

https://dspace.org/

Working conditions in the informal economy : a comparative study of the charcoal industry in Otjozondjupa Region and shebeens in Khomas Region - Namibia.

Nicodemus, Meriam

2011-08-15
http://hdl.handle.net/10539/10383

Downloaded from a DSpace repository. https://dspace.org/

WORKING CONDITIONS IN THE INFORMAL ECONOMY: A COMPARATIVE STUDY OF THE CHARCOAL INDUSTRY IN OTJOZONDJUPA REGION AND SHEBEENS IN KHOMAS REGION - NAMIBIA

MERIAM NICODEMUS

STUDENT NO: 506089

SUPERVISOR: PROF. EDWARD WEBSTER

RESEARCH - A dissertation submitted to the Faculty of Humanities, University of the Witwatersrand in fulfillment of the requirements of the degree of MA in Labour Policy and Globalisation

Johannesburg

2011

Acknowledgements

There are many people who have made this study possible. I will be at fault if I do not acknowledge them. To start with, my supervisor, Professor Edward Webster, who played a very significant role of supervising me throughout the research period. His commitment and dedication throughout the period and his encouragement has made my work easier.

Secondly, I would like to thank the Public Service Union of Namibia (PSUN) for making it possible for me to attend the course.

Furthermore, I like to acknowledge all my respondents for giving me their precious time and showing interest in my work.

I further extent my gratitude to Professor David Dickinson who guided me throughout the research methodology course.

I am also thankful to Bro-Matthew Shinguadja, Labour Commissioner of Namibia, for granting me study leave for one year.

My gratitude goes to Global Labour University's partners and International Labour Organisation who funded my study programme.

Finally, a special thanks to my beloved husband, Jason Nicodemus for taking the trouble of staying with our four children namely Hazel, Tjijatika, Unomasa and baby Junior for the entire year (2010).

Declaration

I declare that apart from the work of other people which has been accordingly recognised, this report is my own work. It is submitted for the Degree in Masters of Arts in Labour Policy and Globalisation at the University of Witwatersrand, Johannesburg, South Africa. It has not been submitted before for any other degree or examination at another university.

