

**Multinational Enterprises  
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**The impact of multinational enterprises  
on employment, training and regional  
development in Namibia and Zimbabwe:  
A preliminary assessment**

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# Contents

<b>Abbreviations</b> .....	vii
<b>Introduction</b> .....	1
<b>Part 1. Namibia</b> .....	3
<b>1. Country background</b> .....	5
1.1. Political .....	5
1.2. The economy .....	5
1.3. Government policy on foreign direct investment .....	5
<b>2. Foreign direct investment in Namibia</b> .....	7
2.1. Size .....	7
2.2. Sectoral and geographical distribution of FDI .....	7
2.3. Origin and geographical distribution of FDI .....	7
2.4. Comparative distribution pattern .....	8
2.5. FDI in EPZs .....	8
<b>3. Impact of MNEs</b> .....	9
3.1. Introduction .....	9
3.2. Capital inflows .....	9
3.3. Direct employment creation .....	10
3.4. Indirect employment .....	12
3.5. Gender distribution of employment .....	12
3.6. Conditions of service and industrial relations .....	15
3.7. Skills development .....	17
3.8. Contribution to national/regional and economic development .....	19
<b>4. Conclusions and prognosis</b> .....	21
4.1. Introduction .....	21
4.2. Conclusions .....	21
4.3. Prognosis .....	22
Notes .....	23
<b>Bibliography</b> .....	24
<b>Appendix:</b> Names of organizations that provided information and officials interviewed .....	27

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<b>Part 2. Zimbabwe</b> . . . . .	29
<b>1. Country background</b> . . . . .	31
1.1. Political . . . . .	31
1.2. The economy . . . . .	31
1.3. Government economic policy . . . . .	31
<b>2. Foreign direct investment in Zimbabwe</b> . . . . .	36
2.1. Introduction . . . . .	36
2.2. Size of FDI . . . . .	36
2.3. Sectoral distribution . . . . .	38
2.4. Ownership of investment projects . . . . .	40
2.5. Sources of FDI . . . . .	41
2.6. Geographical location . . . . .	41
<b>3. Impact of FDI on the Zimbabwe economy</b> . . . . .	44
3.1. Introduction . . . . .	44
3.2. Capital inflow . . . . .	44
3.3. Employment creation . . . . .	44
3.4. Labour productivity . . . . .	48
3.5. Industrial relations and conditions of work . . . . .	50
3.6. Contributions to national and regional economic development . . . . .	55
<b>4. Summary and conclusions</b> . . . . .	58
4.1 Introduction . . . . .	58
4.2. Summary . . . . .	58
4.3. FDI prognosis . . . . .	59
Note . . . . .	60
<b>Bibliography</b> . . . . .	61
<b>Appendix I: List of organizations and officials interviewed</b> . . . . .	63
<b>Appendix II: List of publications on specific industries or sectors, under ILO's Programme on Multinational Enterprises</b> . . . . .	64

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## List of tables

### Part 1. Namibia

Table 1.1. Gross domestic product (at current prices) . . . . .	5
Table 2.1. Direct investment in Namibia . . . . .	7
Table 3.1. Flow of foreign direct investment: 1990-96 (N\$ million) . . . . .	10
Table 3.2. Namibia: Employment and remuneration in mining . . . . .	11
Table 3.3. Namibia: Employment and wages in manufacturing (1994-95) . . . . .	11
Table 3.4. Employed regular workers by industry and gender (percentage) . . . . .	13
Table 3.5. Employment in manufacturing by industry and sex . . . . .	14
Table 3.6. Influence of MNEs on productivity and employment . . . . .	14
Table 3.7. Industrial actions: April 1995-March 1996 . . . . .	16
Table 3.8. Reported injuries in selected industries . . . . .	18
Table 3.9. Regional imbalance in development . . . . .	20

### Part 2. Zimbabwe

Table 1.1. Gross domestic product 1980-94 (1980 prices) . . . . .	33
Table 2.1. Net FDI in 1980 and 1987-96 (US\$ million) . . . . .	36
Table 2.2. Projects and FDI in Zimbabwe, 1991-97 (Z\$ million) . . . . .	37
Table 2.3. Geographical distribution of EPZ projects and investment as at October 1997 . . . . .	38
Table 2.4. Sectoral distribution of ZIC approved projects and investment 1993-97 (Z\$million) . . . . .	39
Table 2.5. Ownership of ZIC approved projects and investment (Z\$ million) 1993-97 . . . . .	40
Table 2.6(a). Zimbabwe: Approved foreign investment by major sources and sector (Z\$ million) (1994) . . . . .	42
Table 2.6(b). Zimbabwe: Approved foreign investment by major sources and sector (Z\$ million) (1996) . . . . .	43
Table 3.1. Paid employment (in '000) by industrial sector: 1981 and 1985-95 . . . . .	46
Table 3.2. Total investment, foreign exchange outlay and jobs created by ownership category: 1993-97 . . . . .	47
Table 3.3. Paid employment (in '000) by gender . . . . .	48
Table 3.4. Capital intensity of projects by ownership category . . . . .	49
Table 3.5. Average earnings (Z\$'000) in paid employment by industrial sector: 1991-95 . . . . .	52
Table 3.6. Occupational injuries by economic activity (selected years) . . . . .	53
Table 3.7. Employees and earnings in selected urban areas . . . . .	57



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## Abbreviations

BSAC	British Southern African Company
CFU	Commercial Farmers Union
CZI	Confederation of Zimbabwe Industries
EIU	Economic Intelligence Unit
EMCOZ	Employers' Confederation of Zimbabwe
EPZ	Export Processing Zone
FDI	foreign direct investment
FIAS	Foreign Investment Advisory Services
GAPWUZ	General Agricultural and Plantation Workers Union of Zimbabwe
GDP	gross domestic product
GOZ	Government of Zimbabwe
ISI	Import Substitution Industrialization Policy
MNE(s)	multinational enterprise(s)
MUN	Mineworkers Union of Namibia
NABWU	Namibia Building Workers Union
NAFAU	Namibia Food and Allied Workers Union
NUNW	National Union of Namibian Workers
NOSA	National Occupational Safety Association
SACU	South African Customs Union
SMEs	small and medium-sized enterprises
UDI	Unilateral Declaration of Independence
UK	United Kingdom of Great Britain and Northern Ireland
UN	United Nations
USA	United States of America
ZABO	Zimbabwe Association of Business Organizations
ZCTU	Zimbabwe Congress of Trade Unions
ZEDP	Zimbabwe Enterprise Development Programme
ZIC	Zimbabwe Investment Centre
ZIMASCO	Zimbabwe Mining and Smelting Company
ZIMPREST	Zimbabwe Programme for Economic and Social Transformation
ZNCC	Zimbabwe National Chamber of Commerce

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## Introduction

Compared to the other countries in Africa, the countries of southern Africa (Namibia, South Africa, Zimbabwe, etc.) are relatively young democracies, which have recently overcome bitter internecine domestic struggle for democracy and racial equality. The immediate post-independence economic policy in many such countries was characterized by a socialist tendency which encouraged state capitalism and discouraged private enterprise. The disappointing economic results of this policy and the need for assistance from multilateral agencies encouraged the adoption of more liberal economic policies which promoted private domestic and foreign investment in economies largely guided by market forces. This liberalization occurred in the late 1980s and was embraced by Namibia at its independence in 1990. Although countries in the southern African region had played host to a significantly large volume of foreign capital, it was not until such a liberalization of their economies that one could talk of multinational enterprises operating in sectors other than mining and agriculture.

This working paper analyses the economic contributions of multinational enterprises (MNEs) to the Namibian and Zimbabwean economies, looks at certain social aspects and compares the volume, distribution and contributions of MNE capital to the two countries' economies before and *after* economic liberalization. Namibia's case is presented in Part I while Zimbabwe's forms Part II of the paper.





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Part 1

**Namibia**



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# 1. Country background

## 1.1. Political

Namibia, a country of 1.4 million people inhabiting a land area of 824,269 sq. km, is the world's third most sparsely populated country after Botswana and the territory of Western Sahara. A German colony until 1915, it became a UN protectorate administered by South Africa until 1990 when it became independent.

## 1.2. The economy

The Namibian economy is regarded as “one of the most productive in sub-Saharan Africa, with an exceptionally high level of resources per head of population”.<sup>1</sup> Outside the desert area, the country is suitable for pastoral farming, and has “the richest source of alluvial diamonds in the world”.<sup>2</sup> It also has a large deposit of copper and uranium. The coast carries huge shoals of fish which form the basis of a major fishing industry.

The gross domestic product has recorded an average real growth rate of 3.3 per cent between 1989 and 1994 with the highest growth rates in 1991 and 1992, and the only decline in 1993. The main sources of growth are agriculture, mining, fishing and fish processing, and electricity and water. The impressive growth rate however increased per capita income by only 0.4 per cent during the aforementioned period (EIU, 1993-94). The accelerated growth rate since independence can be attributed to the prevalence of peace and the creation of an enabling environment by the Government, both of which have opened up opportunities for investors, domestic and foreign, to exploit the enormous resources of the country.

**Table 1.1. Gross domestic product (at current prices)**

	1989	1990	1991	1992	1993	1994	1995
GDP (N\$ million)	5 659	5 956	6 643	7 894	8 372	10 243	11 672
Real growth %	2.1	0.3	6.6	7.5	-1.9	5.4	3.5
GDP per head (N\$)	4 481	4 358	4 563	4 697	4 464	4 563	6 670

Source: Central Statistics Office, *National Accounts*, 1987-94; 1995 estimates by Economist Intelligence Unit.

## 1.3. Government policy on foreign direct investment

### Pre-independence

There is not much information available on the policy of the Germans in the period before 1915 when Namibia, then South West Africa, became a mandated territory of South Africa. Of course, as the metropolitan country, German investments then would hardly be regarded as foreign. Perhaps the same could be said of South African investments during the mandate years. Indeed South Africa, in 1945, attempted to integrate Namibia into the republic. Although the attempt failed, South Africa operated in Namibia as if it were just a part of the country, dominating the economy and exploiting its land and enormous mineral resources to its own advantage.

### Post-independence

After independence in 1990, the Government moved quickly to create a favourable environment for foreign investment by enacting the “Foreign Investment Act, 1990”. The Act, among other things, provides for the following:

- 
- (a) empowers any foreign national to invest in or engage in any business activity which any Namibian may undertake;
  - (b) does not discriminate against foreign nationals as regards taxation;
  - (c) permits 100 per cent foreign ownership except in the granting of rights over natural resources;
  - (d) grants Certificate of Status Investment, which entitles the recipient to several incentives: investments of N\$2 million or any amount of profit reinvestment provided such investment constitutes 10 per cent of the equity, provides employment and training, particularly for women, earns foreign exchange, locates in less developed areas and/or utilizes local resources;
  - (e) ensures availability of foreign exchange for payment of dividends and repatriation of profit, fees, etc.; and
  - (f) provides for compensation in case of expropriation and for arbitration in case of disputes.

The provisions of the Act have been largely faithfully implemented, notwithstanding the forcing of the Iron and Steel Company to share ownership of Rosh Pinah lead-zinc mine with a local company. This incident has neither deterred the Iron and Steel Company from new investment commitments in copper nor has it weakened the enthusiasm of the Government from supporting such foreign investment in mining.<sup>3</sup>

In 1995 the Government established an EPZ in Namibia with the aim of:

- attracting, promoting or increasing the manufacture of export goods;
- creating or increasing industrial employment;
- creating or expanding export earnings;
- creating or expanding industrial investment, including foreign investment; and
- encouraging technology transfer and the development of management and labour skills.<sup>4</sup>

The EPZ offers incentives to industries which export most (70 per cent) of their output with preferences given to companies using locally sourced raw materials or employing Namibians.

The EPZ Act was preceded by a set of incentives in 1993. The incentives offered to manufacturing companies included a 50 per cent tax abatement for five years, accelerated depreciation of building, exemption from sales duty on import of machinery and equipment, cash grant for export activities and a 25 per cent deduction of training costs and production wages.

In general, although Namibia is found to offer “the most friendly bureaucratic environment for private investment in southern Africa”, its administrative procedure was regarded as cumbersome.<sup>5</sup> To improve the environment still further, the FIAS recommended, among other things, a simplification of the incentive system, a reduction of the delay in project approval and trademark registration and the abolition of racial discrimination in land ownership. Some of these problems are being addressed through the establishment of the Investment Centre, a kind of “one-stop-shop” for investors.

These favourable measures and policies as well as the peace and stability existing in Namibia have created a climate conducive to foreign investment. The response of foreign investors to this favourable environment is analysed in the next chapter.

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## 2. Foreign direct investment in Namibia

### 2.1. Size

The paucity of information available on the size and sectoral or geographical distribution of foreign direct investment (FDI) in Namibia is understandable in view of the fact that a separate Namibian economy can be said to exist only since 1990.

**Table 2.1. Direct investment in Namibia**

	1990	1991	1992	1993	1994	1995	1996
Net FDI flow (US\$ million)	28	114	117	49	60	51	52
Net direct investment (N\$ million)	-	315	342	152	369	429	584*
Direct investment (N\$ million)	5 245	5 801	6 539	5 065	5 674	6 229	6 987

\* = Provisional; - = Figures not available.

Source: Net FDI flow: *World Bank: African Development Indicators*, 1997; Direct investments: *Bank of Namibia Annual Report*, 1996, pp. 44, 50.

The stock of direct investment increased by over 33 per cent between 1990 and 1996 although a decline occurred between 1992 and 1993. This decline resulted from the Government's acquisition of 50 per cent of the equity of a major mining company, the Namibia Diamond Corporation (Pty.) Ltd. Between 1993 and 1996 the stock of FDI grew at an average of over 11 per cent annually.

The net direct investment consists of new equity capital and reinvestment of profits. In 1996 these sources accounted for 97 per cent of total inflow. Reinvestment of profit by foreign investors is a good sign of investors' confidence in the economy and its prospects.

### 2.2. Sectoral and geographical distribution of FDI

No statistical data are available on the distribution of FDI sectorally or geographically. However, information obtained through interviews and an analysis of the structure of the Namibian economy suggest that the mining, finance and banking, and food-processing sectors are the dominant recipients. Mining is mainstay of the Namibian economy, contributing over 50 per cent of export earnings in 1994 (74 per cent in 1989), and accounting for over N\$5,100 million (82 per cent) of FDI stock. Food processing (mainly meat and fish) contributes about 9 per cent of GDP, with fish processing accounting for more than 50 per cent. Since 1991, investment in on-shore fish processing plants and fishing vessels has exceeded N\$400 million. The largest of such plants is Spain's Pescanova with an investment of N\$170 million.

### 2.3. Origin and geographical distribution of FDI

About 75 per cent of foreign investment in Namibia is from South Africa. Other major investors include Germany, the Scandinavian countries, Spain, Australia and China.

Information on the regional distribution of inward FDI was not available. Inferences could however be made from the sectoral distribution outlined above. The dominance of investment in mining suggests a diffusion of location through the country, depending on the distribution of mineral resources. Thus, many mines have, through their operations, brought development to otherwise undeveloped areas. The creation of the EPZ regime which grants EPZ status to stand-alone factories in any part of the country may help to spread the location of industry to several provinces of the country.

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## 2.4. Comparative distribution pattern

The pattern of sectoral distribution of FDI in Namibia contrasts with the general trend in the world. FDI is increasingly shifting from the primary sector, (agriculture, fishing, and mining) into secondary (manufacturing) and tertiary (services) sectors. For example, Canadian outward FDI in raw materials declined from 32 per cent in 1980 to 15 per cent in 1989 while the share of services increased from 22 to 38 per cent. Similarly, Japanese outward FDI in raw materials was only 6 per cent in 1990 compared with 24 per cent in 1980. On the other hand, Japanese outward FDI in services increased from 39 to 65 per cent between 1980 and 1990.<sup>6</sup> In Namibia, FDI is concentrated in the primary extractive sectors of mining and fishing. This distribution pattern is changing in many developing countries as FDI finds the manufacturing and services sectors increasingly attractive. For example, the manufacturing and services sectors dominate Japanese, US and German investment in developing countries (Bailey, 1993, page 25).

