create a formidable barrier to meaningful socio-economic development. In the absence of protective barriers, South African companies exert monopoly control over the Namibian market through dumping, over-pricing of intermediate inputs, and restrictive purchasing policies. Under these conditions, as a World Bank report concluded, “the intriguing question is not why is the Namibian manufacturing sector so small, but why does it exist at all” (cited in Curry and Stoneman, 1993, p.52). Since the bulk of their products are exported to South Africa and production is essentially small-scale, Namibian producers do not have many opportunities for competing on world markets. South Africa's dominance within the Southern African Customs Union also has a major impact on the conditions under which Namibian firms produce for the domestic market. Historically high levels of subsidisation, together with economies of scale, have given South African exporters a distinct advantage over their counterparts in the Union.

In an attempt to promote business confidence, minimise potential political instability, and prevent the flight of skills and capital, the Swapo government adopted “a relatively hands-off approach” to the economy (Simon, 2002, p. 172). This is perhaps best exemplified by the emphasis placed on attracting foreign investment into a capital-scarce and labour-abundant economy. The Namibian government believes that it is compelled by circumstances to create a favourable climate for foreign investment by endorsing a market-driven process of economic reform and moving cautiously on the issues of affirmative action, worker participation and a national minimum wage.

The Foreign Investment Act (1990) amounts to a free-market investment code with considerable protection against state expropriation, extensive incentives for foreign firms, and no requirements for participation or share holding by local firms. The Export Processing Zones Act (1995) provides that any factory within Namibia may apply for export processing zone status, subject to certain conditions. Despite considerable opposition from the trade unions, the Act also suspends key elements of the Labour Act

(1990) within the export processing zones. As a result, the incentive-led export strategy was associated with a system of industrial relations that is characterised by jobs of variable quality with almost half of the workforce in non-standard employment; widespread union avoidance strategies by employers; the almost total absence of collective bargaining; low wages and minimal benefits; dangerous and unsafe working conditions; high rates of absenteeism and low levels of productivity (Simon, 1998, pp. 119-21; LaRRI, 2001, pp. 83-4). These conditions remain largely unchanged.

The economic and industrial policies pursued by the Swapo government regard the private business sector as “the engine of economic growth” (MTI, 1996, p. 1) and explicitly rule out intervention “in [the] market mechanism except as a last resort” (MTI, 1999, p. 30). This policy orientation contrasts sharply with that in the labour market where the emphasis is on employment standards and co-determination. According to the director of a trade union research institute, there is a tension at the heart of government policies:

The Labour Act gives workers fundamental rights that cannot be compromised. But parallel to this, with the collapse of the Soviet Union and any kind of socialist ideas within Swapo, came a complete shift towards neo-liberal economic policies under the Washington Consensus... Despite the improved regulation of basic worker rights in the Labour Act, the economic policy is very much one of an open economy, offering increasing incentives to investors, and keeping the unions in check within that framework (26/06/2002).

While the increasingly globalised economy demands high levels of labour market flexibility, Namibia's commitment to democracy requires that this must be compatible with labour market security. To this end, the government has to balance the need to attract foreign investment and enhance the adaptability of workplace relations with the requirements of equity and stability. This balancing act led to a contradictory fusion of neo-liberal and neo-corporatist forms of labour regulation: individual market solutions in the structuring of labour supplies, skills development and occupational mobility; and tripartite strategies ostensibly geared towards the mediation of tensions between flexibility and security. A reliance on market forces to stimulate and direct economic transformation has decisively qualified the type of cooperation that is possible or feasible within the workplace and beyond. The conjunction of increasingly deregulated product markets and increasingly regulated labour markets has diluted the rights of workers and compelled employers to reduce costs.