_____

Meriam Katjipopi Nicodemus

Date: March 2011

TABLE OF CONTENT

Abstract 2

Acknowledgments **3**

Declaration **4**

Abbreviation **8**

List of tables **9**

List of figures **10**

CHAPTER ONE INTRODUCTION

1.1 Introduction **12**

1.2 Research Aim **13**

1.3 Rational **13**

CHAPTER TWO LITERATURE REVIEW

2.1 Informal Economy **15**

2.2 Informalisation of Work **16**

2.3 The links between the formal and informal economies **18**

2.4 Economic and Social upgrading in Global Production Network **19**

2.5 Trade Union Power and the Global Value Chain **25**

2.6 Informal Economy in Namibia **28**

2.7 Labour Rights in Namibia **29**

2.7.1 Constitutional Rights 29

2.7.2 Statutory Rights 29

2.7.3 International Labour Standards 30

CHAPTER THREE METHODOLOGY

3.1 Introduction **32**

3.2 Research Design **32**

3.3 Data Collection and Analysis **34**

3.4 Time Frame for Data Collection **37**

3.5 Significance of Study **37**

3.6 Limitations to the Study **38**

3.7 Ethical Consideration **38**

CHAPTER FOUR PRODUCER- DRIVEN VALUE CHAIN AND BUYER-DRIVEN VALUE CHAIN

4.1 Liquor Value Chain **40**

4.1.1 Namibia Breweries Ltd **41**

4.1.2 Namibia Shebeens Association 42

4.2 Charcoal Value Chain

4.2.1 Namibia Charcoal Producer Association 44

4.2.2 Forest Steward Council 45

CHAPTER FIVE: PRESENTATION AND DISCUSSIONS OF THE MAIN FINDINGS

5.1 Profile of Workers 47

5.1.1 Profile of Shebeen Workers 47

5.1.2 Profile of Charcoal Workers 48

5.2 Decent Work Deficit Variables **49**

5.3 Trade Unions Response to Informal Workers **62**

5.3.1 Namibia Wholesale and Retail Workers Union 62

5.3.2 Namibia Farmers Workers Union **63**

5.4 Employers' response to informal workers **64**

5.4.1 Namibia Shebeen Association 64

5.4.2 Namibia Charcoal Producer Association 64

5.5 Ministry of Labour Response to Informal Workers **66**

CHAPTER SIX CONCLUSION AND RECOMMENDATIONS **71**

REFERENCES **75**

Appendix 1: Copy of Questionnaire **79**

Appendix 2: Interview Schedule **84**

LIST OF ABBREVATIONS

ILO	International Labour Organisation
DWCP	Decent Work Country Programme
NUNW	National Union of Namibia
GVCs	Global Value Chains
GPNs	Global Production Networks
NAFWU	Namibia Farm Workers Union
NAFTU	Namibia Federation of Trade Union
NPSM	Namibia People's Social Movement
NWRWU	Namibian Wholesale and Retail Workers Union
ml	mili-liter
TUCNA	Trade Union Congress of Namibia

List of Tables

Table 1: Condition of employment based on measurable standards and enabling rights and status of workers **22**

Table 2: Key elements of economic and social upgrading by type of work **24**

Table 3: Conventions ratified by Namibia **30**

Table 4: Breakdown of research activities 37

Table 5: Type of work: Shebeen workers 47

Table 6: Type of work: Charcoal workers 48

Table7: Proposed leave days for charcoal workers **65**

List of Figures

Figure 1: Liquor Value Chain – Producer Driven 39

Figure 2: Charcoal Commodity Chain- Buyer Driven 43

Figure 3: Labour Market Security **50**

Figure 4: Employment Security **52**

Figure 5: Job Security **53**

Figure 6: Work Security **55**

Figure 7: Skills Reproduction Security 5**7**

Figure 8: Representation Security **60**

Figure 9: Income Security **62**

CHAPTER ONE

1.1 Introduction

The informal economy in Namibia is growing and the Informal Economy Survey (2001) finds that there are 85,304 operators in the informal economy and 47 305 workers. The operators (the owner of the informal business) are more comparable to the workers and this is because some times they do not employ workers and rely on family members (Ministry of Labour, 2001).

Employers use informalisation as a mechanism to reduce cost as it allows them to avoid payment of indirect benefits such as social benefit and other employee related payments to the state. The informalisation contributes to the profitability of capital as well as having social effect on the society (Castells and Portes 1989). The social effect leads to the fading away of the proletariat and the formation of workers in the informal economy with low level of security. The study by Webster et al. (2008) using the Decent Work Deficit Index, revealed that the employees at the bottom of the value chain tend to have low levels of security.

This study aims to examine the working conditions of workers in the informal economy in Namibia. The researcher looked at the workers in both a buyer-driven value chain and a producer-driven value chain in Namibia. In the buyer-driven value chain, working conditions of workers in the charcoal industry is compared with working conditions of workers in the producer –driven value chain working in shebeens. The buyer-driven value chain connects the workers in the charcoal industry in Namibia to the buyers in South Africa and Europe. The producer-driven value chain connects the shebeen workers to the Namibia Breweries Ltd.

The International Labour Organisation (ILO) Decent Work concept will be used as a point of reference in evaluating the working conditions. The 'Decent Work' concept was developed by ILO in order to improve labour market conditions in the context of globalisation. The ILO Director-General Dr Juan Somavia, in his report ´Reducing the Decent Work Deficit – a

global challenge´ (Somavia 2001) argues that reducing the decent work deficit is the road to poverty reduction and decent work is about securing human dignity of workers.

1.2 **Research Aim**

The main objective of the study is to examine the working conditions of the workers in the informal economy with specific emphasis on the Decent Work Deficit Index.