## 2.5. FDI in EPZs

The divergence of the sectoral distribution of inward FDI from the global pattern may be attributed partly to the small size of the Namibian economy and the erstwhile absence of an independent Namibia-focused macroeconomic policy. The small size of the domestic market detracts from the country's attractiveness to market-based FDI. Macroeconomic policies such as EPZs or export incentives could be used to overcome the disadvantages of a small market. However, prior to independence in 1990, Namibia was not in a position to formulate such a macroeconomic policy. As such, market-induced FDI was located in South Africa leaving resource-based investments unavoidably in Namibia.

The introduction of the EPZ may increase the share of the manufacturing sector in FDI. So far, 35 projects with a planned investment totalling N\$377.4 million and potential employment of over 2,600 have been approved. These projects cover a wide range of companies including those involved in the manufacture of motor vehicle components and refurbishment, bathroom accessories, paints, textiles, etc. Eleven projects are to be located in Walvis Bay with a total employment potential of about 900. Currently, four companies are in operation at Walvis Bay employing about 300 workers, 60 per cent of whom are men and 40 per cent women. The EPZ has thus succeeded in attracting manufacturing industries which may increase the impact of foreign investment on the Namibian economy. The contribution of FDI is analysed in the next chapter.

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## 3. Impact of MNEs

### 3.1. Introduction

This chapter examines the impact of the operations of MNEs on the Namibian economy. Five areas of contribution are analysed: capital inflows, employment creation; skills development; industrial relations practices; and national and regional development.

In the absence or paucity of aggregate national statistics in many of the aforementioned areas, the analysis points to emerging trends and relies heavily on information obtained from individual companies, sectoral organizations such as the Chamber of Mines, and national institutions such as the Investment Centre and the Bank of Namibia.

### 3.2. Capital inflows

The data in tables 3.1(a) and (b) demonstrate a positive reaction by foreign investors to the post-independence policy and environment in Namibia. Immediately after independence, the net inflow was low as foreign investors repatriated rather than reinvested their earnings. In subsequent years, inflows of FDI increased steadily, reaching a peak of N\$591 million in 1996 from a low of N\$76 million in 1990. This consisted of new equity capital as well as retained earnings, with the latter constituting the major component in more recent years. The confidence demonstrated by current investors in the economy through reinvestment of their earnings often encourages the inflow of new equity capital. The figures in section (a) of table 3.1 show that increased reinvested earnings is inducing higher new equity capital inflow.

In 1996 the stock of foreign direct investment in Namibia rose to N\$6,987 million from N\$5,245 million in 1990, that represented an overall increase of over 33 per cent or an annual average of over 6 per cent. On average, equity and reinvested earnings accounted for just under 90 per cent of total FDI stock, with debt due to affiliated companies contributing the balance.

Although the sectoral distribution of the stock is not known, the evidence suggests that it is most likely dominated by investment in mining. In 1993, the stock of capital in the mining industry was valued at N\$5.1 billion, thus accounting for practically the total investment in the country. The three major foreign companies, Namdeb (De Beers), Tsumeb and Rossing together invested over N\$302 million between 1996 and 1997. The mining sector is the biggest private employer and the major source of foreign exchange earnings and tax revenues.

Besides mining, fish processing and manufacturing (particularly in the EPZ), are also attracting considerable inward foreign investment. As mentioned above, the EPZ has recorded 35 new projects worth about N\$380 million in investment as of 1997. In addition, between 1991 and 1995, local and foreign private firms invested over N\$400 million in new on-shore fishing processing plants and vessels. Spain's Pescanova made the largest investment of N\$170 million.

**Table 3.1. Flow of foreign direct investment: 1990-96 (N\$ million)****(a) Annual flow**

	Equity capital	Reinvested earnings	Other capital	Total
1990	94	(113)	95	76
1991	79	63	191	333
1992	35	191	111	337
1993	58	82	41	181
1994	96	182	70	348
1995	113	363	(43)	433
1996*	290	276	25	591

**(b) Stock**

	Equity or re-invested earnings	Debt due to affiliates	Total
1990	4 856	389	5 245
1991	5 225	576	5 801
1992	5 933	606	6 539
1993	4 372	693	5 065
1994	4 880	794	5 674
1995	5 495	734	6 229
1996*	6 243	744	6 987

\* = Provisional figures. Figures in brackets denote capital outflow or a decrease in foreign financial liabilities.

Source: Bank of Namibia.

**3.3. Direct employment creation**

Of the estimated labour force of 494,000 in 1995, about 80 per cent, 395,000, was “employed”. This number included wage-earners, self-employed persons and informal sector workers. Unemployment was thus about 20 per cent of the labour force.

The major employer of salaried workers is the Government — 39 per cent of the salaried employees. In the private sector, manufacturing has replaced mining as the largest employer. In 1994, employment in manufacturing was about 21,000 as opposed to about 9,700 in the mining industry.

Tables 3.2 and 3.3 present employment statistics in the two major sectors of the economy in which foreign direct investment is dominant. Until 1995 when the Government acquired part of Namdeb’s equity, mining was mainly the preserve of foreign investors whose technology was needed to exploit and process the natural minerals. As a result, employment in mining could be attributed to foreign direct investment. Table 3.2, however, shows that while employment in mining has declined, it is still significant not only in terms of numbers but also income generation. In 1981, mining employed over 19,000 persons. By 1996, the number had declined to 8,540, just under 45 per cent of the 1981 figure. This decline has been attributed to the similarly declining fortunes of the mining industries, with the prices of key minerals such as gold, falling below US\$300 up to the time of writing. Such declines led to cuts in production and encouraged the use of labour substitution production technologies.



**Table 3.2. Namibia: Employment and remuneration in mining**

Year	No. of employees as at 31 December	Total remuneration	Average remuneration	Percentage change
1981	19 240	120 805	6 279	
1982	17 300	132 158	7 639	22
1983	16 595	139 706	8 419	10
1984	15 624	139 441	8 925	6
1985	14 869	152 825	10 278	15
1986	14 428	165 442	11 467	12
1987	12 905	184 034	14 261	24
1988	13 073	241 553	18 477	30
1989	12 776	283 522	22 192	20
1990	13 605	349 018	25 654	16
1991	12 265	387 860	31 623	23
1992	11 441	385 464	33 691	7
1993	9 854	381 156	38 680	15
1994	9 693	397 790	41 039	6
1995	9 775	458 887	46 945	14
1996	8 540	457 009	53 514	14

Source: The Chamber of Mines in Namibia: *1996 Annual Report*.

**Table 3.3. Namibia: Employment and wages in manufacturing (1994-95)**

Industry	No. of establishments	Number of employees			Wages and salaries (N\$ million)	Average wage
		Namibians	Non-Namibians	Total		
Food and beverage	116	14 268	363	14 631	326.89	22 342.0
Textile, wearing apparel and leather	18	704	29	733	6.15	8 390.1
Wood and wood products	23	951	4	955	12.44	13 026.0
Paper and paper products	20	929	8	937	24.69	6 350.0
Chemical and chemical products	24	881	14	895	23.05	25 754.0
Non-metallic mineral products	28	1 159	11	1 170	15.41	13 171.0
Metal products, machinery and equipment	41	1 591	18	1 609	46.04	28 614.0
Other	8	104	17	121	1.81	14 959.0
Total	278	20 587	464	21 052	456.48	21 683.4

Source: Ministry of Trade and Industry: *Report of census of manufacturing establishments, 1994-95*, pp. 20 and 24.

In comparison to the decline in employment, remuneration in mining has improved considerably and the average remuneration is very much above the national average. The total remuneration in 1996 was almost four times that of 1981 in spite of the more than 55 per cent reduction in employment. Consequently, average remuneration in 1996 was almost nine times that of 1981.

A census of the manufacturing sector in 1994 estimated total direct employment to be 21,052. About 98 per cent of that workforce was of Namibian nationality. Employment in manufacturing has increased more rapidly since 1992, mostly as a result of the success of the

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EPZ and a favourable government policy to promote higher value added activities in local industry. The dominant subsector is the food and beverage industry which constitutes about 41 per cent of all establishments in the manufacturing sector and employs more than 69 per cent of employees.

The census established that only 15 per cent of the 278 manufacturing establishments were owned by “national and foreign” nationals while the Government and private Namibians owned the remaining 85 per cent. It is plausible to assume that the joint-venture companies are much larger than their local counterparts. It could therefore be estimated that employment created by multinational enterprises in the manufacturing sector will range from 3,180 to 5,263, 15 to 25 per cent of the total employment.

### **3.4. Indirect employment**

In the absence of detailed sectoral employment data, it is not possible to estimate the indirect employment effects of multinational corporation using the method adopted by Miranda (1994, pages 20-21). The method involves the application of an “implied multiplier” [which is the ratio of the total (direct and indirect) labour coefficient to the direct labour coefficient for MNEs], to the number of direct employees of MNEs, to obtain the number of total direct and indirect employees. From the total figure obtained, the figure of direct employment by MNEs is deducted to obtain the number of indirect employment.

Respondents of interviews conducted were then requested to estimate the ratio of direct to indirect employment. The estimates ranged from two to four indirect jobs to a single direct job. Indirect employment will include employment created by suppliers of input materials, contract suppliers, distributors of the output of direct employees as well as personal service providers to direct employees. Using the midpoint of the estimated indirect employment creation, between 9,540 and 15,789 jobs could have been created in the manufacturing sector, while about 25,620 similar indirect employment opportunities would have been created in mining giving a total of between 35,000 and 41,000 employees.

### **3.5. Gender distribution of employment**

The gender breakdown of employment by multinational enterprises is not available. The gender breakdown of total employment by sector (EIU, 1996) and the detailed analysis of employment in the manufacturing sector by industry, are indicative of the employment practices in the country. These analyses are presented in tables 3.4 and 3.5.

Female employment in general constitutes about 38 per cent of total employment. Considerable differences occur among sectors. Women dominate employment in services such as hotel (71 per cent), public administration (64 per cent), education (59 per cent) and commerce and trade (51 per cent). They also constitute almost half of the employees in health and municipal services as well as private services. It seems the dominance of women is in relatively low-skilled, non-technical jobs and low-physically exerting jobs. Their share of employment is low in highly physically exerting jobs such as those in construction (8 per cent), transport (7 per cent), agriculture (13 per cent) and mining (15 per cent). Similarly, low participation occurs in highly skilled or technical jobs in electricity and gas and manufacturing activities. Table 3.5 shows that in the manufacturing sector, although the overall share of female employment is 21 per cent, it is much below that average in relatively higher-skilled industries such as the manufacture of machinery and equipment (6 per cent) non-metallic mineral products (8.3 per cent) and chemical and chemical products (16.5 per cent). On the other hand, women dominate employment in the textile and garment industries and those that manufacture paper and paper products. These are industries that utilize relatively mature technologies. This pattern of employment distribution is also observed in the EPZ in Namibia where women make up 60 per cent of the workforce in the

textile and garment industries. This is much higher than the 40 per cent share of female employment in general in the EPZ.

The two major sectors of the economy in which multinational enterprises have been very active are mining and manufacturing. Tables 3.4 and 3.5 show that female employment in these two sectors is below the national average. Employment in these two sectors requires training and skills which are less available to the female population particularly in a country just emerging from a long history of armed struggle for independence. Moreover, culturally, men are expected to perform more physically exerting activities, to be the sole or at least major breadwinner for the family and are therefore often given priority in training, education and employment opportunities.

**Table 3.4. Employed regular workers by industry and gender (percentage)**

Sector	Male	Female
Agriculture	87	13
Mining	85	15
Manufacturing	75	25
Construction	92	8
Commerce and trade	49	51
Transport	93	7
Electricity and gas	100	-
Public administration	36	64
Education	41	59
Health and municipal	53	47
Services — private	53	47
Hotels	29	71
Financial services	62	38
Others	42	58
Political parties	78	22
Don't know	62	38
Total	62	38

Source: Calculated from EIU, *Country profile*, 1996, pp. 47-48.

**Table 3.5. Employment in manufacturing by industry and sex**

Industry	Total	Male		Female	
		No.	%	No.	%
Food and beverages	14 783	11 658	78.90	3 125	21.10
Textiles, wearing apparel	757	330	43.60	427	56.40
Wood and wood products	968	884	91.30	84	8.70
Paper and paper products	944	476	50.40	468	49.60
Chemicals and chemical products	902	753	83.50	149	16.50
Non-metallic mineral products	1 185	1 087	91.70	98	8.30
Metal products — machinery and equipment	1 627	1 529	94.00	98	6.00
Other	139	119	85.70	20	14.30
Total	21 305	16 836	79.02	4 469	20.98

Source: Ministry of Trade and Industry, National Industrial Statistics: *Report of census of manufacturing establishments, 1994-95.*

Multinational enterprises use more modern capital-intensive technology than local enterprises. As a result, their employment generating capacity for a given level of investment is lower than that of indigenous companies. For example, an analysis of investment in the EPZ shows that while foreign-owned companies create seven jobs per N\$1 million invested, the corresponding figure for local companies is 18. An analysis of the statistics of the survey of manufacturing confirms this pattern. In industries where foreign companies have a relatively high profile, the amount of fixed assets per employee was much higher than in the case of those industries with only a few foreign companies. As shown in table 3.6, in the former (e.g. chemicals and chemical products), the average size of fixed assets for each establishment and the average fixed assets to create each job are much higher than in the case of industries with relatively less foreign participation. Similar differences as regards labour and capital productivity were found to exist. Foreign direct investment therefore helps to raise productivity in industry even though foreign enterprises create fewer employment opportunities than indigenous companies.

**Table 3.6. Influence of MNEs on productivity and employment**

Industry	% of cost with FDI	Employee per establishment	Fixed assets/ establishment N\$'000	Output/ labour ratio N\$'000	Fixed assets/ employee N\$'000
Food and beverages	15	127	10 563	192.6	83.2
Textile, wearing apparel, leather	22	42	525	48	48.1
Wood and wood products	0	42	1 274	61.8	30.3
Paper and paper products	10	47	1 843	96.8	39.2
Chemical and chemical products	29	38	3 701	258.8	97.4
Non-metallic mineral products	18	42	2 145	84.2	51.1
Metal products, machinery and equipment	12	40	2 600	136.4	65.0
Others	25	17	305	21.7	17.9
Manufacturing total	-	77	5 607	168.7	72.8

- = Not available.

Source: Ministry of Trade and Industry: *Report of census of manufacturing establishments, 1994-95.*

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### 3.6. Conditions of service and industrial relations

There is no minimum wage law in Namibia. In spite of the absence of such a law, companies pay above-average wages. In the mining sector, wages were said to be “extremely attractive, competitive remuneration packages inclusive of pension and medical schemes, generous annual and sick leave and generally some form of housing benefits”.<sup>7</sup> As shown in table 3.2, wages increased between 1981 and 1996 at an annual average rate of almost 16 per cent. The rate of increase was much higher between 1987 and 1991 than during the earlier or later periods. The lower rates of increase in 1981-86 and 1992-96 were due to the drought, the decline in mineral prices and early macroeconomic policies which discouraged foreign investment and made replacement of productive capital difficult. Wages in the major mines were much higher than the average and also higher than in the manufacturing and public sectors. The higher wages in the mining sector are attributable to the dominance of foreign investment in this sector. It is known that smaller indigenous mining establishments paid much lower wages. The recent increased inflow of foreign direct investment in the manufacturing sector, particularly the food, and metal products industries, has also improved the level of remuneration in manufacturing. In general, as claimed by the National Union of Namibian Workers (NUNW), multinational enterprises pay better wages, offer better conditions of service and employment stability, while indigenous companies were said to hire and fire at will and avoid paying a fair wage. Many multinational enterprises were, however, alleged to be paying higher wages for similar jobs in South Africa.

Industrial relations practices have improved considerably, particularly since the passage of the Labour Act, 1992. The Act abolished racial discrimination, provided for the registration of workers’ and employers’ organizations, stipulated the procedure for calling strikes and set up labour courts to resolve disputes.

Workers are free to join industrial unions which are affiliated to the NUNW. Seven such unions are affiliated to the NUNW which has a total of 90,000 members.

