



# **POSITION PAPER ON LABOUR AND EMPLOYMENT**

**A DEMAND FOR A BETTER BOTSWANA: A strong economy that serves the people and  
Stronger Unions for Democratic Values and Democracy.**

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## **LIST OF ABBREVIATIONS**

AB- Air Botswana

BAIS -Botswana Aids Impact Survey

BMD-Bamangwato Concessions Limited

BCWIS-Botswana Core Welfare Indicators Survey

BPP -Bechuanaland Peoples' Party

BPU-Bechuanaland Protectorate Union

BFTU-Botswana Federation of Trade Unions

BMC- Botswana Meat Commission

BMTHS-Botswana Multi-Topic Household Survey

BOPEU- Botswana Public Employees Union

BTUC-Bechuanaland Trade Union Congress

FAEU-Francistown African Employees Union

ICFTU- International Confederation of Free Trade Unions

ILO-International Labour Organization

NDP- National Development Plan

NGO-Non-Governmental Organizations

NRU- Natural Rate of Unemployment

PSBC-Public Service Bargaining Council

SOE- State-Owned Enterprises



## **HISTORY OF THE MAYDAY AND THE LABOUR MOVEMENT IN BOTSWANA**

*Labor Day is an internationally recognized public holiday set aside to honour and celebrate the struggles of the working class and efforts of labour unions. The day was officially recognized in 1889 at the first International Socialist Congress in Paris to commemorate the Haymarket Affair, an event that was characterized by bloody violence between striking union workers and Chicago police in 1886. Subsequent to more violent protests in the US, in 1904, the Socialist Congress made it compulsory to halt work on May Day. The Socialist Congress made a spirited call across trade unions globally to protest for the legal establishment of the eight-hour day (Industrial Workers of the World, 1993).*

*The first trade union to be formed in Botswana was called the Francistown African Employees Union (FAEU). It was established in 1948 in Francistown. Unfortunately, owing to the pressure of the weight of restrictions instigated by the District Commissioner on the formation of trade unions, it was only recognized by the colonial government under the Protectorate Proclamation Act No. 16 of 1964, before it collapsed six years later (FES, 2008). Resultantly, in 1959, the Bechuanaland Protectorate Union (BPU) was formed in Serowe. The year 1962 witnessed the formation of yet another trade union, the Bechuanaland Trade Union Congress (BTUC), which had political ties with the Bechuanaland Peoples' Party (BPP). It collapsed on the eve of Bechuanaland's independence in 1965. After independence, the local unions with the financial support of the International Confederation of Free Trade Unions (ICFTU) formed the Bechuanaland Federation of Labour (African Labour Research Network, 2012). With the establishment of the Botswana Trade Union and the Education Centre, as early as the 1970s, the Botswana Federation of Trade Unions (BFTU) was formed. In 1977, BFTU replaced the Botswana Trade Union and the Education Centre with Five Unions under its ambit: Botswana Mines Workers Union, Botswana Bank Employees Union, Botswana Commercial and General Workers Union, Botswana Construction Workers Union and Botswana Railways Workers Union (FES, 2008). The mission of the BFTU was to actively promote the interest and welfare of the workers and individual citizens. Owing to under-development of the economy during the colonial era which was characterized by low formal sector employment and widespread unemployment rates, the development of trade unions in the country was rather late. In Botswana, May Day was only proclaimed a public holiday in 1996 on the back of concerted efforts by the BFTU to have the day declared as a paid holiday. The first May Day celebrations were held in 1979 by BFTU. During the event BFTU presented a list of demands to the then Minister of Public Service and Information. Some of the demands included: changes in the bargaining system and recognizing May Day as an official paid public holiday.*



## Section 1: Overview of the Mayday Theme

This year's Mayday or the International Workers Day is anchored around the theme; **A DEMAND FOR A BETTER BOTSWANA: A strong economy that serves the people and Stronger Unions for Democratic Values and Democracy.** It is fittingly apt and appropriate to briefly untangle and unpack this coveted theme. First, it is important to advance the necessary pre-conditions that underpins a strong economy that serves the people. Foremost, a strong economy is one that is able to provide: productive, sustainable, and secure jobs to those who are eligible and willing to work; promotes equitable access to jobs for the vulnerable groups of our society (women, youth, and people living with disabilities); provide opportunities for human capital development; offers decent work with safe and healthy working environment; decent wages/earnings for both unionized and unionized employees (International Labour Organization, 2013). Moreover, a strong economy does not turn a blind eye on the self-employed who are operating in informal labour markets<sup>1</sup>. Given the insecurity and the unsustainable nature of employment in the informal sector, it is imperative for government to extend social security protection to those who are self-employed.