In examining working conditions the researcher will look at the workers in both the shebeens and charcoal industry in Namibia.

The specific objectives are to:

- investigate working conditions by looking at the Decent Work Deficit Index.
- investigate whether employers are paying other benefits such as leave benefit to the workers in the informal economy; and
- make recommendations for policies in order to achieve decent work in the informal economy.

1.3 **Rationale**

The informalisation of work leads to the formation of informal economy and it is against this background that a need arises to investigate the working condition of workers in the informal economy in Namibia. There were no previous studies done on working conditions in the informal economy in Namibia. This research uses the Decent Work Deficit Index and compares the working conditions in the charcoal industry and shebeens in Namibia. This study aims to provide answers on how to achieve Decent Work in the informal economy in Namibia and also propose policies that will serve as platform to set up minimum employment conditions in each value chain that will compel all those in the value chain to adhere to the policies. The labour movement will have statistical data to advocate for decent work and to recruit members in these two sectors.

Decent work is a developmental tool that will assist in reducing poverty and inspiring human dignity in the workers in the informal economy and subsequently lead to healthy and productive workers who will make possible for the Namibian Government to achieve Vision 2030.

CHAPTER TWO: LITERATURE REVIEW

2.1 Informal Economy

The term 'informal economy' entered the academic discourse in 1970s. Keith Hart studied the urban labour market phenomenon in Ghana and his work gave birth to the term 'informal economy'. Hart (1973) distinguishes between formal and informal economies by looking at permanent employment and fixed reward. Hart (1973) discovered the potential of the informal economy activities for generating growth in the income for urban and rural poor. He challenges that industrialization would build up the formal sector and absorb the informal economy into the formal one (Hart 1973). This is also called the dualist approach.

In the legalistic approach, Hernando de Soto (2001) observes that the informal operator chooses to operate informally to avoid the costs, time and effort of formal registration. As long as government procedures are cumbersome and costly the informal operators will continue operating. He claims that informal economy creates wealth and employment and advocate for property rights as a means of converting the informally held property into real capital (de Soto 1989, 2001). He suggests for the informal economy to be freed from government apparatus and suggests neoliberal policies.

The structuralist approach describes the informal economy as a global economy with a network of relationships between formal and informal enterprises. According to Castells and Portes (1989) there is a tendency for the informal economy to rely heavily on networks and their connections with the formal economy. According to this school of thought, the nature of capitalist expansion accounts for the persistence and enlargement of informal production relationships. Some scholars from the structural school refer to the informal economy as "petty commodity production".

In order to understand the linkages between informal enterprises and formal firms, it is important to consider the nature of the production system through which they are linked. This is because the nature of the linkage, specifically the allocation of authority and economic risk between the informal and formal firm varies according to the nature of the production system (Chen 2007). The types of production systems include individual transactions, sub-sectors

and value chain. The individual transactions involve the own account operators exchange goods and services with the formal firms. The sub-sectors involves many informal enterprises or own account operators produce and exchange goods and services with formal firms, networks of independent units involved in the production and distribution of a product or commodity. The terms and conditions of these transactions are governed largely by the formal firm. The value chain involves: some informal enterprises and own account operators. Goods are produce within the value chain. The terms and conditions of production in value chains are determined largely by the lead firm in the value chains (Chen 2007:7-8).

The study is premised on the structuralist approach of the informal economy. The structuralist approach argues that informal economy is subordinated to the formal economy and it enables the formal economy to extract surplus from the informal economy (Castells and Portes 1989). In order to reduce labour cost and increase competitiveness, the formal economy tries to lessen employment relations and subordinate petty producer and trades (Chen 2007). As capitalism is driven by surplus value, the working conditions of the workers are usually compromised by profit maximisation nature of capitalism. The study looks at the working conditions of workers whose employers are subordinated by the lead firms. Chen (2007) considers the linkage between the informal and formal market as depending on the production system, and refers to three types of productions system namely, individual transactions, sub-sectors and value chain. The study uses the value chain approach. Working conditions at the bottom of both the producer-driven value chain and buyer-driven value chain were examined using the Decent Work Deficit Index.