The combined effect of these policy orientations is to drive a wedge between the pursuit of short-term objectives and the attainment of long-term transformational goals. In fact, the principles and objectives that inform economic policies were never the subject of serious negotiations with the trade unions. The transition to democracy in Namibia was characterised by considerable restraints on the ability of labour and other organs of civil society to press their demands on the post-independence political structure. An “inevitable complement” to a neo-colonial economic structure, as Leys and Saul (1995c, p. 4) note, is a neo-colonial politics that “limits popular demands for radical social and

economic policies”. Not surprisingly, therefore, the Namibian labour movement lacks the institutional resources necessary to ensure a more equitable distribution of the costs and rewards of economic restructuring.

The success of an export-led growth path depends in large measure on an institutional framework capable of controlling costs, keeping wage growth in line with productivity and curtailing the excesses of market-based regulation. The lack of effective tripartite structures at the level of the economy and industry means that there is no supportive institutional framework for cooperation in restructuring at the workplace level. Institutional arrangements play an important role in providing workers with employment security amidst growing labour market insecurity, encouraging greater economic efficiency without increasing social inequalities, and establishing sustainable, high-productivity coalitions in the workplace (Esping-Andersen and Regini, 2000). A low-cost response to market pressures and changes appears to be most frequent in countries with weak institutions, low levels of unionisation, decentralised bargaining structures, and limited government intervention in the economy. In a country such as Namibia where these conditions prevail, there is a lack of significant moderating influences on the tendency of firms to adjust to competition by reducing and controlling labour costs. The research shows that, in the absence of strong industrial relations institutions, decisions about the restructuring of work are effectively left to individual employers.

Most Namibian firms do not possess the market power and resources to move into higher value-added batch production and lack the stability and levels of demand necessary to reap the benefits of economies of scale. The research reveals that workplace restructuring tends to be confined to particular aspects of production or service delivery without involving any qualitative shifts in the way that the labour process was traditionally organised. Hierarchical and adversarial relations in the workplace, combined with the divisive racial policies of the past, make it very difficult for Namibian firms to realise the cooperative benefits of participatory forms of production such as quality circles. Inefficient firms survive because of the relatively low cost of employment, the ease with which management can dispose of labour in declining market conditions, and the extensive managerial prerogatives that allow employers to compete on the basis of outmoded techniques, obsolete technologies and effort-intensive systems of work organisation. When these firms face competition from more efficient producers with advanced technology and innovative products, their only hope of survival is to reduce labour costs.

In the absence of a comprehensive reform agenda, the high-wage and high-productivity growth path suggested by the proponents of neo-corporatism is likely to exacerbate the trends towards social polarisation. Genuine codetermination is only likely to develop (if at all) in a few strategic industries within the export-orientated sector, while the rest of the economy continues to be marked by uneven development, alongside informal sector poverty and rural decline. The research shows that new technologies and work practices are also increasingly implemented in a manner that intensifies the division between more skilled, secure “core” workers and less skilled, insecure “peripheral” workers. Moreover, since the wages of organised, core workers are at best a highly contentious source of cost

reduction; savings are sought among the more precarious and least powerful sectors of the labour market. Namibia's integration into the global economy will therefore most likely involve the increasing dislocation and exclusion of the least skilled and most economically vulnerable workers from the formal economy.

### **Incorporation and marginalisation in the labour market**

The Namibian experience seems paradoxical: the growth of poorly regulated non-standard employment relationships in a context of expanding institutional and statutory regulation of the labour market. This paradox, however, is more apparent than real. The policy debate over labour market reform is routinely posed in stark “either/or” terms opposing regulation and rigidity to deregulation and flexibility. Central to this debate is the view that “the general trend has been towards deregulation, or what might be called market regulation rather than state regulation” (Hepple, 1993, p. 257). In practice, however, regulatory changes involve distinct trade-offs between the various forms of flexibility and security rather than a simple process of substituting one for the other. Very rarely can changes in a regulatory regime be understood as simply an extension or a restriction of the role of statutory or social regulation to the benefit or detriment of market mechanisms (Regini, 2000). The growth in non-standard employment relationships alongside the strengthening of the standard employment relationship underscores the complex articulation between the processes of incorporation and marginalisation in the labour market.