Globally, especially in the first world countries, the evidence reflects that unionization rates are gradually declining (Smith, 2017). This outturn is not only unique to developed countries, but it is prevailing in developing countries. The worrisome trend is playing itself out even in our local shores. Over time, Botswana unions have witnessed a drop in their membership rates. Worse still, multitudes of workers, especially in the private-sector remain un-unionized. It is an explicit fact that trade union movements can only derive their strength from organizing and

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<sup>1</sup> Also referred to as the "grey" market, shadow economy, or black economy. This is the part of the economy that is not taxed or regulated by government, and therefore does not feature in the GDP statistics for that country. It is characterized by payment in cash or kind, unstable employee-employer relations. Activities under the informal labour market include domestic cleaning/gardening, babysitting, car-washing, street-vending etc.

mobilizing a sizeable pool of members. Through collective bargaining<sup>2</sup>, stronger unions are better able to secure better wages and decent employment terms and conditions for their members, and in the process ensuring the welfare of workers (Trades Union Congress, 2018). Moreover, stronger unions are well poised to influence government policy relating to the labour and employment sector. By so doing, the trade union movement in Botswana should collectively aim to: purge any red tapes engraved in the trade union legislation, that may hinder the growth of the union movement in Botswana; seek to win new rights for the unions to have presence in any workplace, and lastly ensure that collective bargaining is extended to all sectors of the economy, in particular, low-wage sectors (Agriculture, Construction and Hotels & Restaurants).

Regrettably, there are some notable hindrances that are curtailing the growth of the union movement into stronger unions that can promote democratic values. First, over the past ten years, industrial relations between public sector trade unions and government (employer) have been hostile and acrimonious. The government displayed a flagrant disregard towards the PSBC, opting to unilaterally adjust public servants wages/salaries. This stance waned the strength of the union movement in Botswana. Some union members resorted to dumping their unions citing lack of confidence in their union leaders to secure better wages and conditions of employment. Moreover, social dialogue<sup>3</sup>, an important democratic value, was retarded by this antagonistic stance of the government. The net effect of it all was that wage/ salary gains over the past ten years stalled between 3 and 4 per cent in the face of the rapidly increasing cost of living. With the new administration, it seems the PSBC will be restored and the government

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<sup>2</sup> Collective bargaining is a process involving negotiation between employer organizations and employees representatives, usually trade unions, aimed at regulating workers' conditions and terms of employment. This may include wages/salaries negotiation, hours of work, and other aspects of workers' compensation and rights.

<sup>3</sup> Social dialogue is defined by the ILO to include all types of negotiation, consultation or simply exchange of information between, or among, representatives of governments, employers and workers, on issues of common interest relating to economic and social policy.



has committed to cordially engage with public sector unions. This was evident in this year's salary negotiations.

Another issue that is encumbering the union movement is the unwillingness of some employers to duly allow their workers to unionize. Majority of workers in the private sector, especially in vulnerable sectors are un-unionized. Thus they forego their collective bargaining rights. Some employers arbitrarily choose to not recognize trade unions in the workplace. The recent court battle between the Botswana Meat Commission (BMC) and BOPEU is a case in point. Moreover, union fragmentation poses a drag on the progress of the union movement in Botswana. Unions should work for better inter-union relations. Rather than working in opposing directions, unions should collectively leverage on their total membership and advocate for labour and employment policy that promotes equitable distribution of income, unionization, occupational health and safety, and decent wages with conducive terms and conditions of employment. Across all the union movement, the foregoing are the common denominators, which are sought by all workers. These can only be attained if we have a united union movement. Lastly, to promote the prowess of the union movement, it is imperative that the government comes up with friendly labour market policies, regulations, and legislation that facilitates the growth of trade unions.

## **Section 2: Brief Introduction and Overview of the Labour and Employment Market in Botswana**

This year's Mayday takes place in a unique context. Sometime in October 2019, Botswana will be heading to the polls to elect a new government. Foremost, it is important to note that BOPEU is a non-partisan labour union movement. That notwithstanding, it is blatantly clear that the country needs a new alternative economic transformation and development strategy that is configured to effectively address the triple-thronged crisis of unemployment, poverty, and

inequality. Evidence posits that these three phenomena are correlated. It is mostly women and the youth who are caught up in poverty, unemployment, and inequality. Such an outcome undermines both Vision 2036 and the National Development Plan's (NDP 11) goals of 'Achieving Prosperity for All' and 'Inclusive Growth for the Realization of Sustainable Employment Creation and Poverty Eradication,' respectively.