Relations between the industrial unions and employers, particularly the multinational companies, are cordial. In addition to periodic collective bargaining, mining companies hold regular meetings with the mine workers union during which negotiations on various issues (wages, safety, job grading procedure, etc.) are held. In particular, Namdeb in 1997, concluded a “historic two-year wage agreement with the Mineworkers’ Union of Namibia (MUN)”, and later engaged in a “comprehensive and independently facilitated ... labour-management relationship building exercise”, the first of its kind in Namibia. The exercise led to the “formation of a coordinating forum designed to increase labour-management decision-making” and information sharing. Several other committees were established to deal with such issues as migrant labour, hostel system, merit, training and audit, food and catering, safety, and localization and succession plans (MUN and Namdeb *communiqué*, 1997).

Companies support union activities by agreeing to deduct union membership dues and by paying the salaries of shop stewards.

Another evidence of good industrial relations practice is the relatively few cases of industrial action. As shown in table 3.7, between April 1995 and March 1996, only ten cases of industrial action were reported. Six were considered illegal while four were legal. A total of 6,613 workdays were lost in the eight companies involved. They were relatively small local companies. The largest was a retail company, employing only 244 persons. However, from 22 August to 5 October 1996 a major strike requiring the intervention of the Prime Minister, occurred at the Tsumeb Corporation, the oldest and largest copper mining company. All the strikes mentioned were for salary increases. As observed earlier, the big companies, largely MNEs, and the public sector pay, better than small companies. The strikes were the efforts of small company employees to narrow the gap in wages and salaries, at a time when there was a general fall in mineral prices.

The low incidence of injuries at the workplace also testifies to the commitment of MNEs, particularly the big mining companies, to observe high standards of occupational safety and training. The commitment to maintaining those standards is fostered through competition and awards at both the national and international levels.

**Table 3.7. Industrial actions: April 1995-March 1996**

Industry	No. of strikes	Companies involved	Work-days lost	Union	Legal status	Outcome
Mining	3	Nava Chab Gold Mine Karibib Min. & Const.	1 786	MUN	1 Illegal 2 Legal	1 Unknown 1 Wage increase 1 Compromise
Retail and trade	2	Erundu Butchery Hartliel	2 706	NAFAU	1 Legal 1 Illegal	1 Increase with 7 employees dismissed 1 No increase
Building and construction	2	Herma Brothers China Complant	870	NABWU Unknown	Illegal	2 Compromise
Manufacturing	1	Paralin	348	MUN	Legal	Unknown
Agriculture	1	Golden Sun Poultry	875	Unknown	Illegal	12 employees dismissed
Hotel	1	Oropoko Lodge	28	Unknown	Illegal	Unknown

Source: Data obtained from the Office of the Labour Commissioner, Windhoek.

Namibian firms have generally maintained a high standard of safety at the workplace. The mining industry in particular has promoted safety awareness in all mines by establishing a National Occupational Safety Association (NOSA) five-star safety grading system. The highest grade is attained if there is less than one disabling injury for every 1,000 employees. In 1995 and 1996, the disabling injury incidence was 0.59 and 0.50, respectively, per 1,000 employees. In 1994, three mines maintained their NOSCAR five-star awards (in one case it was eleventh consecutive year), and one new member gained it. Tsumeb Corporation, one of the leading mining companies, gained between two and four stars in Mine Safety Management Systems, while the Rossing Uranium Mines was awarded the British Safety Council "Sword of Honour" for the fifth consecutive time and the "Gold Award" of the UK Royal Society for the Prevention of Accidents.

According to table 3.8, the number of accidents declined by over 22 per cent from 5,015 in 1990 to 3,902 in 1995. The rate of decrease in mining is over 46 per cent, even in manufacturing where there was a large number of injuries, a decrease of almost 5 per cent was nonetheless registered.

Most injuries in the mining sector occurred in the small mining companies which are not members of the Chamber of Mines. While Chamber members dominated employment in the sector, they accounted for less than 10 per cent of all injuries. A comparison of the figures for mining and fishery on the one hand, with those of construction and transport on the other, taking into consideration the relative sizes of their workforces or their contribution to GDP, shows that the rate of injuries is lower in the former. It could therefore be inferred that the presence of multinational enterprises in the economy has exerted a positive effect on occupational safety standards.

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### 3.7. Skills development

Faced with the shortage of skilled labour required for the use of modern production technologies in mining and manufacturing, most of the MNEs in Namibia have placed emphasis on training and the development of skills. Most of the companies visited have a training department which provides basic training to operatives and supervisory and management training to senior employees. Higher technical training is often provided for a few employees in the overseas parent companies or other affiliates (e.g. Tata, De Beers).

Many large companies have apprenticeship schemes in which trainees acquire theoretical training in the training school and practical experience in the factory. In Namibian breweries, the apprenticeship school prepares students for the Trade Tests, to become artisans. Training in brewing is also provided for about two-and-a-half years locally, and abroad, for another six months, after which trainees qualify as brewers. Other types of training include basic business skills, clerical and supervisory, and quality control. In 1996 about 250 employees of the brewery were trained at a cost of about N\$1.5 million.

In the mining sector, Namdeb runs an extensive training programme. Technical training includes mining operations, equipment mechanic, fitter and turner trades and an apprenticeship scheme for 25 trainees. The apprenticeship scheme comprises a modular training which combines theory with practice. In 1996, 169 employees were trained abroad and 300 received in-house training. In addition, 141 employees benefited from the company's in-service bursary awards which aim to "offer its own employees the opportunity to obtain an undergraduate tertiary qualification". The aim is to increase the number of locals employed in higher-level positions. Under the scheme, employees get a full sponsorship and receive a percentage of their salaries while they study full time. Namdeb, in 1995, also established a "basic education and skills for adults" scheme to meet the needs of the company for workers with literacy and numeracy skills. The scheme recorded a 73 per cent success among the 415 persons who participated.

Rossing Uranium has also made a major contribution to skills development in Namibia. Rossing with a N\$6 million gift to Namibia at independence, established the Namibian Institute of Mining and Technology in Arandis. The Institute provides training for all industries including fishing, manufacturing, agriculture, oil exploration and the motor assembly industries. Rossing's training focuses on company-specific practical management development aimed at all front-line supervisory staff. It offers bursary awards, and adult education in addition to the vocational skills training in electrical and mechanical engineering (*Reviewing Rossing*, 1996).

Tsumeb's contribution to training in Namibia consists of the establishment of an Adult Education Centre, the Teacher's Centre and the Young Scientist Programme to stimulate interest in the study of Science and Mathematics (Chamber of Mines).

Multinational enterprises have demonstrated a sensitivity to the local milieu in which they have their operations and have developed programmes and activities which have improved conditions in that environment. The MNEs' contribution to the development of skills in Namibia has not been limited to the traditional vocational and management training, but has also encompassed basic education and numeracy skills.





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### **3.8. Contribution to national/regional and economic development**

In Africa, development in terms of the availability of infrastructural facilities (roads, telecommunications, electricity, hospitals, potable water, etc.) and in terms of employment opportunities and the location of industries and government institutions, is often biased towards urban sectors. Consequently, there is usually an imbalance of infrastructure and job opportunities between rural and urban areas — that regional imbalance exists in Namibia. Windhoek in the Khomas region is the only large urban centre. In 1993-94, the average regional income was N\$11,359 (three times the national average of N\$3,608), and its 84 per cent literacy rate was, and is, the highest in the country. Of Namibia's 13 regions, six have an average income below N\$2,000, while in seven of them incomes are below the national average (Hanson and Murpotola-Sibongo, page 3).

Inequality also characterizes the geographical distribution of industries. They tend to be concentrated in the three central regions of Khomas, Erongo and Otjozondjupa which account for more than 90 per cent of the national total value added in manufacturing. If the southern state of Karas is added to these three regions, that raises the percentage to 98 leaving only 2 per cent to the remaining nine regions, of which two contribute nothing at all to value added in manufacturing.

The contribution of multinational enterprises to a more balanced regional development varies, depending on the nature of the investment. MNEs in manufacturing tend to exacerbate regional imbalances as they tend to locate in the relatively more developed regions with good infrastructure. The introduction of the EPZ is likely to reinforce this pattern as EPZ investment seems to be concentrated in towns such as Walvis Bay, Swakopmund, Tsumeb, Keetmanshoop and Otjiwarongo. All these preferred locations, with the exception of Tsumeb, are in the four regions which account for 98 per cent of value added in manufacturing.

Table 3.9 shows the disparity between the most developed and least developed regions of Namibia. The former four regions account for just about a quarter of the population but disproportionately high percentages of total employment, manufacturing establishments and value added activities. The latter, consisting of five regions, has more than half of the population but only 5 per cent of manufacturing establishments and 1.1 and 0.7 per cent of employment and value added respectively.

In the mining sector which is dominated by multinationals, location is inevitably determined by the presence of natural resources. Mining establishments have played a positive role in the development of rural areas which they have transformed into towns or modern villages.

Towns like Oranjemund, Gobabis, Karibib, Arandis, Luderitz and Tsumeb owe their existence and development largely to the development of the mines. The first railway line in Namibia from Tsumeb to Swakopmund was constructed in early 1903 by Tsumeb Corporation. Mine employees provide a ready market for food vendors, clothing merchants and artisans who are attracted to the mining settlements. The resulting population concentration makes the provision of schools, hospitals, and other facilities, necessary and viable. This cumulative process turns the rural mining locations into booming towns.

**Table 3.9. Regional imbalance in development**

Region	Population	Percentage distribution		Value added	N\$ income 1993-94	Literacy (%)
		No. of manufacturing establishments	No. of persons engaged			
<b>Developed</b>	<b>27.5</b>	<b>85.4</b>	<b>96.3</b>	<b>98.2</b>	-	-
Erongo	4.0	23.4	41.5	37.1	5 423	81
Otjozondjupa	7.3	19.7	11.6	12.9	3 659	58
Khomas	11.8	37.2	26	40.4	11 359	84
Karas	4.4	5.1	17.2	7.8	6 655	82
<b>Undeveloped</b>	<b>53.2</b>	<b>5.1</b>	<b>1.1</b>	<b>0.7</b>	-	-
Omusati	13.5	0	0	0	1 452	68
Ohangwena	12.7	0	0	0	1 070	51
Oshana	9.6	1.5	0.4	0.1	1 922	70
Oshikoto	9.1	2.9	0.6	0.5	1 680	61
Okavango	8.3	0.7	0.1	0.1	1 763	55

- = Figures not available.

Sources: (i) National Planning Commission, Namibia: *Population and development planning* (1994); (ii) Ministry of Trade and Industry: *Report of census of manufacturing establishment (1994-95)* p. 14; (iii) D. Hansohm and M. Murpotola-Sibongo: *Overview of the Namibian economy*, Sep. 1997, p. 3.

The mining companies play the role of municipal authorities in the mining towns. Namdeb, for example, provided all the infrastructure for Oranjemund, including schools, hospitals, water supply and sewage disposal. The town of Luderitz benefits from its nearness to Namdeb's Elizabeth Bay Mines which, through its employees and direct business relations with other enterprises and the council, contributes about N\$11 million to the community. It sponsors local athletes, organizes and supports sports activities and subsidizes housing for its staff.

Mining has contributed to the development of Karibib which is 10 km away from the Navachab mines. Navachab's demand for water necessitated and made economically viable the construction of an 85 km water pipeline from Swakopmund Dam. The company also built 84 new houses and provided roads, water and electricity, thereby bringing new life and employment opportunities.

The growth of Arandis was similarly helped by the establishment of the Namibian Institute of Mining and Technology, which was made possible by a donation of N\$6 million by the Rossing Uranium Ltd.

The practice of subcontracting non-core business activities has promoted a more balanced regional development. Many mining companies have contracted out ancillary services such as security, cleaning, transport of personnel and the operations of various shops. The contractors are usually indigenous businessmen, some of whom were former employees of the mining companies. Even the Mine Workers' Union has established an investment company to undertake some of the services that are contracted out.

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## 4. Conclusions and prognosis

### 4.1. Introduction

The study of multinational enterprises in Namibia is faced with the problem of lack of quantitative and up-to-date information. Given the recency of Namibia's nationhood, and the all-prevailing influence of South Africa which administered Namibia until 1990, there was not much distinction between domestic and foreign investment. Official statistics on foreign direct investment are aggregated in terms of inflow and outflow and their impact on the balance-of-payment. There is hardly any information on the sectoral or regional distribution of such investment. This study has therefore depended largely on information from individual companies, employer associations, labour union officials and government institutions and officials.

### 4.2. Conclusions

The Namibian economy is quite dynamic. Its enormous mineral and marine resources have been the main attraction to foreign investment. The existence of an environment conducive to foreign investment, particularly the Foreign Investment Act, enhance the attractiveness of Namibia as a host-country to multinational enterprises. As a result, as at the end of 1996, Namibia was host to about N\$7 billion in foreign investment which grew steadily since 1990. Most of the investment has been in mining, fishing and the emerging fish and food processing industries. It could therefore be concluded that foreign investment in Namibia follows the traditional pattern, being predominantly in the primary extractive sector. However, the declining prices of minerals and the establishment of the EPZ may soon result in a shift in investment from the primary to the secondary sector of the economy. This will be in line with global trends in foreign direct investment flows to developing economies.

Multinational enterprises contribute significantly to the national economy of Namibia by creating employment, producing for export and contributing to government revenues. They also help to transfer managerial skills, develop infrastructural services and promote entrepreneurship through the subcontracting of ancillary services. However, there is doubt as to whether the operations of MNEs promote a more even regional development. In a study of FDI in Viet Nam, Khan found that although FDI may increase regional income, output and employment, "there is also a tendency to exacerbate existing inter- and intraregional inequalities as well" (1997, page 6). This study of FDI in Namibia corroborates Khan's finding. As shown in table 3.9, considerable inequalities still exist among the regions in Namibia. Some regions are not being touched by MNEs' operations in manufacturing. On the other hand, regions with mineral deposits have benefited significantly in terms of employment, as well as the growth and development of towns, infrastructure and communications. Overall, MNEs have had a positive influence on national and regional economic development. Their contribution is greater in relatively developed areas or areas with mineral deposits. The effect is, as pointed out earlier, an exacerbation of inter and intraregional inequalities.

The development and improvement of managerial, technical and entrepreneurial skills and know-how are major benefits expected of MNEs. Faced with a shortage of skilled labour, most MNEs have had to offer basic on-the-job training to their staff. Many have established apprenticeship schemes, adult literacy classes, higher technical educational institutions as well as financial assistance to their employees for university education. The MNEs can claim partial credit for the high level of literacy (77 per cent) in Namibia, a level much higher than those in most other sub-Saharan African countries.

The practice of subcontracting may also be seen as a means of stimulating the development and upgrading of skills. In Oranjemund, former employees of Namdeb now own and manage the bakery, the butchery and many other services formerly provided by the Company. The entrepreneurial, technical and managerial skills gained in such enterprises can be transferred to

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other sectors with such entrepreneurs becoming the nucleus of an indigenous class of industrialists.

The National Union of Namibian Workers, in a comparison of local companies and MNEs, considered the latter to offer better wages, conditions of employment and training. They are also major contributors to government revenues. It is plausible to conclude that their impact on training, skills development and working conditions in Namibia has been positive.

The evidence suggests that the activities of MNEs are more capital — rather than labour intensive. Apart from the decline in mineral prices which necessitated the reduction in mineral output and consequently in employment, the substitution of capital for labour has contributed to a decrease in employment in mining. The two factors are related. As prices of minerals decline, there is need for greater efficiency and lower costs, which is more easily achieved by utilizing capital-intensive technologies.

The census of the manufacturing sector showed a higher output/labour ratio than the output/fixed assets ratio in practically all industries. In manufacturing, it generally takes NS72,800 in fixed assets to create one job. This figure may be as high as NS97,400 in the chemical and chemical products industry and as low as NS30,300 in the wood and wood products industry. Thus capital intensity is partly a function of the nature of the particular industry and the level of technology used. MNEs tend to adopt more modern and less labour-intensive technology than domestic enterprises. This practice has occasionally created industrial relations problems in the industries and the private sector has even been criticized for having “dismally failed in creating jobs”.<sup>8</sup>

### 4.3. Prognosis

What is the future of FDI in Namibia? Two factors augur well for the growth of FDI in Namibia: the natural wealth of the country and the existence of an environment which is conducive to attracting FDI. The wealth of the country was discussed briefly in Chapter 1. FDI will be needed to activate these latent resources — land for pastoral farming, the fish-rich coast and the exceptionally rich mineral deposits (e.g. diamond, uranium, copper). The need for FDI for the development of the manufacturing sector was also recognized. The census report concluded that “in the absence of any significant and substantial direct foreign investments in this sector, growth will remain stagnant for some time. It considered it imperative that the Government encourage joint ventures between Namibian and foreign investors in order “to increase the level of gross fixed investment and capital formation in the sector.