The increasing fragmentation of employment in Namibia is facilitated by the selective coverage of labour market institutions coupled with high levels of unemployment and poverty. On the one hand, the absence of meaningful minimum wage stipulations and the lack of collective bargaining within the low-wage segments of the labour market mean that there is little institutional brake on the downward pressure on wages. On the other hand, the concessions extracted from capital by organised labour in Namibia have intensified the social division between unionised workers and those involved in informal and poorly regulated activities. These processes are reinforcing the historical duality of the Namibian labour market. The organised (urban) workforce with relatively high wages and considerable job security constitutes a protected primary labour market that has secured some of the gains of restructuring. For example, comparisons of Namibia's labour costs with its neighbours show that the wages of semi-skilled employees are more than four times as high as those in Zimbabwe (Hansohm *et al.*, 1998, p. 5). The workers on temporary and fixed-term contracts, those in the informal and subsistence economies, and the underemployed comprise an exposed secondary labour market. The rural/informal sector includes unskilled labourers, domestic workers, communal farmers, and the lowest paid agricultural labourers, whose incomes are 7 per cent of those of semi-skilled workers and less than 1 per cent of those of senior managers in the private sector (Hansohm *et al.*, 1998, p. 5).

Several structural and other factors reinforce this duality in the labour market. Income distribution in Namibia is notoriously skewed. The quantity and quality of social services available to black and white, rural and urban communities parallel the sharp disparities in

income (Stone and Gaomab, 1994; Tlhase and Kanguuehi, 1996). Of the top households, 1 per cent command the same share (13 per cent) of the private consumption expenditure as the bottom 48 per cent of households! The current wage structure also reflects substantial variations both within and across industries and occupations. The growing demand for skilled labour has raised salaries in the upper echelons of the labour market in line with South African levels, while trade union pressure has significantly increased the wages of many semi-skilled workers (Stone and Gaomab, 1994, p. 10). The wages of unskilled workers, by contrast, have remained consistently low. For instance, farm workers in elementary occupations received on average N\$429 per month in 2005, while the average minimum wage for workers in the mining industry was N\$1 657 (LaRRI, 2005, p. 7). Those in the lower echelons of the job market are effectively excluded from the benefits of economic growth. These developments reinforce the historically steep wage curve in the Namibian labour market and reflect patterns of racial and gender discrimination, trade union membership and collective bargaining across the various sectors and occupations.

The possession of skills is perhaps the most significant indicator of labour market advantage in Namibia. Access to education and training was historically differentiated along racial lines: most white people have a senior secondary qualification and whites constitute the vast majority of those who have attained higher education. Apartheid's "bantu" education and the near total absence of occupational training have effectively trapped many black people in the lower rungs of the labour market. The research shows that employers in Namibia provide their less-skilled (read black) employees with very little training and regard skills development as an integral part of the managerial prerogative and hence not subject to negotiation. In their quest for short-term profitability, many employers remained locked into a low-skill and low-wage system of production. There is thus a mutually reinforcing relationship between the skills profile of Namibia's labour force and the type of labour process that predominates.

There are already significant indications that the dualistic socio-economic structure of the colonial era is being reproduced in a new form by the post-independence political order. Given the high costs of imported technologies and the preponderance of cost-based competitiveness, employers are becoming increasingly reliant on the intensification of labour discipline in the lower reaches of the labour market. These developments reflect attempts by employers to seek out new sources of labour to take over the burden – so long carried by the migrant labour system – of providing a "flexible", socially disadvantaged, and strictly controlled workforce (Klerck, 2003). A secondary labour market of casual, temporary and part-time workers is therefore a product of the efforts by employers to reduce costs by exploiting non-union rates, weakening worker rights and avoiding the costs associated with the implementation and maintenance of statutory duties. As a management consultant noted:

More and more companies are becoming unionised and through that collective bargaining is playing a bigger and bigger role... Outsourcing is becoming one of the ways which companies see as keeping their own numbers as small as possible and to concentrate only on their own central line of business... There are a lot of problems in our labour



legislation. It is very difficult to terminate services, even of people who are incompetent... Therefore, [employers] are becoming hesitant to employ [full-time] people (19 July 2000).