2.2 Informalisation of work

Neo-liberalism, globally, has resulted in an increase in unemployment, the informalisation of work and rising income inequality (Bieler, Lindberg, and Pillay 2008). The consequences of informalisation are the deterioration of labour conditions, increased working class unemployment, (informal work) increasing income inequality and increasing power of capital over labour. The notion of informalisation refers to a variety of forms of work and it is not a specific distinction.

Von Holdt and Webster (2005) give a typology on the reorganization of the work force in the workplace divided in to three major zones: the core, non-core and periphery. The core zone is where the formalized workers are in stable employment relations with wages, benefits and freedom of association rights. The non-core zone, is where the work is casualised and externalised and the employment relation is less stable. The non-core usually has temporary or part-time contracts with the core enterprise or through labour brokers. The last zone is the periphery and it is found in the informal economy. Von Holdt and Webster (2005) find in their study a movement in the decline of core workforce with the expansion of non-core and peripheral work. As the workers are moving from the core-zone to the periphery zone, the workers become vulnerable and it become difficult for them to enjoy their rights such as freedom of association. Theron (2005) argues that this process of externalization has the effect of shifting employees into precarious employment relations that hinder the ability of workers to make full use of their rights in terms of labour statutes.

The economic effect of informalisation is cost reduction for the capitalist which results in cost saving through the avoidance of not paying indirect wages, for example, social benefit and other employee related payments to the state. The informalisation contributes to the profitability of capital as well as having social effect on the society. The social effects as a result of informalisation are (the) undermining of the power of organized labour and the fading away of the proletariat because of increase heterogeneity in work situation (Castells & Portes 1989). The workers in the informal economy are usually not protected by laws and thus they are vulnerable and can be hired and fired at the same time without employment security.

2.3 The links between the formal and informal economies

The formal and informal enterprises and workers coexist along a continuum, decent work deficits is most serious at the bottom end, but also exist in some formal jobs as well.

There has been an increase in global variation of work flexibility in cross-border commodity and value chains in which the lead firm is in the industrialized country and the final producer is in a developing or transition country. In an effort to cut costs and to remain competitive, firms are increasing operations with small group of core workers and outsource to a growing number of periphery workers in different working places, scattered over different countries (ILO, 2002).

Global commodity and value chains are clear examples of how the formal and informal economies link across the borders of many countries. It influences the availability of decent work for workers depending on which segment of the chain they are in. The lower the chain, the more likely employment relationships are to be informal and the larger the decent work deficit gaps (Musiolek, 2002). This relationship is not only restricted on cross-border activities but it exist at national level.

Webster et al. (2008) illustrates the linkage between the formal and informal economy through the use of value chain analysis. The producer-driven value chain and buyer-driven value chain was used to analyse the Decent Work Deficit. While the formal and informal economies are interdependent on one another, there is an unequal power relation/distribution in the value chain. In the producer-driven value chain the control is flowing from big firm to subsidiaries and affiliates and the product is very complex. In the buyer-driven value chain, the supplier is depending on the large buyers. There is high degree of monitoring and control by lead firms. The supplier is in captive by the buyer (Gereffi et al 2005).

Webster et al. (2008) developed the Decent Work Deficit Index and in their study, "Making Visible the Invisible: Confronting South Africa's Decent Work Deficit" it reveals that the employees at the formal end of value chain, have high levels of security while employees at the bottom of the value chain have a low level of security.