The Government, recognizing that FDI is indispensable for developing the country, has created an “enabling” environment for such investment. The country enjoys political stability, has one of the most developed infrastructural services in Africa and has adopted a liberal foreign investment policy.

The establishment of the EPZ all over the country, and particularly at Walvis Bay, and the setting up of the Namibian Investment Centre, have served as catalysts for FDI. They have facilitated the entry of foreign investors by minimizing the bureaucratic processes in approving investment applications, providing information, support services such as labour recruitment services and building facilities.

The location of Namibia on the west coast is an added advantage. The port of Walvis Bay seems more accessible and closer to Europe than ports in South Africa. However, Namibia faces a formidable competition in attracting foreign investment because of its proximity to South Africa which virtually dominates its economy. Namibia’s membership in SACU is said to inhibit the development of high-level expertise and national competencies. Another argument is that membership in this organization is being used by South Africa to divert investment from Namibia and other neighbouring countries into South African conurbations.

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## Notes

- <sup>1</sup> Economic Intelligence Unit (EIU), 1993-94, p. 17.
- <sup>2</sup> J.D. Omer-Cooper: *History of southern Africa* (2nd edition) (London, James Currey Publishers), 1994, pp. 278-294.
- <sup>3</sup> EIU: *Country profile*, 1st quarter, 1996.
- <sup>4</sup> L. Ayoade: "Why export processing zones", in *Namibia Business Journal*, Sep. 1997, p. 13.
- <sup>5</sup> Foreign Investment Advisory Services: *Namibia: Administrative barriers to investment: The red tape analysis* (1996).
- <sup>6</sup> P. Bailey, A. Parisotto and G. Renshaw (eds.): *Multinationals and employment* (Geneva, ILO, 1993), p. 23.
- <sup>7</sup> The Chamber of Mines of Namibia: *Mining in Namibia*.
- <sup>8</sup> R. Moorson: *The private sector and employment*, Windhoek: The Namibian Economic and Policy Research Unit, 1993.

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Yaldwyn, R., Hanekon, W., Moroff, W. and Murray, A. 1996. *Namibia: Emerging market opportunity*, Nov.





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# Appendix

## Names of organizations that provided information and officials interviewed

### A. Government organizations

1. Bank of Namibia
  - W. I. Shiimi, Manager, Economics
  - Hendrie Scheun, Manager, Balance of Payments
  - Sylvia N. Shikongo, Senior Exchange Control Officer
  - Mrs. Kamundu
2. Central Bureau of Statistics
  - F.S.M. Hangula, Government Statistician
3. Namibia Investment Centre
  - Freddie U. Gaoseb, Deputy Director, Projects and Evaluation
  - Ndeshi Hangula-Shikwambi, Manager, Investments

### B. Employers

1. Chamber of Mines
  - John Rogers, General Manager
2. Companies
  - Markus J. Lubber, Financial Manager, De Beers Services Proprietary, Ltd. (De Beers)
  - L.G. Murray, Group Secretary, De Beers
  - Hilifa Mbako, Manager, Corporate and Public Affairs, Namdebt diamond Corporation (Pty.) Ltd.
  - Bernd Masche, Managing Director, Namibia Breweries Ltd.
  - Gerhard Van Biljon, Human Resources Manager, Namibia Breweries Ltd.
  - R. McG. Miller, Technical Manager, National Petroleum Corporation of Namibia (Pty.) Ltd. (NAMCOR)
  - John D. Mandy, General Manager, Stocks and Stocks Properties (Pty.) Ltd. (Namibia)
  - A. Kannan, General Manager, Tata Namibia (Pty.) Ltd.
  - Alex Paremore, Vice-President, the Indigenous Peoples' Business Council of Namibia
  - Shikongo E. Pandeni, Administration Manager, NAMCOR
  - Stoffberg, Managing Director, Meat Company of Namibia
  - B. Masche, Managing Director, Iron and Steel Company (ISCOR)
  - Van Bilton, ISCOR

### C. Workers

- C.R. Haikali, Ag., Secretary General, National Union of Namibian Workers



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Part 2

## **Zimbabwe**



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# 1. Country background

## 1.1. Political

Zimbabwe, with a population of about 12 million people, was under settler governance until 1980 when it became independent after a war of liberation lasting over a decade. Formerly known as Southern Rhodesia, Zimbabwe came under the rule of British settlers in the nineteenth century when, in 1889, the British Southern Africa Company (BSAC) was granted a charter which conferred on it the rights to “all metals, and minerals” in the country (Sylvester, 1991, page 18). The British settlers invested in mining and agriculture and established a system of governance that discriminated against the indigenous people of the land. Discrimination took the form of denial of equal opportunity and the forced acquisition of fertile agricultural land.

## 1.2. The economy

Zimbabwe's economy is one of the most developed in Africa, second to that of South Africa. It has a “well-developed manufacturing sector, prosperous commercial farming, varied mineral resources and relatively dense infrastructure” (EIU, 1996-97, page 9). Unlike many other African countries, the GDP of US\$5 billion in 1995 was spread over various sectors, with manufacturing contributing 25 per cent, agriculture 12 per cent and mining 7 per cent, while services contributed 50 per cent. (Mushiri, 1995, page 23).

In the first two years of independence, the economy recorded a high growth rate of 11 per cent but this declined in 1982 and 1983 as a result of foreign exchange shortages, lack of skilled manpower, drought, poor transport and slow growth of exports. Overall, the economy grew at an average of 3.5 per cent per year between 1965 and 1996 (World Bank, 1998, page 26), and at 8.1 per cent in 1996 (Murerwa, 1997, page 4) but declined by 3 per cent in 1997 (Zizhou, 1998).

Diversification in manufacturing was an inadvertent result of the minority government's Unilateral Declaration of Independence (UDI) which led to economic sanctions against the country. Local manufacture was then encouraged to fill the gaps, thus producing a domestic economy with a high degree of self-reliance. At its peak, manufacturing produced over 6,000 products and provided 47 per cent of inputs for the mining industry and 66 per cent of those for agriculture (EIU, 1996-97). That structure created a conflict among the three business sectoral interests of agriculture, industry and mining, in the post-independence years. The conflict arose because of a change in the pattern of protection provided to the manufacturing sector. Economic sanctions on Rhodesia were lifted after independence in 1980. The new Government removed import licences and imposed tariffs on imported inputs while removing them from capital goods. Agriculture and mining welcomed the removal of duty on imported capital while the manufacturing sector opposed it. Manufacturers also opposed the higher duties imposed on inputs than on finished goods, a policy which put them at a competitive disadvantage with imports.

## 1.3. Government economic policy

### 1.3.1. The colonial period

The foundation of the modern Zimbabwean economy was laid by foreign capital, mainly British and South African. The BSAC made large investments in order to exploit the deposits of gold, coal, iron, asbestos and other minerals. With initially disappointing finds in gold, the settler government encouraged the inflow of foreign capital, mainly from De Beers and Gold Fields, both of South Africa, in order to promote more rapid development of resources in the territory (Sylvester, 1991, page 18).

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Settlers' capital also developed commercial agriculture as a substitute for the disappointing yield from gold mines. By 1904, there were 2,040 white farmers cultivating 74,251 hectares of maize and tobacco. Between 1904 and 1911, the number of black workers rose from 7,000 to over 37,000 and white workers from 949 to 2,255 (Sylvester, 1991, pages 22 and 23). Currently, about 6,000 commercial farmers produce 90 per cent of maize and cotton, and practically all the tobacco, tea and coffee while about 700,000 household farmers cultivate around 18 million hectares of land.

The entire industrial sector was also dominated by local whites and to a certain extent by foreign capital while blacks historically have been excluded from urban-based business activities (Rasmussen, 1992, page 22). They suffered discrimination in prices, land ownership and rights of association.

Economic policy in the pre-UDI years was liberal and open, characterized by export and trade orientation, government concentration on infrastructure development, fiscal discipline and flexibility. The reverse was true of the post-UDI years. Faced with increased international isolation and domestic pressure, the settler government adopted a more restrictive and closed economic policy, and also relaxed fiscal discipline. As a result, private investment declined and production technology became obsolete. An attempt to prevent the total loss of export markets led to a trade agreement with South Africa, whereby both countries accorded preferential treatment to the other's exports.

UDI proved to be a blessing to local manufacturing. Forced to be largely self-reliant, the country encouraged local producers, who responded by increasing the range of products from 600 in 1965 to over 6,000 by the 1980s. The ban on profit remittance and the adoption of an import substitution industrialization (ISI) policy increased the size of foreign capital as it forced investment into new ventures (EIU, 1996-97). In summary, the early colonial period was one of "very rapid overall growth, fuelled by a heavy reliance upon exports, massive government investment particularly in infrastructure, larger-scale infusions of foreign capital and immigration" (Skalnes, 1995, page 40). On the other hand the post-UDI colonial years saw restrictions and a "nationalistic" closed, protective economic policy.

The colonial economic policy illustrates the two faces of foreign direct investment (FDI). FDI helps accelerate the pace of development and the exploitation of resources, even if it increases the economic dependence of the host country. On the other hand, the absence of FDI may slow down the pace of development but it makes countries more self-reliant. Proponents and opponents of FDI in host countries often discuss this dilemma.

### 1.3.2. Post-independence

Although independence is only 18 years old, it can be divided into two periods, 1980-89 and 1989-97 for the purpose of economic policy analysis. Paradoxically, economic policy change is a reversal of that during the colonial period, moving from a controlled to a liberalized policy.

#### 1.3.2.1. 1980-89

The first ten years of independence were years of a controlled Marxist-oriented economy. The newly independent Government wished to exercise sovereignty over the economy. It therefore controlled foreign exchange rates, prices, investments, wages and employment. The Government was also committed to the expansion of social services — health, education, housing — as a means of redressing the inequities of the past. Financing such expansion through fiscal policies resulted in high budget deficits, which rose to 7.7 per cent in 1984 and 10 per cent in 1987. Exports were encouraged through export loans by the Reserve Bank of Zimbabwe.

The Government pursued a policy of state capitalism as a means of countering the "unacceptably high" level of foreign ownership. This policy produced state-owned companies such as the Zimbabwe Steel and Coal Authority and the Zimbabwe Mining Development

Corporation through which the Government acquired major share ownership of erstwhile private companies largely owned by white settlers.

As might be expected, the policy on FDI was hostile. Foreign investors were regarded as “foreign capitalist exploiters”. The Government tried to maximize self-sufficiency and control while keeping existing capital within the country (Skalnes, 1995, page 122). In 1982, government guidelines welcomed FDI “if it would make a contribution to the economy, including the training of Zimbabweans, enter into joint ventures with domestic and state concerns, avoid diluting existing domestic participation in enterprises, undertake intensive use of local raw materials and processed input, and enter areas in which labour-intensive technology and technology appropriate and easily adaptable is promoted and generate exports within a reasonable period” (Sylvester, 1991, page 113). These expectations of FDI were practically impossible. However, evidence of government realism and flexibility in implementing the policy is demonstrated in its approval of Heinz’s acquisition of a 51 per cent controlling interest in the “ailing local firm of Olivine” (Sylvester, 1991, page 114).

The results of nationalistic economic policies are reflected in table 1.1. GDP grew at an average of 4 per cent per annum during the period 1980-94. Growth in the first three years was “propelled by growth in wages, good rains, international legitimacy and peace” (EIU, 1996-97). Poor growth in 1982-84 resulted from shortage of foreign exchange, lack of skilled manpower, drought, a fall in mining prices, slow growth in exports and transport bottlenecks. After the drought of 1987, there was a recovery which resulted from a loosening of government control of the economy in response to agitation from the business sector for economic liberalization. In 1988, private sector organizations (the Confederation of Zimbabwe Industries (CZI), the Commercial Farmers Union (CFU), the Chamber of Mines, the Zimbabwe National Chamber of Commerce (ZNCC) and the Zimbabwe Tobacco Association) acting under the umbrella of the Zimbabwe Association of Business Organisations (ZABO) called for “a phased programme of trade liberalization coupled with relaxation of controls on prices, wages, investment and hiring and firing, as well as supportive policies of public expenditure reductions and the like” (Skalnes, 1995, page 128). In addition the failure of existing policies to achieve desired goals set the stage for economic liberalization.

**Table 1.1. Gross domestic product 1980-94 (1980 prices)**

Year	GDP (Z\$ million)	% Change
1980	3 224	10.7
1981	3 537	9.7
1982	3 589	1.5
1983	3 461	-3.6
1984	3 450	2.3
1985	3 803	7.4
1986	3 881	2.1
1987	3 861	-0.5
1988	4 143	7.3
1989	4 332	4.6
1990	4 428	2.2
1991	4 568	3.2
1992	4 301	-5.8
1993	4 341	0.9
1994	4 661	7.4

Note: 1992-94 figures are provisional.

#### 1.3.2.2. 1989-98

In a policy statement of April 1989, the Government of Zimbabwe (GOZ) set out its new policies and regulations for the promotion of investment. The main objectives of the new economic policy were “rapid growth, full employment, price stability, efficiency in resource allocation and the equitable distribution of benefits” (GOZ, 1989, page 3). These objectives were to be achieved through investment in the key sectors of agriculture, industry, commerce and mining as well as in infrastructure and the social sector. For once, government explicitly “recognises the important developmental contribution that the private sector, both local and foreign, can make by increasing investment in Zimbabwe” and enunciated a “policy to encourage an active and viable private sector alongside a strong public sector” (GOZ, 1989, page 4).

This policy sets out explicit guidelines for FDI. Specifically, it:

- (i) defines a foreign investor;
- (ii) accords preference for majority Zimbabwean participation in new foreign investment projects;
- (iii) discourages foreign investment in commercial farming, services and services-related sectors such as banking, retail and wholesale trading and consultancy services;
- (iv) encourages foreign investment in priority sectors of agriculture, industry, commerce and mining which have high local value added through the use of local resources, labour-intensive technology, research and development activities;
- (v) generates substantial employment opportunities;
- (vi) enables the transfer of advanced technology, provides training opportunities to Zimbabweans and brings substantial socio-economic benefits to rural areas;
- (vii) establishes the Zimbabwe Investment Centre (ZIC) which provides a “single-window” facility for investment information and approval (GOZ, 1989, pages 4 and 5).

The Promotion and Investment Policy statement was followed in 1990 by another policy paper on economic reform titled “Zimbabwe: A framework for economic reform (1991-95)”. The paper sets out strategies for stimulating investment which are based on “reliance on market forces, trust in the private sector and enthusiasm for foreign investment” (ZIC, page 6). The framework contained a review of fiscal and monetary policies aimed at reducing the Government deficit through cutting down the public sector and reducing subsidies to parastatals through their rationalization, commercialization and privatization. It also decontrolled and liberalized trade, investment and employment policies.

Another major institutional measure to promote FDI was the establishment of an Export Processing Zone (EPZ) by an Act of Parliament in 1994. The EPZ is to promote local and foreign investment, to grant EPZ licences to producers and issue permits to industrial park developers. Five such parks are being planned, three in Harare, and one each in Beitbridge and Mutare. The EPZ Act offers approved investors several incentives which include:

- (i) duty-free importation of all raw materials, intermediate goods, capital equipment and machinery used in EPZ operations;
- (ii) permission for up to 100 per cent foreign ownership;
- (iii) a five-year tax holiday and a low (15 per cent) corporate tax thereafter;
- (iv) full repatriation of profits and dividends;
- (v) exemption from various taxes — e.g. capital gains, fringe benefits, dividends, branch profit, fees, remittances and royalties;
- (vi) refund of sales tax on local purchases (ZIC, page 66).

The Government commitment to a liberalized, private sector-led economy is underlined by its recently adopted Zimbabwe Programme for Economic and Social Transformation (ZIMPREST). ZIMPREST is to last for ten years, 1996-2006. It reaffirms government commitment to fiscal “reform, trade and exchange rate liberalisation, domestic deregulation and social safety nets to protect the poor sectors of society”. The policy also emphasizes commitment



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to the tripartite system, the development of small and medium-scale enterprises, and promises “concerted efforts ... to attract foreign direct investment as a source of scarce capital resources and a vehicle for technology transfer as well as an opportunity for strategic partnerships and the introduction of new skills” (Ministry of Industry and Commerce, 1997, page 4).