The rising levels of urban joblessness and informal economic activity do not only delay investments in skills and new technology, but also hamper the development of strong trade unions and reflect the deepening of poverty. A significant consequence of this growth in the numbers of the urban unemployed is likely to be “the consolidation of a new underclass” (Tapscott, 1995, p. 164). High levels of unemployment and social deprivation are compelling many workers to take whatever jobs are on offer and not to report abusive labour practices. The proliferation of low-skill, low-wage and unprotected non-standard employment relationships is therefore premised on the ability of employers to exploit less skilled labour pools that are vulnerable and insecure.

When we include discouraged work seekers, Namibia had an unemployment rate of 36.7 per cent in 2004 with 30.3 per cent of all economic active males unemployed and 43.4 per cent of all economic active females without work (MoL, 2004, p. 44). The facilitating impact of unemployment on the casualisation of work was widely recognised by the respondents. As the general secretary of the Namibian Food and Allied Union put it:

Since many of the permanent jobs are not skilled and the labour market is flooded with unskilled employees, managers can replace any of them, at any time, with casual workers (26 October 1998).

The high population growth rate (more than 3 per cent), combined with the limited growth of the formal sector labour force, means that the prospects of stable employment are bound to get worse for the bulk of those in the lower echelons of the labour market.

The absence of both a viable subsistence sector and a meaningful welfare system has increased the reliance of poor households on the rewards of employment. In the late 1990s, the wages and salaries of all workers in the formal sector made up 45 per cent of the national household income (LaRRI, 1999, p. 4). This situation has remained largely unchanged. As Table I shows, the vast majority of urban households depend on the income from wage labour. When we combine this dependence with the fact that 60 per cent of households have no secondary sources of income, there is clearly a high socio-economic price attached to the loss or lack of employment.

### **“Insiders” and “outsiders” in collective industrial relations**

The discriminatory statutory framework under apartheid-colonialism meant that the system of collective industrial relations was largely informal, subject to the balance of powers at a particular workplace and prone to unpredictable outburst of militancy. As Andersson and Marks (1987, p. 285) observed with regard to the mining industry, “management controls virtually all aspects of production” and the social life of workers. A corollary of this search for “total” control is that it “seeks to pre-empt independent decision-making by workers, and is disrupted by even small changes or challenges to the

Table I. Distribution of households by main source of income and area, 2004

Main source of income	Urban (%)	Rural (%)
Subsistence farming	1.8	38.5
Cash cropping	0.2	1.8
Animal rearing	0.2	2.3
Business activities	7.8	3.4
Wages and salaries	74.3	26.8
Pension	4.8	16.6
Cash remittances	9.2	9.9
Other means of income/not reported	1.7	0.6

Source: Adapted from MoL (2004, p. 36)

authority structure” (Andersson and Marks (1987, pp. 286-7)). Since independence, a balance of class forces decidedly in the employers' favour changed as new labour laws and the increasing power of organised labour limit some of management's discretion and room to manoeuvre. Militant trade unionism, in particular, constitutes a formidable challenge to the despotic industrial relations regime inherited from the colonial era:

A lot of managers tend to do things in the way that they think is right and they never consult the workers. As far as managing a business is concerned, they have a rather paternalistic approach. They regard the enterprise as their own undertaking and that they have various entrenched prerogatives which it is their right to pursue... These managers also see trade unions as a threat and they have a very negative attitude towards them (management consultant – 19 July 2000).