The Decent Work Deficit Index is useful ways of describing the situation of informal workers in terms of seven variable of security at work place which the workers are often denied. The variables are as follows:

- Labour Market security: employment opportunities
- Employment security: protection against arbitrary dismissal
- Job security: opportunity to build a career
- Work security: protection against accidents and illness at work
- Skills reproduction security: opportunities to gain and retain skills
- Representation security: protection of collective voice in the labour market through independent unions and employers' association
- Income security: regular minimum income and non-wage benefits

There is an assumption that at the bottom end of the commodity chain, the decent work deficits is most serious, consequently, this study looks at the Decent Work Deficit in Namibia. A comparison between the charcoal industry workers' working condition with that of workers in shebeens was chosen because of the significance of the value-chain that connects the two, either to the buyer or producer. The buyer-driven value chain connects the workers in the charcoal industry in Namibia to the buyers in South Africa while the producer-driven value chain connects the shebeens' workers to Namibian Breweries.

2.4 Economic and Social upgrading in Global Production Network

There has been an increased change in the dynamics of production and trade in the global economy which has a significant implication on producers and workers in the developing countries. In recent times, trade between developing and developed countries has taken place in through value chains where the leading firms played a dominant role. In turn, this has stimulated the expansion of manufacturing, agriculture and service industries in the south (Barrientos, S, Gereffi, G and Rossi, A. 2008). These researchers argued that firms that engaged in Global Production Networks (GPNs) have had opportunities for economic upgrading through engaging in higher value production or repositioning themselves within

value chains. In countries such as China, global and regional production networks contributed to rapid growth. This is also evident in India. Thus, the global and regional production network is seen as a route for economic development in many poorer countries. Although global and regional productions benefit many, Barrientos et al (2008) allege that the benefits of this network are not shared with the poorer producers and workers.

Gereffi (1994) differentiated between producer-driven and buyer-driven commodity chains because of different segments of the production chain. Within the producer-driven commodity chain, global production is controlled by integrated transnational manufacturers in capital- and technology-intensive industries and examples given are that of automobiles and aircraft. In the buyer-driven commodity chain, the lead firms are large retailers, global brands, markets or supermarkets. The buyer-driven commodity chain is seen as a by-product of globalization. Developed country set up networks to procure labour intensive consumer goods from low-cost supplier and this lead to the recruitment of workers in developing countries to be recruited into export-oriented industries. The new trade and production patterns were considered as global commodity chains and later it was changed to Global Value Chains (GVCs).

The types of jobs on the GPNs/GVCs differ according to different activities and sectors. Barrientos et al (2008) identify two main categories of workers within the context of GPNs and they are defined as follows:

- Regular workers, these are workers who maintain a close relationship with their employers. They usually have permanent or semi-permanent contracts. They receive a regular wage and they usually have adequate social protection coverage. They are also the workers most likely to benefit from interventions aimed at improving working conditions such as buyers' codes of conduct and multi stakeholder initiative.

- Irregular workers, these are workers that are less directly attached to single employers. They can be recruited through contracting agencies. They usually have temporary, casual or seasonal contracts, and their wages are more variable. They are seldom included in social protection initiatives and are the least likely to benefit from initiatives such as corporate codes of labour practice.

The irregular workers within the GNPs have similarities with the informal economy workers. Both are not enjoying their rights in terms of protection of basic conditions of employment.

Upgrading has been seen as a key strategy to move to higher-value in production. There are two concept used in upgrading namely economic upgrading and social upgrading. Economic upgrading is defined as "the process by which economic actors- nations, firms and workers- move from low-value to relatively high value activities in global production networks" (Gereffi 2005: 171) cited in (Barrientos et al 2008). Economic upgrading is divided into four categories namely:

- Product upgrading
- Process upgrading
- Functional upgrading
- Chain upgrading

Social upgrading involves the improvement of the capabilities and entitlements of workers as social agents. Social upgrading can include access to better work, protection and enjoying rights. These can lead to an improvement in the social well being of workers and the community. Social upgrading consists of two component, namely measurable standards and enabling rights. The four pillars of decent work are of assistance to structure social upgrading together with status of workers (Barrientos et al 2008).