Zimbabwe can be said to have turned full circle, from suspicion and hostility towards FDI to enthusiastic encouragement and welcome. The 1990s therefore represent a watershed for FDI in Zimbabwe. The period presents an opportunity to study the relationship between economic policy, particularly on FDI, and the response in terms of foreign investment flow and contributions to the economy. Chapter 2 of this paper analyses the volume of inflow while Chapter 3 studies the impact of FDI on the Zimbabwe economy.

## 2. Foreign direct investment in Zimbabwe

### 2.1. Introduction

Modern industry in Zimbabwe owes its existence to the introduction of FDI, mainly through the BSAC and white settlers. They opened up the mines and established commercial farms, bringing in perhaps the first non-transient foreign capital and thereby laying the foundation for FDI in manufacturing in later years.

### 2.2. Size of FDI

It appears to have been the general practice of the colonial governments in Africa not to keep statistics on foreign investment: statistics on FDI in Zimbabwe were hardly available until 1980, after independence. And during the first decade, interest in FDI focused mainly on the balance of payments effect. Thus statistics were kept in terms of "net" inflow. There was little recorded information on the size of inflow, the source or the sectoral/geographical location in the host country. Table 2.1 presents the net inflow of FDI to Zimbabwe for 1980, and for 1987-96.

**Table 2.1. Net FDI in 1980 and 1987-96 (US\$ million)**

1980	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	
10	-86	-57	-47	-34	10	6	27	80	168	32	
				Annual Average							
1975-84				1985-89			1990-96				
1				-43			41.3				
As % of GDP					As % of gross domestic investment						
1980			1995			1980			1995		
0.0			0.6			0.2			2.2		

Source: (1) World Bank: *African Development Indicators*, 1997, page 82.  
(2) *World Development Indicators*, 1997, page 234.

Table 2.1 illustrates the nature of FDI. The net inflow in 1980 could be explained by the same factors which accounted for the growth of GDP in that year, as discussed above. After an initial response to the new Government and the prospect of an open, liberal economy, FDI declined because of the unfavourable economic policy of controls and restrictions. The average net inflow of FDI of US\$1 million between 1975 and 1984 deteriorated severely to an average net outflow of US\$43 million between 1985 and 1989. The return to a liberal economic policy and the enthusiastic promotion of FDI in the 1990s have paid off in terms of a surge in the annual average net inflow of FDI to US\$41.3 million between 1990 and 1996. FDI is thus becoming an increasingly significant component of the gross domestic investment in Zimbabwe.

Since 1991, when the Zimbabwe Investment Centre (ZIC) was established, more detailed information on FDI has become available. The ZIC, the sole agency for approving new businesses or introducing or increasing FDI in existing businesses, keeps a record of the amount, sectoral and geographical location, jobs created and exports arising from approved projects.

Table 2.2 presents the statistics on FDI in Zimbabwe from 1991 to 1997. The table shows an almost fourfold increase in the number of projects between 1991 and 1996. The 1997 figures

do not include local investment projects, as was the case in earlier years. In the same period, total investment as well as the foreign exchange component increased elevenfold. Table 2.2 also shows evidence of a change in the size of projects, level of ownership and type of technology. Projects have become more capital-intensive. In 1991, for example, the average investment per project was Z\$7.4 million. In 1996 and 1997 the average investment was Z\$23.1 and Z\$21.4 million respectively. The average number of employees per project declined from 58 in 1992 to 29 in 1996 although in 1997 it rose back to the 1992 figure of 58. Capital intensity is also reflected in the declining number of jobs created per Z\$1 million investment from 10.3 in 1992 to only 1.3 in 1996 and 2.7 in 1997. This raises the problem of appropriate technology, an issue that will be discussed in Chapter 3.

**Table 2.2. Projects and FDI in Zimbabwe, 1991-97 (Z\$ million)**

Year	No. of projects	Total investment	Forex component	No. of Export earnings jobs		Import savings	Jobs created per	
							\$ mill. inv.	Project
1991	117	867.0	—	—	—	—	—	—
1992	290	1 628.3	—	16 850	—	—	10.3	58
1993	271	1 919.8	738.5 (38.5)	14 396	1 765.7	43.2	7.5	53
1994	365	5 491.3	4 105.6 (74.8)	9 939	1 859.3	234.7	1.8	27
1995	448	3 801.1	2 687.7 (70.7)	12 442	1 866.0	—	3.3	28
1996	415	9 574.3	8 339.5 (87.7)	12 147	2 264.1	—	1.3	29
1997	380	8 126.7	6 124.3 (75)	21 924	24 636.0	—	2.7	58

Notes: (i) — = Figures not available. (ii) Figures in parentheses are % of total investment.

Source: Zimbabwe Investment Centre.

FDI is also becoming dominant in project investment. In 1993, the FDI component of total investment was only 38.5 per cent. This almost doubled the following year, and in 1996, FDI accounted for 88 per cent of total investment. These statistics confirm the importance of a favourable government policy in attracting foreign investment. The increasingly liberal economic policy, including permission for 100 per cent foreign ownership, has attracted a massive inflow of FDI.

Apart from the ZIC, FDI also enters Zimbabwe through the newly created EPZ. Table 2.3 presents data on EPZ projects and investment as at October 1997. The table shows that a sum of Z\$1,094.8 million has been invested in 56 projects and created 10,620 jobs, an average of Z\$19.6 million investment and 190 jobs per project. The average number of jobs created by Z\$1 million investment in the EPZ, 9.7, is higher than in non-EPZ projects: EPZ projects are much larger but paradoxically less capital-intensive than their conventional counterparts. The other features of EPZ projects and investment shown in table 2.3 will be discussed later in this chapter as well as in the next.

**Table 2.3. Geographical distribution of EPZ projects and investment as at October 1997**

Province	No. of projects	Investment (Z\$m)			Jobs created			Expt. value Z\$m	Inv. (Z\$)
		Total	Per project	Per job	Total	Per project	Per Z\$m.inv.		
Harare	19 (34)	279.5 (26)	14.7	45 566	6 134 (58)	323.0	22	3 580.4 (49)	12.8
Manicaland	12 (21)	459.5 (42)	38.3	267 618	1 717 (16)	143.0	37	1 767.9 (24)	3.8
Mashonaland (East)	2 (4)	17.3 (2)	8.7	117 587	147 (1)	73.5	8	179.3 (2.4)	10.4
Mashonaland (West)	13 (23)	248.1 (23)	19.1	195 663	1 268 (12)	97.5	5	1 331.4 (17.6)	5.2
Mashonaland (Central)	2 (4)	28.0 (3)	14.0	48 696	575 (5)	287.5	21	163.2 (2.2)	5.8
Matabeleland	7 (13)	59.6 (5)	8.5	84 659	704 (7)	100.6	12	326.7 (4.4)	5.5
Masvingo	1 (2)	2.8 (0.2)	2.8	37 333	75 (1)	75.0	27	21.9 (0.3)	7.8
Midlands	0	0	0	0	0	0	0	0	0
Total (Zimbabwe)	56	1 094.8	19.6	1 033 088.5	10 620	189.6	10	7 370.8	6.7

Note: Figures in brackets are percentages and may not add to 100 exactly because of rounding.

Source: Calculated from statistics from the EPZ Authority.

### 2.3. Sectoral distribution

The high diversification of the Zimbabwean economy observed earlier is reflected in the sectoral distribution of FDI which is shown in table 2.4. The diversification is increasing with time. In 1993, two sectors, mining and manufacturing, accounted for over 90 per cent of the foreign exchange component of investment with two other sectors, commerce and agriculture, sharing the remaining 9.6 per cent at 5 and 4.6 per cent respectively. By 1995, other sectors were attracting FDI. While manufacturing was the major attraction in 1995 with about 42 per cent of both total investment and foreign exchange outlay, mining was more important in 1996, with about 37 per cent of total investment and 39 per cent of foreign exchange investment. The other sectors that have emerged as major attractions are tourism, commerce, construction and agriculture. In 1995, tourism and commerce accounted for about 20 per cent each of investment, with agriculture accounting for less than 1 per cent of foreign exchange outlay. The share of tourism increased to over 25 per cent in 1996 while construction and commerce shared about 10 per cent each. Manufacturing, construction and commerce dominated investment in 1997.

The sectoral distribution of FDI in Zimbabwe exhibits a high degree of dynamism and diversification that is not often found in other developing countries of Africa. The share of manufacturing is likely to increase with the EPZ, which usually attracts more FDI to manufacturing. The increased flow of capital into tourism is mainly in massive refurbishing projects and investments by new entrants such as the Hilton and Marriott tourism groups.



## 2.4. Ownership of investment projects

Until 1996, the ZIC kept records on three categories of ownership of investment: local, foreign, and joint. A project is classified "local" if it is 100 per cent owned by Zimbabweans, "foreign" if 100 per cent owned by foreign nationals while "joint" could be majority owned by either Zimbabweans or foreign nationals, depending on the industry. For example, foreign ownership predominates in mining, tourism, and agriculture while Zimbabwean owners predominate in commerce: manufacturing is about 50:50.

Table 2.5, which presents statistics on ownership of projects and investment for 1993-97, shows that joint ventures between Zimbabweans and foreign investors are the preferred form of ownership. In the five years 1993-97, joint ventures accounted for an average of over 63 per cent of projects, 53 per cent of total investment and about 50 per cent of foreign exchange outlay.

However, in terms of average investment, foreign-owned projects were more than twice as large as joint ventures. In terms of foreign exchange outlay they were on average three times larger. Compared with locally-owned projects, foreign-owned projects were at least seven times larger in terms of investment and 13 times larger in terms of foreign exchange outlay.

With the opening up of the economy, the number of local projects has declined drastically from 155 (57.2 per cent) in 1993 to a meagre three (0.7 per cent) in 1996. The decreasing number of local projects and the increasing number of joint ventures indicate that both local and foreign investors prefer the latter. This preference suggests that both partners are aware of the mutual benefit of combining the technological, managerial and capital superiority of the foreign partner with the political and environmental knowledge advantage of the local investor. It also helps achieve the Government's desire for increased indigenous participation in economic activity in the country.

**Table 2.5. Ownership of ZIC approved projects and investment (Z\$ million) 1993-97**

Year	Ownership	No. of projects	Total investment	Forex outlay
1993	Local	155 (57.2)	381.5 (19.9)	193 (26.1)
	Foreign	47 (17.3)	1 240.4 (64.6)	428.1 (58.0)
	Joint	69 (25.5)	297.9 (15.5)	1 17.4 (15.9)
	Total	271	1 919.8	738.5
1994	Local	12 (3.3)	136.7 (2.5)	121.4 (3.0)
	Foreign	86 (23.6)	2 563.1 (46.7)	2 350.4 (57.2)
	Joint	267 (73.2)	2 791.5 (50.8)	1 633.8 (39.8)
	Total	365	5 491.3	4 105.6
1995	Local	2 (0.4)	9.1 (0.2)	3.7 (0.1)
	Foreign	109 (24.3)	1 675.6 (44.1)	1 379.6 (51.5)
	Joint	337 (75.2)	2 116.4 (55.7)	1 295.4 (48.3)
	Total	448	3 801.1	2 678.7
1996	Local	3 (0.7)	17.2 (0.2)	0 (0)
	Foreign	65 (15.7)	4 246.2 (44.3)	3 975.9 (47.3)
	Joint	347 (83.6)	5 311.4 (55.5)	4 423.6 (52.7)
	Total	415	9 574.8	8 399.5
1997	Foreign	61 (16.1)	1 003.3 (12.3)	630.6 (10.3)
	Joint	319 (83.9)	7 123.4 (87.7)	5 493.7 (89.7)
	Total	380	8 126.7	61 243.0
Annual Average	Local (up to 1996)	43 (15.4)	136.1 (5.7)	79.5 (7.3)
	Foreign	74 (19.4)	2 145.7 (42.4)	1 752.9 (44.9)
	Joint	268 (63.3)	3 528.1 (53.0)	2 592.8 (49.3)

Note: Figures in parentheses are in percentages.

Source: Zimbabwe Investment Centre.

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## 2.5. Sources of FDI

With the exception of Japan, all the major sources of FDI — Australia, Canada, Germany, Switzerland, UK and USA — are active in Zimbabwe. In addition, there is a significant presence of newly industrializing countries such as India, Malaysia, and South Africa. Other African countries accounted for only 0.7 per cent (Z\$21.6 million) in 1994 and 1 per cent Z\$95.6 million in 1996. While the 1994 investment was in only two sectors, manufacturing (Z\$5.2 million) and commerce (Z\$16.4 million), the 1996 investment was spread over six sectors with more than 62 per cent going to manufacturing (see table 2.6).

In 1994 and 1996 Australia dominated investment in mining while the UK, South Africa, and Switzerland dominated manufacturing, commerce and agriculture. FDI is attracted to new sectors such as tourism, construction and services. Germany and South Africa are the major investors in tourism, Malaysia in construction and the USA, UK and the British Virgin Islands in the services sector.

Zimbabwe confirms Sanjaya Lall's conclusion that "MNCs from developing countries are varied and evolving rapidly" (Lall, 1983, page 267). The wide sectoral participation of third world countries, the number of such countries and the increasing volume of their investments demonstrate a potential for future growth.

## 2.6. Geographical location

Information on the geographical distribution of ZIC-approved projects is not available, but in general, in 1985, over 72 per cent of gross output of manufacturing industries was concentrated in the two major cities of Harare (46.7 per cent) and Bulawayo (25.4 per cent). The other major concentrations of manufacturing output were Redcliff and Kwekwe (7.4 per cent), Gweru (4.1 per cent), Mutare (3.7 per cent), Kadoma (2.4 per cent), Masvingo (1.1 per cent) and others (9.1 per cent) (*Quarterly Digest of Statistics*).

This pattern may be modified by FDI response to opportunities created by the establishment of an EPZ. As shown in table 2.3, Mashonaland West and Manicaland are more attractive to EPZ projects. Although Harare maintained its position as the preferred location, Matabeleland (Bulawayo) was displaced to the fourth position with only seven EPZ projects as compared with 13 and 12 for Mashonaland East and Manicaland respectively. As FDI spreads to other sectors besides the traditional ones of mining, manufacturing and commerce, it is most likely that the geographical distribution will be less concentrated.

In this chapter, we have shown that Zimbabwe has succeeded in attracting FDI. In the next chapter, we examine the impact of the increased inflow of FDI on the economy in terms of employment opportunities created, skill transfer through training, economic development and improved industrial relations practice.







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## 3. Impact of FDI on the Zimbabwe economy

### 3.1. Introduction

FDI is attractive to developing countries because of the benefits it bestows on them. Perhaps the most important benefit is the transfer of technology which enables developing countries to exploit their natural resources and transform them into useful products. This process requires production resources such as capital and labour, thus creating employment with all the attendant benefits. The need to improve operational efficiency makes it necessary to train the labour force, and more highly skilled workers receive higher wages. This increases the demand for goods and services. A cycle of interacting benefits promotes economic development, raises the standard of living and improves the well-being of the people. This chapter examines the extent to which FDI in Zimbabwe has fulfilled these expectations.

### 3.2. Capital inflow

3.2.1. The importance of FDI in Zimbabwe has varied considerably with time. In the late nineteenth century British investors dominated the economy, indeed they created the modern economy of the country. Until 1965, the country was open to FDI, though figures for inflow are not available. After UDI in 1965, the country was “closed” to FDI. Table 2.1 shows that FDI inflow during this period and immediately after independence averaged only US\$1 million per year. The years after independence were in fact years of capital outflow rather than inflow as the restrictive economic policies of the Government led to capital flight. Between 1985 and 1989, capital outflow averaged US\$43 million annually.

The opening up of the country in the early 1990s produced a massive inflow of foreign capital at an average of US\$41.3 million a year constituting, in 1995, 0.6 per cent of GDP and 2.2 per cent of GDI. Between 1993 and 1996, total FDI inflow into Zimbabwe was Z\$15,930.8 million out of a total investment of Z\$24,376.6 million.