The Constitution of the Republic of Namibia, conventions of the International Labour Organisation (ILO), and an official declaration issued by the cabinet in 1990 constitute the principal sources of the new industrial relations regime. The establishment of the Ministry of Labour, the Office of the Labour Commissioner, the Labour Inspectorate, the Labour Court and District Labour Courts, the Labour Advisory Council and other tripartite institutions such as the Social Security Commission reflect the growing institutionalisation of industrial relations after independence. State involvement, however, is facilitating rather than dictating, leaving considerable room for the parties to conduct the employment relationship. In his address at the May Day celebrations in Windhoek in 1990, President Sam Nujoma stressed that government intervention in industrial relations would be kept to a minimum, allowing employers and employees to “handle their own affairs” (cited in Van Rooyen, 1996, p. 250). While the Labour Act establishes an institutional framework and covers basic conditions of employment and unfair disciplinary action in some detail, substantive matters are left to self-regulation by the parties. This blend of voluntarism and compulsion introduces a latent deregulation into the system of industrial relations that achieves much of the same outcomes as an explicit pursuit of deregulation.

The administrative, regulatory and advisory functions established by the Act are designed largely to govern the employment conditions of permanent workers and to fortify the role of trade unions in workplace industrial relations. As the director of a labour research institute noted, the Labour Act:

... was influenced to a great extent by Swapo's promises to workers, and especially by Swapo's historical emergence out of a workers' movement with Nujoma, Ya Toivo and other migrant workers being the driving force behind the establishment of Swapo. Out of that historical link came the conviction at independence that things must improve for workers (9 October 1998).

Given this historical link, the Act places some emphasis on the principles of equity and justice, the effective resolution of industrial disputes, the decriminalisation of industrial action and the substitution of common law with collective and statutory regulation. The Labour Advisory Council – potentially the most influential structure established under the Labour Act – is a tripartite body that advises the Minister of Labour on various issues relating to industrial relations. It also has an inquiry role in investigating issues such as the formulation and implementation of national policy, and the promotion of collective bargaining. In reality, however, the Council has failed to sustain any meaningful tripartite regulation of industrial relations. To be sure, the Council has had some influence on the drafting of labour legislation, but its impact on the macro-economic framework has been negligible. Its advisory (as opposed to negotiating) powers, the government's commitment to neo-liberal economic policies, and the emphasis in industrial strategies on creating an investor-friendly climate have all significantly weakened the trend towards neo-corporatist regulation of labour market policies endorsed by the Labour Act. The absence of industrial relations structures at industry level also means that the Council is unable to coordinate workplace restructuring and to develop sectoral plans.

The research shows that industrial relations at the level of the workplace have remained varied: larger enterprises generally adhered to the provisions of the Labour Act and have established some internal systems of labour regulation. The latter generally include formal communication channels between management and staff, the recognition of shop steward committees, and separate personnel departments concerned primarily with labour administration and conflict management. In smaller firms and commercial farms, labour regulation generally lacked an institutional framework and management continued to behave in an autocratic and paternalistic manner. These workplaces are characterised by considerable informality in the day-to-day conduct of the employment relationship.

A commitment to collective bargaining as the primary mechanism of wage determination encouraged the government to refrain from introducing a national minimum wage. In practice, this served to sustain employers' largely unilateral command over the terms and conditions of employment for unskilled and unorganised workers. While the consolidation of collective bargaining has certainly improved the lot of organised workers in Namibia's manufacturing and mining sectors, the research reveals that these gains were made largely at the expense of other workers rather than profits. There is thus a tendency for changes in collective industrial relations to favour those who already occupy dominant positions in the labour market and labour process.

Virtually all unions affiliated to the National Union of Namibian Workers (NUNW) negotiate terms and conditions of employment on a decentralised basis, even in industries where they dominate in all companies. This narrow decentralised bargaining structure is a significant factor in the considerable variation that exists in the terms and conditions of employment within and between industries and occupations. Decentralised bargaining in Namibia means that the distribution of economic rewards between profits and wages largely reflects the balance of powers in the workplace. As such, employees in the larger and better-organised workplaces tend to secure the highest gains through negotiation and collective action. In the process, some measure of industrial peace is secured but at the cost of increasing polarisation within the labour market.