The 2015/16 Botswana Multi-topic Household Survey report (BMTHS) estimated Botswana's unemployment rate at 17.6 per cent, well below 4-5 per cent Natural Rate of Unemployment<sup>4</sup> (NRU) which is associated with full-employment. The same survey report revealed that 16.3 per cent of the population lives below the poverty datum line. A comparison between 2009/10 BCWIS and 2015/16 BMTHS indicate that poverty reduced by 3 percentage points (19.3 per cent to 16.3 per cent). As regards to inequality, according to the BMTHS, Botswana's Gini coefficient index<sup>5</sup> increased from 0.495 to 0.522, at the national level. For an upper-middle income country, this places Botswana as one of the most unequal societies in the world. To address these three problems, BOPEU contends that the country needs to adopt an inclusive new economic transformation and development strategy that is centered on translating economic growth of the country into meaningful and tangible positive change in the livelihoods of the multitudes of Botswana caught up in the highlighted crises.

### **Section 3: Prospects and Challenges in Botswana's Labour and Employment Sector to Achieving a Strong Economy That Serves the People**

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<sup>4</sup> Natural rate unemployment is often defined as the lowest rate of unemployment an economy will reach. It is "natural" because its causes are things other than the problems caused by a bad economy. For instance, one part of natural unemployment is frictional unemployment and other structural factors.

<sup>5</sup> The Gini Coefficient is a statistical measure of income distribution. The coefficient ranges from 0 to 1, with 0 representing least income inequality and 1 representing perfect income inequality.

### **3.1: Job Losses**

As per the Statistics Botswana Formal Employment Survey for September 2018, there were 130 job losses in the construction industry (Statistics Botswana, 2018). Job losses represents a potential output loss for the economy. But more disquietingly, it reflects a glaring reduction in the welfare on those who lost jobs and their extended family. BOPEU recognizes that it is vital and important for both general government (Central, local and parastatals) and the private sector to create employment, but it is as important for the abovementioned economic agents to ensure that they create secure and stable employment. Though, in some instances, even in our best efforts, we cannot avert job losses owing to the cyclicity (economic booms and slumps) nature of the global economy, it is important that all actors in the labour market come up with empirically-informed mechanisms to alleviate the effects of income (wage) losses on the part of those who are laid-off. For example, during the 2008/09 financial crisis, the total contraction in economic output was noticeably larger in Germany than in the United States, but the rise in the unemployment rate was noticeably higher in the United States than in Germany. The German government introduced a host of initiatives to curb the contraction of employment resulting from the recession (International Labour Organization, 2013). Some of these included work-sharing schedules, reduced work hours, shared labour costs, and tax incentives to employers who did not lay-off workers. All these efforts were targeted at preventing the massive job losses that could have resulted from the global financial crisis.

Although these mechanisms have an implication on the fiscus, in the sense that they tend to inflate the budget, ensuring and securing the welfare of workers is also an important imperative for a thriving economy. Other than the lost potential output-growth lost, job losses result in foregone income-tax revenue for

governments. In the wake of the massive job losses at the BCL mine and the 130 jobs lost in the construction sector, labour market actors (social partners) need to come up evidence-based mechanisms that can safeguard jobs even in the advent of economic downturns such as the 2008/09 financial crisis.

Moreover, we hear from the ‘bush telegraph’ that both the Botswana Meat Commission (BMC) and Air Botswana (AB) are being earmarked for privatization. The looming scaling down or reduction of parastatals and privatization of some of the state-owned enterprises (SOE) in order to make them efficient and profitable is highly welcome, however, it will be profusely regrettable if efficiency and profits are pursued in exchange for job losses. The sustenance of some unions is dependent on the deductions of parastatals’ workers. Only financially-well-resourced unions can effectively and efficiently advocate for workers’ rights and promote democratic values.

### **3.2 Unemployment**

Unemployment<sup>6</sup> continues to pose significant challenges to Botswana. This scourge is particularly prevalent among the vulnerable groups of our society i.e. women, youth, and people living with a disability. The 2015/16 BMTHS estimates the national unemployment rate<sup>7</sup> at 17.6 per cent (Statistics Botswana, 2015/16). Although the rate has been marginally decreasing over the years, from the 20 percent reported in the 2013 BAIS and previously 19.9 per cent registered in the 2011 census, the current unemployment rate is disquietingly high given the small working-age population of the country. But most importantly, the worrisome rate speaks to the country’s failure to diversify the economy away from a mineral-led

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<sup>6</sup> Unemployment captures persons that altogether lack employment, but who are actively putting pressure on the labour market by seeking opportunities for employment and by being currently available to start working. Persons in unemployment or unemployed population are defined as all those of working age who were not in employment, carried out activities to seek employment in a recent period, usually the previous 4 weeks, and were currently available to take up employment.