3.2.2. In addition to the direct inflow of foreign capital, FDI has also served as a catalyst for domestic investment. As shown in table 2.4, between 1993 and 1996, an annual average of Z\$1,216.1 million in domestic capital was invested in fully-owned indigenous enterprises or in joint ventures with foreign capital. FDI therefore helps mobilize and activate local investment by creating opportunities for local capital.

### 3.3. Employment creation

3.3.1. Statistics on employment created directly by foreign investment are not often available because it is difficult to separate employment in joint ventures on this basis. While employment in wholly foreign-owned enterprises can be attributed to FDI, it might be difficult to determine what proportion of employment in “local” or “joint venture” projects can be attributed to the presence of FDI in such ventures.

3.3.2. An assessment of the impact of FDI on employment can be made by comparing the growth in employment with the growth in investment, including FDI. Table 3.1 shows the statistics on paid employment in 1981 and from 1985 to 1995. From 1981 to 1994, the number of persons in paid employment increased by over 46 per cent or at an annual average of about 3.6 per cent. Between 1993 and 1994, however, the increase was less than 2 per cent. During the same period, total investment increased almost threefold while the amount of foreign exchange invested increased almost sixfold (see table 3.2). The rates of growth of total and foreign exchange investment therefore far outstrip the corresponding rate of growth in

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employment, with the ratio being twice as high for foreign exchange investment growth as for total investment. The conclusion which can be drawn from these relationships is that while FDI certainly creates employment opportunities, it does so at a much lower rate than indigenous capital.

3.3.3. The conclusion drawn above is supported by the data in table 3.2 which shows FDI and employment creation by category of ownership. On the whole, it shows that local investment is a better creator of employment opportunities than wholly foreign-owned investment. For example, between 1993 and 1996, local investment constituted on average 5.7 per cent of total investment and 7.3 per cent of foreign exchange outlay, but it created 13.4 per cent of employment. On the other hand, between 1993 and 1997, enterprises fully owned by foreigners accounted for 42.4 per cent of total investment and 44.9 per cent of foreign exchange outlay but created only 24.5 per cent of employment opportunities. This pattern is reflected in the statistics for individual years.

3.3.4. During the five years covered by the table, given the definitions of the categories of ownership (see Chapter 2), it could be estimated that FDI created 100 per cent of the employment in wholly foreign-owned projects and 60 per cent of those in joint ventures. In the five years therefore, FDI could be said to have created 44,640 new jobs.

$$(4,516 + 2,493 + 3,743 + 2,804 + 2,847) + .6(3,301 + 6,843 + 8,677 + 9,163 + 19,077) \\ = 16,403 + 28,237 = 44,640$$

FDI therefore accounted for 63 per cent of the 70,848 employment opportunities created between 1993 and 1997. Applying this percentage to the total employment figures presented in table 3.1, the estimated direct and indirect employment created by FDI is shown in the last column of the table. This rose from 543.2 in 1981 to 759.9 in 1994, representing an average annual growth rate of 3.1 per cent. This estimate is credible given the fact that until 1980, most of the existing businesses were the preserve of the white population, the majority of whom were foreign. In fact, the significant contribution of local enterprises to paid employment was a result of the labour intensity of such enterprises, which was discussed earlier. In general, estimates of the ratio of indirect to direct employment is 4:1. Thus 80 per cent of the total employment of FDI could be attributed to indirect employment.

### 3.3.1 Gender distribution of employment

Although women constitute about 44 per cent of Zimbabwe's labour force, they only account for about 19 per cent of total employment with the highest point (22.5 per cent) occurring in 1991 and the lowest (17.7 per cent) in 1986 (see table 3.3). It is difficult to determine the impact of FDI on female employment. A survey of three multinational companies, which was carried out by the author, shows that the level of female employment depends more on the nature of the industry than the nationality of ownership. In mining, female employment is confined to administration. No women are employed in underground mining and three female trainees at the School of Mines withdrew from the course, two of them due to pregnancy. On the other hand, about 40 per cent of employees in the tourism industry are women working in accountancy, marketing and management. And in PG Industries, only about 10 per cent of the 3,500 employees are female (5 per cent of unskilled workers, 10-15 per cent of skilled workers and 10 per cent of management and professional workers).

This gender imbalance in employment is similar to findings in Namibia and supports the conclusion that the nature of the industry influences the level of female employment rather than the nationality of ownership.





In spite of the relatively small share of women in paid employment, the annual average growth rate (3.6 per cent) between 1986 and 1994 was more than twice that of male (1.5 per cent) or total (1.6 per cent) employment. This might be the result of women's increasing access to education and their consequent higher employability as well as of increasing cultural acceptance of women in paid employment.

**Table 3.3. Paid employment (in '000) by gender**

Year	Men	(%)	Women	(%)	Total	% Growth
1986	889.8	82.3	191.2	17.7	1 081.0	–
1987	889.6	82.0	195.5	18.0	1 085.4	0.4
1988	929.5	82.2	201.6	17.8	1 131.1	4.2
1989	957.0	82.0	210.1	18.0	1 167.1	3.2
1990	977.6	82.0	214.5	18.0	1 192.2	2.2
1991	1 015.8	77.5	228.2	22.5	1 244.0	4.3
1992	1 012.5	77.7	223.8	22.3	1 236.2	-0.6
1993	997.6	80.4	242.7	19.6	1 240.3	0.3
1994	1 018.0	80.0	252.2	20.0	1 270.2	2.4

Source: *ILO Yearbook of Labour Statistics*, 1996.

### 3.4. Labour productivity

The major determinants of labour productivity are technology/capital and labour skills. The FDI contribution to labour productivity can thus be measured by the technology content of its production facilities, approximated by capital intensity and the extent of training activities.

#### 3.4.1. Capital intensity

The capital intensity of FDI projects was discussed earlier. Table 3.4 below shows this through two related statistics: employment by Z\$1 million investment and amount of investment needed to create a single job. While, nationally, it takes an average of about Z\$424,000 to create a single job, only about Z\$73,000 (17 per cent) is needed by a locally owned company. A foreign-owned company requires about Z\$717,000, which is almost twice the national average and nearly ten times the locally owned company requirement to create a job. Thus, a locally owned company generates about 14 jobs for a Z\$1 million investment while a foreign-owned company generates less than two jobs. Joint ventures are less capital-intensive than wholly foreign-owned enterprises but more so than locally owned ones.

This characteristic of FDI creates a conflict between multinational enterprises (MNEs) and developing host-countries. However, such a conflict is paradoxical. On the one hand, developing countries expect MNEs to transfer new technology which is usually capital — rather than labour-intensive. On the other hand, given the high level of unemployment in most developing countries, MNEs are expected to create jobs in large numbers by using “appropriate” technology i.e. technology which absorbs some of the abundant labour supply of the host countries. This scenario is further complicated if the MNEs are expected to export, which requires modern and usually capital-intensive technology.

**Table 3.4. Capital intensity of projects by ownership category**

Year	Ownership	Investment per job	Employment per Z\$1 million
1993	Local	57 987.5	17.20
	Foreign	274 667.8	3.64
	Joint	90 245.3	11.10
	Total	133 356.4	7.50
1994	Local	226 699.8	4.40
	Foreign	1 028 118.7	0.97
	Joint	407 935.1	2.50
	Total	552 500.2	1.80
1995	Local	413 636.3	2.40
	Foreign	447 662.3	2.20
	Joint	243 909.1	4.10
	Total	305 505.5	3.20
1996	Local	95 555.5	10.50
	Foreign	1 514 336.6	0.66
	Joint	579 657.3	1.70
	Total	788 244.0	1.30
Annual average	Local	73 740.5	13.60
	Foreign	717 416.6	1.30
	Joint	375 829.0	2.70
	Total	424 883.4	2.40

Source: Calculated from table 3.2.

The use of labour-intensive technology could be economically disadvantageous to both FDI/MNEs and the host countries in the long run. For example, in Zimbabwe, three major mines closed down in 1998: Rio Tinto's Brompton Gold Mine in Kadoma, River Ranch Diamond Mine at Beitbridge and the Dalny Gold Mine in Chakari (*Sunday Mail*, 1998, pages 1 and 4). They closed because of high operational costs and low prices. A recent article suggested that some of these mines might be profitably operated if a more mechanized process was adopted. Such a process is considered as "appropriate technology", redefined as "the technology that will yield a product which meets the specifications and needs of a customer at a competitive price" (*Mining and Business in Southern Africa*, 1997, page 7).

By employing more modern technology, FDI increases labour productivity and transforms previously idle resources into useful products.

### 3.4.2. Skills development

The second factor determining productivity is skills development. A well-trained labour force is likely to be more productive in both quantity and quality of output. In the three companies interviewed, training is provided through formal education, training programmes, apprenticeship schemes and on-the-job experience through industrial attachment programmes for students at institutions of higher education.

Commercial farmers, through their union, the Commercial Farmers Union (CFU) train about 3,600 workers annually in horticulture, livestock, agronomy, seedbed and financial management. CFU founded the Agriculture Institute with a contribution of Z\$22 million out of the total cost of Z\$45 million. In addition, the CFU pays about half of the Z\$6.5 million annual expenses of the institute, which has an enrolment of about 90 students.

PG Industries aims to train all its staff in a five-year cycle. It thus trains about 700 of its 3,500 employees annually, spending about Z\$3 million each year. Training includes leadership skills, management, operations, computing, marketing and sales, ethics and good governance.

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Anglo American Corporation Services (Anglo) offers training to its own staff and also to other companies and institutions on a commercial basis. In 1988, Anglo established the Organisation Training and Development (Pvt.) Ltd. as a separate company offering training in mining technology, administration, technology and finance, to its staff and to the general public.

In mining, the Zimbabwe Mining and Smelting Company (ZIMASCO) (formerly Union Carbide) built the Kwekwe Technical College and donated it to the Government. The mining companies, through their Chamber, pay half the annual expenses of the School of Mines in Bulawayo. In 1996 and 1997, such contributions amounted to Z\$600,000 and Z\$824,000 respectively. The Government, through the Zimbabwe Development Fund, to which the Chamber of Mines contributes about Z\$8 million, provides the capital expenditure as well as the balance of recurrent expenditure. The school enrolls about 60 students annually including some from Botswana and Malawi, studying for a diploma in extractive metallurgy and mineral processing, geology, mining and mine survey. In addition, mining companies provide industrial experience for students in polytechnics and universities while their officials serve on the councils or advisory committees of various institutions including the University of Zimbabwe and the National University of Science and Technology.

In the financial sector, the two largest banks, Barclays Bank (a British subsidiary) and the Standard Chartered Bank (South Africa) run extensive training programmes. Barclays Bank is currently organizing a business management course to train young graduates to establish small-scale industries with the bank providing venture capital. The training offered by Standard Chartered Bank has developed many Zimbabweans to such a level of competence that three of them are now managing bank subsidiaries in Ethiopia, Ghana and the United Republic of Tanzania.

MNEs have thus improved productivity in Zimbabwe through the application of modern technology and the introduction of active training programmes which transfer valuable skills to their workers. Training activities have intensified for black Zimbabweans since 1975 when, as a result of the liberation war, it became necessary to train blacks for middle management. Training schools were set up in companies, mines and plantations: companies also contributed to the establishment and funding of institutions of higher education and provided financial support for students.

### **3.5. Industrial relations and conditions of work**

3.5.1. Unstructured interviews were held with two union leaders to obtain their opinions on MNE activities with respect to conditions of service, industrial relations practice training, skill transfer and contribution to national economic development. The union leaders (Morgan Tsvangirai of the Zimbabwe Congress of Trade Unions (ZCTU) and Philip Munyayi of the General Agricultural and Plantation Workers Union of Zimbabwe (GAPWUZ)), both rated MNEs very highly in terms of industrial relations practice. Mr. Tsvangirai, as General Secretary of the ZCTU which embraces almost all economic sectors, is the most important union leader in the country. He has a wide knowledge of both MNE and indigenous company policies and practices on industrial relations, conditions of service, training, etc. Mr. Munyayi was interviewed in order to gather information on the agricultural sector, particularly to balance the interview with the powerful Commercial Farmers' Union.

Wages are higher in MNEs and are paid promptly, unions are recognized, workers exercise their freedom to form or join unions of their choice and the unions enjoy management cooperation. Most companies accept the "check-off" system thereby enabling the union to operate smoothly. (This is a system whereby employers agree to deduct, on behalf of the union, membership dues from their employees' salaries. The system ensures an effective low-cost collection of union dues, which enhances the union's financial viability.)

3.5.2. MNEs in Zimbabwe enjoy a very good reputation for better conditions of service and higher wages. Most interview respondents (listed in the appendix) attribute the better



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conditions of service in MNEs to such factors as the size of such enterprises, competition between them, and the influence of international or parent-company practices and standards. Table 3.5 shows that average earnings in most industries, except agriculture, are much higher than the GNP per capita of US\$610 (about Z\$10,370) (UN, 1998, page 14). The table refers to all employees in those sectors, including MNEs and indigenous companies.

Intersectoral and even intra-sectoral comparisons also show evidence of a positive effect of MNEs on wages. Average earnings are highest in the finance, insurance and real estate business which is usually a high-paying sector, and in utilities such as electricity and water which often require high skills. In general, earnings in industries where foreign investment dominates or is significant (mining, manufacturing, commerce, restaurants and hotels) are at least twice as high as national per capita income. The trend for average earnings also shows a growth pattern reflecting the increased inflow of FDI consequent on the opening of the economy since 1991. Average earnings at least doubled between 1991 and 1995 in practically all industries. Within a given industry, MNEs pay much more than their local counterparts. In agriculture, for example, CFU members, many of whom are foreign nationals, were reported by the GAPWUZ to pay better and more regularly than indigenous farmers. In the service sector, expatriate employers of private domestic workers pay much more than their national counterparts. MNEs thus have a positive impact on wages and, in general, on other conditions of service.

3.5.3. Health and safety statistics are presented in table 3.6. It is difficult to isolate the contribution of MNEs to safety practice and records. However, it seems that in most of the industries where FDI is dominant injury rates are higher than the annual average rate. For example, while on average only about 1.5 per cent of employees were injured, the rates in mining/quarrying and manufacturing were 4.9 and 3.1 per cent respectively, more than twice the national average.

No clear pattern of severity of occupational injuries has emerged. The probability of an accident being fatal is highest in those sectors where a very low percentage of employees were injured. In only two industries (manufacturing and electricity/gas) were the fatality rates lower than the overall average. Yet these industries had very high rates of injuries. On the other hand, the fatality rates were highest in agriculture, transport, public administration, and mining/quarrying, many of which also had high rates of injuries.





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While the trend between 1986 and 1995 seems to be stable, the rates are rather high. The mining industry itself describes the fatality rates as “unacceptably high” and “estimated that 88 per cent of all types of work-related accidents are a result of unsafe acts” even though over 12 mines have achieved the distinction of completing 1 million shifts without a fatality (The Chamber of Mines, page 10).

The nature of economic activity rather than the nationality of ownership seems to be a major determinant of the rate or severity of injuries. Workers using heavy machinery and equipment, particularly powered by electricity, those working underground, and those using motorized equipment seem more exposed to injuries. Increased mechanization seems to increase exposure to injuries and therefore requires greater focus on worker training, particularly in the use of electrically powered machinery and equipment. Another factor in the high rate of injuries seems to be the use of relatively obsolete machinery and equipment. As mentioned earlier, during the era of control, the shortage of new, particularly foreign capital, hindered the maintenance and replacement of machinery and equipment.

Efforts are being made to reduce the rate of injuries. In the mines, for example, the Chamber organizes safety competitions for both surface and underground operations, and gives prizes. In addition, the Chamber awards prizes for the best mine environment maintenance based on the inspection report of the Natural Resources Board which covers mining villages, mining operation areas, dumps and vegetation.

3.5.4. MNEs have maintained very cordial labour relations in Zimbabwe. National Employment Councils with tripartite memberships constituted the main instrument for promoting good relationships. These councils provide the forum for discussion and negotiation, dispute resolution and collective bargaining.

Employer organizations, such as the Employers’ Confederation of Zimbabwe (EMCOZ), the Chamber of Mines, the Chamber of Commerce, the CZI and the CFU, maintain close contact through formal and informal meetings, dialogues and social contacts, with the various industrial unions and the ZCTU. Such meetings discuss matters of interest to the parties such as strikes, stay-aways and disputes.