This decentralised system of collective regulation is reinforced by employers' pursuit of "flexible" labour policies. A human resource manager in the retail sector expressed a widely held belief among employers when he said:

Namibian companies must become more flexible. This means that we must link wage increases directly to productivity and do away with the same rate for every job... Of course, the unions are not happy about this. They are trying to prevent us from rewarding the guy who works hard and punishing the guy who doesn't (2 October 2007).

There are considerable pressures on and opportunities for employers in Namibia to cut costs by subverting aspects of the standard employment relationship through the use of non-standard employees. Rising levels of competition, pressure from trade unions, and legal restrictions on the exercise of managerial power are making Namibian employers more conscious of the demands of efficiency. As the pressures for efficiency increase, so the problem of labour costs intensifies. Many Namibian managers resisted the tide of statutory and collective regulation and were quick to use arguments about a "lack of flexibility". As the president of the Namibian Employers' Federation puts it:

In this terribly competitive world that we are living in and where we are such weak players, the job security factor becomes so exceptionally important... It is extremely important that employers can hire and fire workers far more easily than is currently the case... [At present,] firing is so difficult that you think three times before you engage somebody. It is better to get casual or contract workers... Flexibility, to my mind, should be interpreted as the ability to prosper, rather than to be handicapped. When you employ a person, management must be free to use that person when and where it believes his or her services are worth more to the company (8 July 2000).

The impact of trade unionism has diminished managerial prerogatives by enforcing some degree of employment and occupational stability and by securing collective agreements that circumscribe management's authority in the workplace. Since the control of organised employees cannot be secured simply through despotic management strategies, it comes to depend in important ways on the social context in which their employment relationship is embedded. The construction of discipline over permanent workers in the larger firms depends on an uncertain and day-to-day negotiation of order. There are often genuine efforts to sustain an implicit bargain, with managers being careful to maintain certain standards of "fairness" and to internalise competitive pressures within the firm:

We are like a team here. The workers don't call me "boss" or anything like that... I try to understand their culture and explain to them that the stronger the firm gets, the better their working conditions will be. They know that it is not a case of them against me, but rather us against our competitors... Problems are now sorted out very quickly because there is trust between us. It is basically an open door policy (general manager, automotive component manufacturer, 10 July 2000).

The research shows that the competing claims of management's interest in preserving the "flexibility" to hire and fire and the trade unions' interest in preserving the jobs of their members are all too readily resolved at the expense of workers in the lower reaches of the labour market. Employers increasingly view a combination of work intensification at the "core" and job insecurity at the "periphery" of the workforce as the most viable route to competitiveness:

... you say to yourself: let's try and manage without employing an extra person, we will just work a little harder... It is sensible to have a two-tier system where core employees are permanent, but below them you bring in casuals, temporary and part-time workers. It means that even in bad times you can still keep going... Flexibility should be promoted because it... enables you to react so much faster to economic conditions as they change (president, Namibian Employers' Federation, 8 July 2000).

The insider-outsider theory rightly focuses on the exclusionary consequences and resulting social marginalisation that inevitably flow from the privileges granted to insiders (Esping-Anderson and Regini, 2000, p. 3). Many employers in Namibia are eager to minimise the impact of what they perceived to be a costly, burdensome and overly prescriptive regulatory framework. As a result, the institutionally and collectively regulated segment of the labour market is increasingly confined to the more skilled, better-paid and organised workers in the larger urban enterprises. In the smaller, locally owned firms, statutory provisions are either ignored or haphazardly applied, depending largely on the inclination of the employer. Trade unions and labour inspections are also virtually non-existent in these sectors.