<sup>7</sup> The unemployment rate gives the fraction of labour force participants who are unemployed.

economy to other non-mineral sectors. Even though the mineral sector has been a significant contributor to government revenues, it has had very little impact on job creation. For example, as at end of September 2018 the sector had employed a total of just 8, 234 workers. The low absorption of labour by the sector is precipitated by the fact that it is capital-intensive in nature. It is against this backdrop that BOPEU urges the government to efficiently allocate its scarce resources to sectors with high labour absorption/uptake rates. Our cursory research has indicated that Wholesale & Retail Trade, Manufacturing, and the construction sector are the biggest private sector employers. The government ought to also ensure that the business environment is conducive in these sectors. A good business environment has the effect of reducing production costs of firms in these sectors thus enhancing the potential of these sectors to further create more jobs. Women and the youth accounts for the largest share of those who are unemployed. The high unemployment rate, particularly among the working-age population, is limiting the country's opportunity of harnessing the demographic dividend<sup>8</sup> which results from having a significant share of the working-age population in productive and sustainable jobs.

### **3.3: Minimum Wage versus the Living wage**

Across all the labour and employment spheres of Botswana, the topical debate has been the 'national minimum wage versus the living wage'. The ILO defines minimum wage as the "amount of remuneration that an employer is required to pay wage earners for the work performed during a given period, which cannot be reduced by collective agreement or an individual contract". The central purpose of minimum wage is to protect workers from meagre wages and ensure

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<sup>8</sup> Demographic dividend refers to the growth in an economy that is the resultant effect of a change in the age structure of a country's population. The change in age structure is typically brought on by a decline in fertility and mortality rates. A country that experiences low birth rates in coupled with low death rates receives an economic dividend from the increase in productivity of the working-age population. As fewer births are registered, the number of young dependents grows smaller relative to the working population.

decent work. In some contexts, national minimum wages have been used as a policy tool to wrestle against poverty and income inequality, especially among the vulnerable groups of our society. The Government of Botswana has a provision for the national minimum wage under the employment act and it only covers specific sectors. The last review of the minimum wage was undertaken in the 2017. This therefore implies that over the past two years or less, the minimum wages have stagnated despite the ever increasing cost of living expenses.

Turning to the minimum wage, the Global Living Wage Coalition provides an all-encompassing definition of the living wage that incorporates ideas from the ILO, National Constitutions, human rights declarations, and NGOs. They define the living wage as 'the remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events'. Relative to the minimum wage which establishes the wage floor, the living wage is much more progressive in the sense that it is indexed to the cost of living (Global Living Wage Coalition, 2018). This is to say that it takes into account the fluctuations in inflation which may reduce the purchasing power of workers' income. BOPEU's position is tilted towards the introduction of the decent living wage for Botswana. However, as regards the level of the decent wage, we believe that the determination of the level should be preceded by a detailed evidence-based research that draws a comparative analysis of other countries' experiences. Furthermore, the process leading to the determination of the level of the decent living wage should encompass all the social partners i.e. government, trade unions, and employer organizations. Ultimately, the determination of the level of the decent living wage should account for both the employment effects and the impact of the living wage in reducing poverty. Presently, BOPEU does not have a definite figure or



level of the decent wage. We believe such figure or level should be a subject of a robust and evidence-based research. Moreover, after the decent living wage has been implemented, we recommend that a joint commission of social partners should be setup. The purpose of the commission will be to regularly (on a year-to-year basis) review the decent living wage.