At the enterprise level, management maintains good social integration, supports the workers’ freedom of association and provides funds for the union through the check-off system.

The annual collective bargaining between employers and workers is often preceded by a national seminar designed to facilitate negotiations at association level. Occasionally, bipartite or tripartite meetings are held to review government proposals. In 1996 and 1997, such meetings were held to review the Government’s economic and social transformation programme and the land reform policy respectively. At the former, all three parties agreed to uphold and pursue the principles of tripartism as embodied in ILO Convention No. 144 of 1976, “with the ZCTU suggesting that strategic issues relating to the national budget, taxation, privatisation economic reforms, the budget deficit and others should be incorporated” (The Chamber of Mines of Zimbabwe, 1997, page 32).

One indication of a good industrial relations environment in Zimbabwe is that until 1997, strikes and stay-aways, and other work stoppages were almost unknown. Even the strikes and stay-aways of 1997 and 1998 were more against macro economic policies (increased taxation, high budget deficits and the consequent inflation) rather than against employers’ decisions and policies. Such policies affect both employers and employees adversely and have provided a common interest against the Government, a bipartite solidarity which resulted in a government threat not to “assist in cases of disputes” between the employers and the unions during the annual collective bargaining process (*Business Herald*, 1998, page 6). This threat was reversed as the Government has now sought to continue dialogue with the ZCTU (*Financial Gazette*, 1998, page 1). Restoration of the tripartite process may be the key to a peaceful industrial relations future in Zimbabwe.

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## 3.6. Contributions to national and regional economic development

3.6.1. Host countries expect the operations of multinationals to serve as a catalyst for national economic development as well as for spreading development over the various geographical regions of the country. In earlier sections of this paper we have discussed the contribution of MNEs to national development through the growth and diversification of GDP, the creation of employment opportunities, the generation of foreign exchange resources through exports and foreign capital inflow, and the enhancement of productivity through skills development and the introduction of modern technology. Two other contributions will be discussed in this section: entrepreneurial development and balanced geographical development.

3.6.2. Developing entrepreneurship is not generally a deliberate policy of MNEs but could be described as a by-product of their operations. Indigenous entrepreneurs are usually former employees of MNEs who later found their own business using the knowledge and experience gained in the multinationals (Iyanda, 1975, pages 157-159). Many indigenous small-scale miners were previously employees of the major MNE mining companies. Founders of many other companies such as Prime Net (a computer company), Eastimber Enterprises Ltd, many indigenous commercial farmers and industrialists, and even mining consultants are former employees of MNEs, mostly in the same sector in which they now operate as competitors, satellites or service providers.

Apart from employment, MNEs foster entrepreneurship through linkage programmes and subcontracting. In the tourism industry, linkages are quite strong as almost 90 per cent of materials are sourced locally through subcontracting. Perhaps the most successful linkage programme is the initiative led by the CZI through the Zimbabwe Enterprise Development Programme (ZEDP) with funds from USAID and the Norwegian Development Corporation (NORAD). The ZEDP liaises between large and small businesses, identifies linkage opportunities and helps match service providers (small companies) with purchasers (large companies). By May 1998 the local ZEDP office had established 101 linkages in Manicaland province, generating about Z\$43 million and creating over 2,000 jobs.

Further evidence of entrepreneurial development is the establishment, by Anglo American, of Hawk Ventures, a venture capital company intended to assist small enterprises with start-up capital with its equity participation of between 25 and 40 per cent. Anglo American has also fostered linkages with smaller businesses. It sets targets for subcontracting to small and medium-scale enterprises (SMEs) and ensures that linkage partners are paid promptly to avoid cash flow problems for the SMEs involved (*The Zimbabwe Chartered Accountant*, page 11).

PG Industries assists indigenous entrepreneurs through its Carpenter Supplies Programme and Project Hands-On. Both programmes supply on credit, materials needed by carpenters or contractors who reimburse PG after they receive payment from their clients. By April 1998, over 50 carpenters and 100 contractors had benefited from the schemes. Such programmes remove the financial obstacles often encountered by SMEs and independent artisans.

3.6.3. In spite of the argument that a foreign investor is not a "benevolent philanthropist" whose objective is to provide social infrastructure (Horn, 1995, page 16), it is interesting to observe that MNEs have been major providers of facilities such as roads, railways, water and electricity supplies. In most cases, such infrastructure is provided in rural areas in order to promote MNE operations. Nevertheless, the facilities constitute public goods which improve the quality of life and reduce imbalances in regional development. The presence of such facilities in a location makes that location more attractive to human settlement and creates an opportunity for increased economic activities.

Agriculture and mining have made the biggest contribution to regional development, more a result of their nature than of deliberate policy. Agriculture is a rural activity, but it requires public utilities such as electricity and water, and services which are often found only in the city. Large farms and plantations have therefore had to provide these facilities by themselves. Mining

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is a similar case and mining companies have also had to build roads, schools and hospitals to cater for their workers. The result of these efforts is the establishment of many towns and the provision of services. Towns like Wankie (Wankie Gold Colliery), Zvishavane (Africa Association Mines), Shamva and Redcliff, Bindura, Hwange and Shurugwi (Anglo American) owe their existence and development largely to the activities of mining and agricultural MNEs. Members of the Chamber of Mines provide “38 doctors, 9 hospitals, 51 clinics, 43 junior and 11 senior schools for over 40,000 children, a quarter of whom are children of non-employees, housing for all mine workers and family (330,000 persons), sporting and recreational facilities” (The Chamber of Mines, page 1). The mines also establish and support sports clubs. ZISCO, Mhangura, and Eiffel Flats are well-known soccer clubs financed by mining companies which also organize some of the most popular athletic and cycling competitions in the country.

Tourism serves to promote development in areas which would have been considered remote. For example, Victoria Falls, one of the world’s best known tourist attractions, Vumba, and Nyanga owe their fame and development largely to the tourist industry.

Many companies have contributed funds and materials to specific projects. Anglo American Corporation (then known as Anglo American Rhodesian Development Corporation) purchased 3,700 railway trucks at a price of £7.9 million and subsequently hired them out to the Federal Railways which delivered coal to consumers and copper to the coast (Kanganga, 1994, page 12).

The relatively even spread of employment, earnings and average earnings across Zimbabwe shown in table 3.7 can be attributed largely, if not exclusively, to the activities of MNEs particularly in mining, agriculture and tourism. The same can be said of the industrial, infrastructural and urban development that the country has enjoyed in the past 100 years (The Chamber of Mines, Zimbabwe, page 4).



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## 4. Summary and conclusions

### 4.1. Introduction

FDI in Zimbabwe has operated in a very dynamic environment which has turned full circle from hostility and restrictions to enthusiasm and liberalization. This study illustrates the relationship between policy and the general economic environment on the one hand and the inflow of FDI on the other. It shows that large markets and abundant resources may be necessary for attracting FDI to a country, but that they are not sufficient. The political and economic environment are just as important. The other main conclusions of the study are highlighted below.

### 4.2. Summary

4.2.1. FDI in Zimbabwe is well-diffused geographically and across economic sectors. Although FDI dominates certain industries such as mining, tourism and manufacturing, it is significant in most other sectors. Its impact is also widely spread over the geographical regions of the country.

4.2.2. Zimbabwe confirms that third world countries, usually recipients of FDI, are emerging as investors in other developing countries. Such investments are currently concentrated in the commercial, tourism and service sectors of the Zimbabwean economy.

4.2.3. The establishment of institutions such as the ZIC and EPZ authorities simplified the entry process for investors and made Zimbabwe more attractive to them. The result is an accelerated rate of growth of FDI in Zimbabwe.

4.2.4. The preferred form of entry is through partnership between foreign and Zimbabwean investors. This combines the advantages of local knowledge and political acceptability with those of technological know-how and access to capital.

4.2.5. MNEs employ about 63 per cent of salaried workers in Zimbabwe. In spite of this dominance in creating employment opportunities, MNEs create fewer jobs for a given level of investment than local companies. This finding suggests that developing countries need alternative means, besides FDI, of solving their employment problems.

4.2.6. FDI-dominated industries are more productive and capital-intensive than their local counterparts. This is the result of using more modern technology and greater emphasis on human resources development and motivation.

4.2.7. The gender distribution of employment varies from industry to industry irrespective of the nationality of management or ownership of capital. Thus women are poorly represented in mining but constitute a significant proportion of workers (40 per cent) in tourism. In some manufacturing establishments, women workers seem to be more concentrated in office work than in production or technical work. While MNEs are generally equal opportunity employers, it is more the nature of work which determines the level of women's employment.

4.2.8. MNEs have a good industrial relations practice in Zimbabwe. They offer better conditions of service, provide better staff training and maintain cordial and cooperative relationships with the industrial and national workers' unions. However, safety records, particularly in mining, construction, transport and manufacturing, are rather poor and need to be improved through training and high standards of maintenance.

4.2.9. Lastly, MNEs have contributed immensely to the development and growth of Zimbabwe through capital inflow, employment, technology and the development of local entrepreneurial skills. In addition, Zimbabwe owes most of its industrial and social infrastructure (schools, roads, electricity supply, health, sports, railways, etc.) and the establishment and growth of many towns to the activities of MNEs. Such involvement not only helped the



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Government to meet its obligations to the citizenry but also helped spread development throughout the country.

MNEs have been beneficial to Zimbabwe's economic growth and development. Their technology has helped transform natural resources into useful modern products and in the process they have created employment, generated income and provided essential services to the nation. This contribution has varied from time to time in response to or as a consequence of government policies. A legitimate question is the extent to which such contributions to national economic development are likely to continue. In the last section of this paper, an attempt is made to analyse the prospects for FDI in Zimbabwe.

### 4.3. FDI prognosis

4.3.1. Zimbabwe has enjoyed peaceful democratic rule since it became independent in 1980. Peace and political stability, adherence to the rule of law and to democratic principles are major factors which influence foreign investment decisions. Although there have been some strident criticisms of the current Government, and some rumblings within the governing party, all these seem to be within the democratic framework.

As such, the prospects of remaining a democratic, peaceful state and a free market economy are quite bright. This augurs well for continued inflow of foreign capital.

4.3.2. The excellent infrastructural facilities of the country need to be maintained. Currently telephone services are being improved and modernized and the railway track extended. But recent interruptions in the electricity supply suggest a need to expand capacity as well as to ensure efficient maintenance.

4.3.3. Zimbabwe has one of the highest literacy levels in Africa. It therefore has a well-educated and highly trained labour force which is equipped, through experience in industrial work, with the skills usually required by MNEs for their efficient operation. With the depreciation of the Zimbabwe dollar, such labour can be hired at competitive rates, thereby reducing production costs and making the country more attractive to foreign investors.

4.3.4. The commitment of the Government to a free enterprise, private-sector-led economic policy also augurs well for continued FDI inflow. In the newly launched economic policy, ZIMPREST 1996-2006, the Government reiterated its commitment to tripartism, free enterprise, privatization and commercialization of parastatals, promotion and encouragement of FDI, greater government fiscal discipline, research and development, and human resources development. Faithful implementation of such a policy will create an environment conducive to FDI.

4.3.5. On the negative side is the deteriorating macroeconomic environment. In a recent news item, the *Financial Gazette* (1997, page 5) reported that foreign investors were happy with returns on local stock markets but were concerned "about the Government's fiscal and monetary policies which they fear could be inflationary ... a possible drought in Southern Africa ... [and] apprehensive about how Government planned to fund the huge gratuity payments for an estimated 70,000 ex-freedom fighters who are demanding a one-off compensation of about \$3.6 billion and monthly pension payments costing \$140 million annually from 1998".

Echoing the same sentiments, Eric Bloch (1998, pages 9 and 10) produced a catalogue of "shattering blows" to the economy. He wrote:

The combined effects of the total and unduly hasty fiscally ill-considered submission to the demands of ex-combatants and war veterans, of the grossly mishandled land acquisition exercise couched in endless racially vitriolic rhetoric, of a devastatingly great depreciation of the Zimbabwean Dollar which was seriously mismanaged by Government and the Reserve Bank, of further punitive taxes, of demonstrations and food riots accompanied by violence, vandalism, looting and excessively oppressive responses by the Authorities, of labour unrest and industrial action, and of confrontational, unfounded allegations by Government against the business community, all understandably reperculated upon business confidence.

There is little doubt that Zimbabwe has to improve its macroeconomic environment if it is to continue to enjoy the kind of relative political and industrial peace which has made it a preferred

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location for FDI. The factors causing apprehension among foreign investors and the “shattering blows” listed by Bloch are creating a militant labour force, which had two violent general work stoppages and demonstrations within four months, and a hostile collective bargaining environment, all of which are threatening the tripartite cooperation essential for development.

4.3.6. The Government also needs to assure investors, both local and foreign, of impartial treatment and an even playing field for all. After the recent Enhanced Communications Networks (Pvt.) Ltd (ECONET) saga where a local investor had to go through a long and costly legal battle to procure a licence to provide cellular phone services, investors need to be reassured that the Government is committed to a free market economy and to its role as an unbiased regulator and adjudicator. Yet that same saga reassures investors of the existence of an independent and fearless judiciary in cases where it becomes necessary to resort to the law courts for the settlement of disputes even with the Government. To reassure investors that independence will not be tampered with, the Government needs to react to unfounded attacks<sup>1</sup> by various pressure groups on the role and function of the courts. Just as important is the need to protect MNE staff and executives against threats and harassment by pressure groups as happened to the managing directors of Mashonaland Holdings and the Standard Chartered Bank.

Lastly, there is a need to reduce restrictive regulations and burdensome taxes in order to release the latent entrepreneurial skills and abilities of Zimbabweans. This represents the unfinished task of transforming the economy from state to market control. A World Bank study (1989, pages 135-147) emphasized the importance of African entrepreneurs in meeting the needs of their economies for massive job creation through creation of small and medium-scale enterprises. In addition to attracting FDI, the Zimbabwean Government must also adopt policies which promote indigenous initiative and the establishment of SMEs, since they are better creators of employment than the MNEs.

## Note

<sup>1</sup> See “Telecel shrugs off High Court ruling”, *Financial Gazette*, 12 Feb. 1998, p. 7; and “Judge clarifies role and function of courts”, *Financial Gazette*, 26 Feb. 1998, p. 7.

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# Appendix I

## List of organizations and officials interviewed

### A. Government organizations

1. Ministry of Finance  
Edgar Nyoni, Senior Economist
2. Zimbabwe Investment Centre  
Solomon D. Cheure, Investor Services Executive  
Blessing Huchu, Investor Services Executive
3. Export Processing Zone Authority  
Eugenia Masvikeni (Miss)
4. Zimbabwe Tourism Authority  
Joseph F. Chigwedere, Chief Executive

### B. Employers and employer organizations

1. The Chamber of Mines, Zimbabwe  
D. Robinson, Mining Affairs Manager  
Barry C. Stanley, Senior Executive
2. Commercial Farmers' Union of Zimbabwe  
David W. Hasluck, Director  
Will Gillies, Labour Relations Consultant
3. Zimbabwe Farmers Union  
Shadreck Hunge, Economist
4. Employers' Confederation of Zimbabwe  
Peter F. Kunjeku, Executive Director
5. Confederation of Zimbabwe Industries  
F. Zizhou, Chief Economist  
Ed Kakora, Project Manager, Zimbabwe Enterprise Development Programme, Manicaland
6. Companies  
Genius Maphosa, Director, Human Resources, PG Industries Ltd.  
Khaled Joosab, Director, Eastimber Enterprises (Pvt.) Ltd.  
Taurai Murapa, Sales Representative, T.T.C. Products Sales Enterprises (Pvt.) Ltd.

### C. Labour

- Morgan Tsvangirai, General Secretary, Zimbabwe Congress of Trade Unions  
Philip Munyayi, General Secretary, General Agriculture and Plantation Workers Union

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## Appendix II

The monographs and working papers are published under the ILO's Programme on Multinational Enterprises in response to requests made by the ILO's constituents at meetings of the Governing Body Subcommittee on Multinational Enterprises and sectoral meetings held under the ILO's Sectoral Activities Programme. The working papers, which are signed by their authors, are intended to stimulate discussion and critical comment.<sup>1</sup>

### List of publications on specific industries or sectors, under ILO's Programme on Multinational Enterprises

#### Monographs<sup>2</sup>

*Social and labour practices of some European-based multinationals in the metal trades* (Geneva, ILO, 1976), 143 pp.