### **Unity and division in the Namibian labour movement**

The Namibian labour movement is presently fragmented (largely along political lines) into about thirty different unions, with the NUNW as the country's largest and most influential trade union federation. The NUNW-affiliates cover most of Namibia's major industries and account for almost 80 per cent of all recognition agreements. Just prior to independence, the total membership of the NUNW was estimated at 60,000, accounting for more than one-third of the black labour force legally eligible for participation in the industrial relations system (ILO, 1989, p. 81). Agricultural, domestic and casual labour constituted an estimated 350,000 workers largely beyond the reach of the trade unions and formal collective bargaining. While the rate of unionisation increased to 25.6 per cent in 2004, Table II shows that there are still significant variations in this regard. For instance, trade union density is roughly twice as high in urban areas as compared to rural areas and the rate of unionisation of men is about one-and-a-half times that of women.

Table II. Trade Union density by industry and gender, 2004

Industry	Female	Male	Total
Agriculture	5.2	8.9	7.5
Fishing	70.5	62.2	65.3
Mining and quarrying	32.2	44.4	41.8
Manufacturing	25.3	32.0	28.7
Electricity, gas and water	39.6	48.7	47.0
Construction	37.3	20.8	21.9
Wholesale, retail and hospitality	13.3	25.1	19.2
Hotels and restaurants	26.1	30.2	27.9
Transport, storage and communication	24.8	35.0	33.0
Financial services	26.1	32.2	28.9
Real estate, renting and business activities	16.8	26.3	22.1
Public administration, defence and social security	35.3	37.6	36.8
Education	60.0	70.1	64.0
Health and social work	50.9	50.4	50.8
Other community, social and personal services	17.2	22.7	20.4
Private households	3.3	8.6	4.2

Source: Adapted from MoL (2004, p. 60)

Most service sector, white-collar, agricultural and non-standard employees have also remained outside the structures of collective representation.

The Namibian trade union movement concentrated most of its energy and resources on the organisation of (predominantly male and full-time) black semi-skilled workers. One unintended consequence of this organising strategy – despite its inherent logic and priority – was to cement the divisions between black and white, skilled and unskilled, and permanent and temporary workers. The research reveals that the independent black unions have almost no membership among, for instance, skilled workers and professionals. The most common forms of interest representation among these occupational categories are staff associations, independent craft unions and professional bodies. Likewise, in sharp contrast to the success of the industrial unions in organising semi-skilled employees in the manufacturing and mining sectors, union organisation in sectors (such as retail and construction) with a long-standing prevalence of female and casual labour has historically been insignificant. Addressing the needs and interests of an increasingly heterogeneous workforce requires both more inclusive structures at the workplace and a more active role in policy issues beyond the workplace.

The research shows that a lack of industry-wide bargaining means that the broader processes of political exchange are heavily weighted against the unions and that there is little compulsion on employers to compete on the basis of quality, service and innovation rather than labour costs. Weak central coordination and direction, combined with high

levels of unemployment and a managerial preoccupation with costs, compel workplace unions to adopt highly pragmatic positions in relation to employer demands for greater wage and work process “flexibility”. The latter poses a considerable threat to the prevailing militant and competitive type of “job-control” unionism. A study of the interaction between the labour market and the restructuring of employment at the level of the firm revealed that non-standard employment often involves a shift from areas of relative union strength to areas of relative union weakness in terms of trade union influence and density (Klerck, 2005). As a result, growing sections of the workforce fall outside the protections offered by union membership and collective bargaining. Almost two decades after independence, the unions still find themselves struggling for recognition and the most basic employment conditions in many workplaces.

It is precisely in the sectors where the need for collective regulation is the greatest that the unions have the least influence and where they experience the most difficulties in recruiting and retaining members. Jobs are fast disappearing in sectors (such as mining) with a history of high union density, while new jobs are created mainly in sectors (such as services) where the unions have traditionally been relatively weak. The limited impact of the unions in the retail sector, for example, only serves to reinforce the differential employment conditions for standard and non-standard employees:

I think the unions must make the casual workers their members. We casuals don't have any rights. The casuals must have their rights protected just like the permanent workers... The unions just fight for the rights of the permanent workers and there is no-one that fights for the casual workers... If we succeed with a casual worker union, then we can go to the bosses and tell them that casuals are also people like the permanent workers (casual worker, retail, 7 July 2000).