### **3.4: Extension of Collective Bargaining Rights to un-unionized workers**

While we celebrate this May Day, it remains imperative to remember other cadres in the different sectors of our economy who are not afforded the opportunity to indulge in this day. Majority of workers in the retail sector and wholesale sector, private security providers, constructions, informal sector do not enjoy this day. What is the common denominator among the aforementioned cadres is that most of them are un-unionized. With a weak labour rights and protection enforcement system, the onus is on the already established trade unions to leverage on their pooled resources to extend coverage and extension to the vulnerable workers of our country. Trade unions ought to adjust their policy to an inclusively-oriented one that supports organization of labour in the vulnerable sectors of our economy. Predicated on our strength in numbers and resources, we can play a telling role in better shaping the labour market outcomes (low wages, unsafe and unhealthy working environments) of our fellow cadres who find themselves doing menial work, yet which contributes a significant share to the growth of our economy. It will be a glaring indictment on our part as organized labour to fail to play a steering role in organizing unorganized labour. Empirical evidence shows that the benefits and privileges enjoyed by organized labour (unionized employee) far more exceed those who are un-unionized. For example, unionized employees enjoy the leverage to bargain/negotiate with employers, better wages, opportunities of training and development, better employment

and service of conditions. BOPEU encourages the government to facilitate, through legislation or policy, the unionization of all employees, especially those who are employed in vulnerable sectors of the economy.

### **3.5 Earnings Inequality and Inequitable Access to Formal Labour Market**

Equitable access to the labour and employment market by women, youth, and the disabled remains a challenge. Empirical evidence shows that male employees are in a better position to access job opportunities compared to females. This is attributable mainly to cultural dictates-women have to stay home to care of children and other household chores. For those females who are able to access the labour and employment market, the majority are trapped in vulnerable work that is characterized by unsafe and unhealthy working environment i.e. domestic services, rural agriculture and public works programme i.e. Ipelegeng (International Labour Organization, 2013). Not only is inequitable access to the labour market a problem for women, empirical evidence worldwide, especially in developing countries, shows that on average female employees earn less than male employees. And Botswana is not immune. Evidence shows that across all economic sectors in Botswana male employees earn more than female workers, save for the mining & quarrying, construction, and real estate (Statistics Botswana, 2018). BOPEU holds that it is high time Botswana develops its employment policy which will sufficiently address issues of gender pay disparities and inequitable access to the labour market. In the interim, the government can explore the possibility of introducing affirmative action<sup>9</sup> to favor females for employment in those sectors that have significant barriers. Equity in pay and accessing labour and employment, is an important ingredient for democracy.

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<sup>9</sup> Affirmative action is the practice or policy of favouring individuals belonging to groups known to have been discriminated against previously.

### **3.6 Restoration of the Public Service Bargaining Council**

In order to have a stronger union movement that promotes democratic values, it is important to maintain social dialogue among the social partners in the labour and employment sector. Social dialogue is an important tenet of democracy. It entails negotiation, consultation, and any exchange of information among or between trade unions and employer organizations. It is BOPEU's esteemed position that any issues related to the welfare of workers should be cordially deliberated on an inclusive platform. The PSBC presents such a platform. The government of Botswana stance over the past 10 years to unilaterally adjust public servants salaries has diminished this important institution. Of recent, however, the government has made positive pronouncements and commitment to restoring the PSBC. BOPEU welcomes such developments that seeks to pacify the sour industrial relations that have been prevailing over the past decade. We steadfastly hold that the restoration of the PSBC will be mutually beneficial to all social partners in the labour and employment sector. It will revive the spirit of social dialogue and most importantly deepen Botswana's long held democratic values.

### **3.7 Informal Sector**

A strong economy should not only serve the workers who are employed in the formal economy, but should extend its benefits as well to workers who are self-employed or in the informal economy. Informal economy presents livelihood opportunities to those who could not access job opportunities in the formal sector. However, unlike the formal economy, the informal sector jobs/employment offers no basic legal and/or social protections and employment benefits i.e. advance notice of dismissal, severance pay, paid annual or sick leave. While many employees would like to be operating in the formal economy. Despite the previous predictions stating that economic growth will be accompanied by a

shrinking informal economy as more people will be integrated into the formal sector, this is not the case in many developing countries. International Labour Organization (ILO) estimates that more than half of all the jobs in the nonagricultural sector are informal. And Botswana has not been spared. The high unemployment rate in the country continues to drive more people into vulnerable informal sector jobs. Coincidentally, women and youth constitute the largest of the self-employed because they are the ones who mostly afflicted by the unemployment scourge. BOPEU advances that any policy prescription relating to the informal sector should be based on a comprehensive understanding of the reasons behind why people decides to operate in the informal sector. People may decide to work in the informal labour market either by choice or due to exclusion. However, to deal with idiosyncratic shocks and risks that are inherent in the informal labour market, BOPEU urges the government to consider extending social security protection to those who are employed in the informal labour market. Social security should act as a buffer or offset the negative consequences that may result in loss of an informal work. To effectively undertake this, the government should have an up-to-date registry of all the employees who are in the informal labour market.

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