ISBN 92-2-101474-6

*Social and labour practices of some US-based multinationals in the metal trades* (Geneva, ILO, 1977), 172 pp.

ISBN 92-2-101840-7

*Social and labour practices of multinational enterprises in the petroleum industry* (Geneva, ILO, 1977), 100 pp.

ISBN 92-2-101806-7

*Social and labour practices of multinational enterprises in the textiles, clothing and footwear industries* (Geneva, ILO, 1984), 184 pp.

ISBN 92-2-103882-3

*Social and labour practices of multinationals in the food and drink industries* (Geneva, ILO, 1989), 182 pp.

ISBN 92-2-106431-X

*Pratiques sociales des entreprises multinationales opérant dans le secteur des plantations* (Geneva, ILO, 1989), 118 pp.

ISBN 92-2-206519-0

*Multinational banks and their social and labour practices* (Geneva, ILO, 1991), 160 pp.

ISBN 92-2-107285-1

ISBN 84-7434-726-2 (Spanish version published by the Ministry of Labour and Social Security, Madrid, Spain)

<sup>1</sup> All working papers published between 1980 and 1986 are available on microfiche. Price: Sw. frs. 500 or US\$450 (including a special binder with wallets permitting quick retrieval and systematic filing of microfiches). Working papers that are out of stock are not included in the lists that follow.

<sup>2</sup> The studies carried out in the 1970s are included since they may be useful to those persons wishing to examine developments in a given industry or sector over the decades. They are listed in the language(s) for which there are still stocks.

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## Other monographs (listed by theme)

*Multinationals' training practices and development* (Geneva, ILO, 1981), 138 pp.

ISBN 92-2-102569-1

ISBN 92-2-202569-5 (French version)

ISBN 92-2-302569-9 (Spanish version)

*Technology choice and employment generation in multinational enterprises in developing countries* (Geneva, ILO, 1984), 77 pp.

ISBN 92-2-103718-5

ISBN 92-2-203718-9 (French version)

ISBN 92-2-303718-2 (Spanish version)

*Multinational enterprises: Information and consultation concerning their manpower plans* (Geneva, ILO, 1985), 193 pp.

ISBN 92-2-105094-7

ISBN 92-2-205094-1 (French version)

ISBN 92-2-305094-4 (Spanish version)

*Women workers in multinational enterprises in developing countries. A joint UNCTC/ILO contribution to the United Nations Decade for Women* (Geneva, ILO, 1985), 119 pp.

ISBN 92-2-100532-1

ISBN 92-2-200532-5 (French version)

ISBN 92-2-300532-9 (Spanish version)

*Safety and health practices of multinational enterprises* (Geneva, ILO, 1984, 2nd impr. 1986), 90 pp.

ISBN 92-2-103742-8

ISBN 92-2-203742-1 (French version)

ISBN 92-2-303742-5 (Spanish version)

*Multinationals and employment: The global economy of the 1990s*, edited by Paul Bailey, Aurelio Parisotto and Geoffrey Renshaw (Geneva, ILO, 1993), 325 pp.<sup>1</sup>

ISBN 92-2-107105-7

ISBN 84-7434-906-0 (Spanish version published by the Ministry of Labour and Social Security, Madrid, Spain)

## Working papers focusing on specific industries or sectors

*Les effets des entreprises multinationales agro-alimentaires sur l'emploi en Amérique latine* (Document du travail n° 4, 1982) 42 pp.

by G. Arroyo, S. Gomes de Almeida and J.M. von Der Weid

ISBN 92-2-202268-8

ISBN 92-2-302268-1 (Spanish version)

*International divestment and restructuring decisions (with special reference to the motor industry)* (Working Paper No. 40, 1986), 46 pp.

by Mark Casson

ISBN 92-2-105428-2

<sup>1</sup> This updates the two earlier studies: *Employment effects of multinational enterprises in industrialised countries* and *Employment effects of multinational enterprises in developing countries* (published in 1981, 2nd impr. 1985).

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*Decision-making structure in United States and Japanese manufacturing affiliates in the United Kingdom: Some similarities and contrasts* (Working Paper No. 41, 1986), 28 pp.

by John H. Dunning

ISBN 92-2-105429-2

*Employment in multinational banking: Recent trends and future prospects* (Working Paper No. 50, 1987), 69 pp.

by Amin Rajan

ISBN 92-2-105915-4

*Las empresas multinacionales en la ocupación industrial en Argentina, 1973-83* (Documento de trabajo núm. 51, 1988), 105 pp.

by Eduardo Basualdo

ISBN 92-2-306214-4

*The employment effects of manufacturing multinational enterprises in Thailand* (Working Paper No. 54, 1988), 63 pp.

by Atchaka Sibunruang and Peter Brimble

ISBN 92-2-106738-6

*Social and labour issues relating to construction activities: The cases of international contractors from Italy, the Republic of Korea and the United Kingdom* (Working Paper No. 65, 1994), 90 pp.

by Aldo Norsa (with contribution by Claudio Sangiorgi) Young-bum Park and Roger Flanagan

ISBN 92-2-107538-9

*The emergence of global multi-media conglomerates* (Working Paper No. 70, 1990), 54 pp.

by Greg MacDonald

ISBN 92-2-107669-5

*Technological and regulatory changes affecting multinational enterprises in telecommunications: Aspects of the impact on the workforce* (Working Paper No. 78, 1996), 93 pp.

by Robin Mansell and Puay Tang

ISBN 92-2-110138-X

*Women workers and working conditions in retailing: A comparative study of the situation in a foreign-controlled retail enterprise and a nationally owned retailer in Canada* (Working Paper No. 79, 1997, forthcoming)

by Işık Urla Zeytinoğlu, principal researcher, and Mikaela Crook, research assistant

ISBN 92-2-110693-4

*Multinational enterprises in the courier service industry: Aspects of employment and working conditions in selected enterprises* (Working Paper No. 81, 1997), 58 pp.

by Stanley C. Wisniewski

ISBN 92-2-110730-2

*Les entreprises multinationales dans l'industrie du textile-habillement en Tunisie: l'impact économique et social* (Document de travail n° 82), 46 pp.

par Riad Meddeb

ISBN 92-2-211092-7



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## Employment effects of MNEs in industrialized countries

*Employment effects of multinational enterprises: A Belgian case-study* (Working Paper No. 1, 1979) 88 pp.

by D. Van Den Bulcke and E. Halsberghe

ISBN 92-2-102265-X

ISBN 92-2-202265-3 (French version)

*Employment effects of multinational enterprises: A survey of relevant studies relating to the Federal Republic of Germany* (Working Paper No. 2, 1979) 34 pp.

by Paul J. Bailey

ISBN 92-2-102266-8

*Employment effects of multinational enterprises: The case of the United States* (Working Paper No. 12, 1980), 57 pp.

by D. Kujawa

ISBN 92-2-102276-5

*Domestic employment effects of direct investment abroad by two Swedish multinationals* (Working Paper No. 13, 1981), 58 pp.

by Gary L. Jordan and Jan-Erik Vahlne

ISBN 92-2-102267-6

*Employment effects of multinational enterprises: The case of the Republic of Ireland* (Working Paper No. 22, 1982), 45 pp.

by Mícheál O Súilleabháin

ISBN 92-2-103249-3

*Les effets des entreprises multinationales sur l'emploi: le cas de la France* (Document de travail n° 24, 1980), 84 pp.

by Julian Savary

ISBN 92-2-203385-X

*The development of employment in multinational enterprises in the Federal Republic of Germany — Results of a new survey (1974-82)* (Working Paper No. 33, 1985), 68 pp.

by Werner Olle

ISBN 92-2-103847-5

ISBN 92-2-703847-7 (German version)

*Employment impact of foreign investment in Greece, Spain and Portugal* (Working Paper No. 44, 1987), 83 pp.

by Peter J. Buckley and Patrick Artisien

ISBN 92-2-105680-5

*Multinational enterprises and employment* (Working Paper No. 55, 1988), 46 pp.

by Otto Kreye, Jürgen Heinrichs and Folker Fröbel

ISBN 92-2-106803-X

*The Nordic countries and multinational enterprises: Employment effects and foreign direct investment* (Working Paper No. 57, 1989), 96 pp.

by Greg MacDonald

ISBN 92-2-107136-7

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*Multinational enterprises and employment: The Canadian experience* (Working Paper No. 61, 1990), 64 pp.  
by M. Bradley Dow and Pradeep Kumar  
ISBN 92-2-107512-5

*The employment growth of foreign multinationals: From shift-share to multi-factor partitioning* (Working Paper No. 62, 1990), 87 pp.  
by Michael Ray  
ISBN 92-2-107513-3

*The employment effects of multinationals in the United States* (Working Paper No. 64, 1990), 117 pp.  
by Duncan C. Campbell and Roger McElrath  
ISBN 92-2-107537-0

*Study on the employment effects of multinational enterprises in Australia* (Working Paper No. 68, 1994), 31 pp.  
by Greg McDonald  
ISBN 92-2-107541-9

## Employment effects of MNEs in developing countries

*Employment effects of foreign direct investments in ASEAN countries* (Working Paper No. 6, 1979), 118 pp.  
by Yasuo Kuwahara, Teruo Harada and Yoshihiro Mizuno  
ISBN 92-2-102270-6

*Employment effects of multinational enterprises in Brazil* (Working Paper No. 7, 1982), 110 pp.  
by Mario Luiz Possas  
ISBN 92-2-102271-4  
ISBN 92-2-302271-1 (Spanish version)

*The effects of multinational enterprises on employment in India* (Working Paper No. 9, 1979), 32 pp.  
by Usha Dar  
ISBN 92-2-102277-3

*Employment effects of multinational enterprises in Nigeria* (Working Paper No. 10, 1979), 19 pp.  
by Olukunle Iyanda and Joseph A. Bello  
ISBN 92-2-102274-9

*Multinational enterprises and employment in the Caribbean with special reference to Trinidad and Tobago* (Working Paper No. 20, 1982), pagination by chapter  
by Terisa Turner  
ISBN 92-2-103030-X

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ISBN 92-2-106738-6

*Efectos de las empresas multinacionales sobre el empleo en el Perú* (Documento de trabajo núm. 59, 1989), 72 pp.

by Arturo Vásquez, P., Luis Aparicio Valdez and Jorge Bernedo, A.

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*Employment effects of multinational enterprises in Indonesia* (Working Paper No. 67, 1991), 66 pp.

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## Indirect employment effects of MNEs

*The indirect employment effects of multinational enterprises in developing countries* (Working Paper No. 3, 1979), 61 pp.

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*Multinationales et effets indirects sur l'emploi dans les pays d'accueil: un cadre d'analyse* (document de travail n° 72, 1993), 161 pp.

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by Lawrence Marsh, Richard Newfarmer and Lino Moreira

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by Sanjaya Lall

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by Michel Ghertman

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## **Publications on export processing zones**

### **Monographs**

*The economic and social effects of multinational enterprises in export processing zones. A joint ILO/UNCTC study* (Geneva, ILO, 1988), 169 pp.

ISBN 92-2-106194-9

ISBN 92-2-306194-6 (Spanish version)

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*Employment and multinationals in Asian export processing zones* (Working Paper No. 26, 1983), 82 pp.

by Rudy Maex

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ISBN 92-2-203404-X (French version)

ISBN 92-2-303404-3 (Spanish version)

ISBN 0285-9653 (Japanese version)

<sup>1</sup> The case-studies on Latin American and Caribbean countries published before 1990 were undertaken together with the former UNCTC.

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*Employment and multinational enterprises in export processing zones: The cases of Liberia and Ghana* (Working Paper No. 30, 1984), 74 pp.

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ISBN 92-2-103770-3

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by Frank Long

ISBN 92-2-105520-5

*Export processing zones in developing countries: Results of a new survey* (Working Paper No. 43, 1987), 33 pp.

by Otto Kreye, Jürgen Heinrichs, Folker Fröbel

ISBN 92-2-105642-2

*Las zonas francas industriales y las empresas multinacionales: Efectos económicos e impacto sobre el empleo en la República Dominicana* (Documento de trabajo núm. 46, 1986), 51 pp.

by Francisco de Moya Espinal

ISBN 92-2-305725-6

*Employment effects of exports by multinationals and of export processing zones in Brazil* (Working Paper No. 47, 1987), vi + 75 pp.

by Mario L. Possas, Joao E.P. Furtado and Enéas G. Carvalho

ISBN 92-2-105801-8

*Industrias de maquila, zonas procesadoras de exportación y empresas multinacionales en Costa Rica y El Salvador* (Documento de trabajo núm. 48, 1987), x + 94 pp.

by Guillermo Pavez Hermosilla

ISBN 92-2-305841-4

*La industria maquiladora en México* (Documento de trabajo núm. 49, 1987), vii + 98 pp.

by Mercedes Pedrero Nieto and Norma Saavedra

ISBN 92-2-305845-7

*Multinational enterprises and employment in the Mauritian export processing zone* (Working Paper No. 52, 1988), 75 pp.

by Catherine Hein

ISBN 92-2-106281-3

*The economic and social impact of export processing zones: The case of Malaysia* (Working Paper No. 66, 1994), v + 62 pp.

by G. Sivalingam

ISBN 92-2-107539-7

*Export processing zones in Sri Lanka: Economic impact and social issues* (Working Paper No. 69, 1994), vii + 63 pp.

by Janaki Abeywardene, Romaine de Alwis, Asoka Jayasena, Swarna Jayaweera and Thana Sanmugam

ISBN 92-2-107542-7

*Zonas francas industriales en la República Dominicana: Su impacto económico y social* (Documento de trabajo núm 73, 1993), vi + 65 pp.

by Fernando Reyes Castro and Atahualpa Domínguez U.

ISBN 92-2-306417-1

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*Export processing zones in the Republic of Korea: Economic impact and social issues* (Working Paper No. 75, 1993), 45 pp.

by Won Sun Oh

ISBN 92-2-109096-5

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by Elizabeth M. Remedio

ISBN 92-2-110056-1

*Export processing zones in Bangladesh: Economic impact and social issues* (Working Paper No. 80, 1998), 72 pp.

by Debapriya Bhattacharya

ISBN 92-9-110715-5

## Other

### Reports of meetings

Proceedings of the UNCTC/ILO Training Workshop on Export Processing Zones for Government Officials in Latin America and the Caribbean, 25-28 October 1988, Bridgetown, Barbados (Geneva, ILO, 1992), 72 pp.

ISBN 92-2-108379-9

Proceedings of the China/ILO National Workshop on Social and Labour Practices for Multinational Enterprises Operating in China and its Special Economic Zones, Shenzhen, 12-17 December 1988 (Geneva, ILO, 1989), 147 pp.

ISBN 92-2-107242-8

### The Tripartite Declaration and publications on this instrument and the ILO's Programme on Multinational Enterprises

*Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy* (Geneva, ILO, 1977, second edition 1991), 16 pp.

ISBN 92-2-107100-6

(Also available in French, Spanish, Arabic, Chinese, Russian, Amharic, Bahasa, Bulgarian, Czech, Danish, Dutch, Farsi, Finnish, German, Greek, Italian, Japanese, Korean, Mongolian, Norwegian, Polish, Portuguese, Romanian, Thai, Turkish and Vietnamese.)

*First Edition (revision in progress):* Brazilian, Hungarian and Swedish.

*ILO research on multinational enterprises and social policy: An overview* (Working Paper No. 15) (Rev. 1982), 33 pp.

by Hans Günter

ISBN 92-2-102918-2

ISBN 92-2-202918-6 (French version)

ISBN 92-2-302918-X (Spanish version)

*The Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (history, contents, follow-up and relationship with relevant instruments of other organizations)* (Working Paper No. 18, 1981, second impr. 1983) 29 pp.

by Hans Günter

ISBN 92-2-102909-3

ISBN 92-2-202909-7 (French version)

ISBN 92-2-302909-0 (Spanish version)

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*The ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy — Ten years after* (Geneva, ILO, 1989), 21 pp.  
(No ISBN). Also available in French and Spanish.