Part of the problem facing the unions in recruiting and retaining non-standard workers as members, resides in the fact that they often reinforce this division by pursuing strategies of exclusion as a means of protecting the interests of their members. This raises an issue muted in much of the industrial relations literature: the distribution of rewards and privileges within the working class. Advantages secured by powerful groups may be at the absolute or relative expense of weaker groups. The latter are therefore in a sense “victims of the successful collective organization of other (more powerful) groups of workers, their own organizational weakness being both cause and consequence of their marginal position in the labor market” (Peck, 1996, p. 68). In the absence of a broader strategy to halt the process of casualisation, according to the director of a labour research institute:

... the unions very often fall back onto a strategy of enforcing job descriptions. The dilemma then arises that the unions only concentrate on the workers who are their members and make very little inroads in recruiting casual workers. The very low union membership among those who come through labour hire or directly as casual workers leads to this defensive position (26 June 2002).

The research shows that union officials and shop stewards have considerable difficulty in articulating a mobilisation against casualisation and outsourcing with a drive to recruit non-standard employees. That is, they struggle to strike a balance between representing non-standard workers and maintaining their principled opposition to these forms of

employment. The dominant trade union policy regards the use of non-standard labour as a symptom of employer greed, a threat to the numbers and conditions of permanent workers and as a veiled attempt at undermining the unions. The tradition of “job-control” trade unionism – where union strategy is geared towards the joint regulation rather than transformation of work practices and to defend rather than subvert existing job demarcations – has experienced considerable difficulty in responding to the restructuring of work and employment. The lack of job descriptions is seen as both a root cause of the vulnerability of casual workers and a significant obstacle to the prevailing model of union organisation in the workplace:

For casual workers to have a say, to say: “this is my job, I’m only supposed to work here”; they must have contracts with job descriptions. That is the only way we are going to protect them. If they don’t have that, they can be chased anywhere like the bosses want. They can say: “you work here, you work there, it is all the same” (regional organiser, Namibian Food and Allied Union, 2 July 2002).

While legislative changes are an important part of any attempt at halting or reducing the growth of non-standard employment, they are unlikely to be effective in the absence of a decisive shift in union recruitment strategies at the local level. Demonstrating the ability of the unions to “deliver” on issues, such as working time and job security, that are of interest to non-standard workers is crucial in a context where under-represented groups view the unions at best as irrelevant, and at worst as a threat. As a regional organiser of the Metal and Allied Namibian Workers Union noted: “If you want to organise casual and labour-hire workers, they say that if they join the union they will lose their jobs” (5 July 2002). The design and defence of more appropriate forms of employee representation will pivot on the ability of the labour movement to remedy the shortcomings of existing efforts to implement policies of decasualisation, to promote a framework of centralised bargaining and to focus its strategic interventions on the equity dimensions of socio-economic transformation.

## **Conclusion**

The prospects for marrying labour market flexibility, cost-cutting and greater social equality and employment security in Namibia are bleak. Industrial relations in Namibia are, in several respects, at a crossroad. The choice confronting the state, employers and trade unions is between a low-wage, low-skill, deregulated and fragmented framework which emphasises the need to attract foreign investment and reduce social spending; and a high-wage, high-skill, centralised and co-determinist framework in which employee participation and training are seen as vital for increasing the productivity of the economy. The former route is likely to be adversarial in nature and divisive in its consequences, while the latter is likely to encourage investment in human resources and expand the terrain for tripartite decision-making. Present conditions in Namibia – including the introduction of export processing zones, a governmental preoccupation with production rather than consumption, a managerial obsession with “flexible” forms of work organisation, a fragmented labour movement and a voluntarist framework of collective bargaining – are increasingly eroding the basis for a high-wage, high-skill route to economic competitiveness. The confluence of investor-friendly economic policies and a



narrow tripartism in the labour market facilitates the diversion of the costs of restructuring onto the least politically and economically entrenched groups in society, while allowing foreign capital to appropriate the lion's share of the rewards.

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