	Regular workers	Irregular workers
Measurable standards	Stable employment, contracts, social insurance, legal benefits	Insecure employment, lack of information on wages and conditions of employment, no formal contracts, lack of social and legal benefits
Enabling rights	Problems of discrimination, independent union, Organization low.	High levels of discrimination. Unable to organize or unionize (fear, lack of experience)

Table 1: Condition of employment based on measurable standards and enabling rights and status of workers

Source: Barrientos et al (2008)

The above table illustrates the condition of employment based on the two concepts that is used in social upgrading. These are measurable standards and enabling rights using the employment status of workers. There is a decrease of standards and rights as we move from left to right and from top to bottom.

According to GPN perspectives, jobs are no longer tied to particular locations or industries but to certain economic activities that cut across sectors and value chains. Barrientos et al. (2008) identified five types of work that exist in the global economy in Table 2. The five types of work come from the following sectors; food, garments, business services and IT. Table no. 2, illustrates the key elements of economic and social upgrading by type of work. The position of workers within the types of work provide employment context to social upgrading. The table refers mainly to the measurable standards that were mention in the Table 1 by Barrientos et al. (2008). There are some aspects of social upgrading that cut across in all the types of work categories, aspects such as flexibility, vulnerability, discrimination, voice and empowerment. Barrientos et al. (2008) assume that the current

financial crisis affect thousands of high skilled knowledge-intensive workers. The skills of these workers are less transferable than those of assembly or full package workers.

The relationship between economic and social upgrading is still not fully explored and there is a need to understand under what conditions the economic upgrading leads to social upgrading. There are some cases where functional upgrading could have a positive correlation with social upgrading. Functional upgrading is a category of economic upgrading and it requires the need for a stable, skilled and formalized labour force and this can be correlated with the measurable standards. Pressure of reducing cost and increase flexibility might also lead to economic upgrade with social downgrading and in this case economic upgrade will have a negative correlation with social upgrading.

Table 2: Key elements of economic and social upgrading by type of work

	Small-scale, household-based work	**Low-skilled, labour intensive work**	**Moderated-skilled, varied labour-intensive work**	**High-skilled, technology-intensive work**	**Knowledge-intensive work**
Economic Upgrading	(+) allow poor workers and producers to engage in GNPs (+) provides access to niche produce and labour skills such as high plateau teas or hand sewn embroider. (+/-) high dependence on intermediaries who can support or exploit (-) difficulty meeting standards leading to exclusions from GNPs (-) often low value capture within chain	(+) good for ramping up output, exports, and foreign exchange (+) help to attract foreign investors and to meet international quality standards (-) highly dependent on global buyers in control of inputs and orders (-) Minimal local linkages to host economy/local firms (-) low value-added (-) vulnerable to buyers' purchasing decision	(+) integrated production and control in final production, key inputs, even in finance, logistics, product development (+)a process of buyer-oriented upgrading (+) stronger forward and backward linkages (+) higher value –added (-) more stringent performance standards and reducing margins procured by global buyers.	(+) higher capital and technology-investment inflows (+) increasing modularity (+) technology learning and knowledge spillover-"supplier upgrading" (+)emerging 'Global Firms" e.g. China and India (-) high entry barriers for local firms in lucrative segments and know-how	(+) better income and export prospects (+) technology learning and knowledge spillover (+)upgrading from simple service jobs (call centers) to more advanced business services (software, medical services, engineering) (+) newest areas offshoring of design and innovation (R&D centers in developing countries (-) entry barriers in lucrative segments and know-how
Social Upgrading	(+) high quantity of jobs, especially female workers (+) women can balance productive and reproductive work (-) likelihood of unpaid family labour, including child labour (-)lack of contracts or security (-) long or insecure working hours and poor conditions (-)lack of social protections or rights (-) few opportunities for skill improvement	(+) high quantity of job, especially female (-) low quality, low wages "footloose" job (-) operation lf labour relations predominantly on flexible, casual basis (-)absence of fixed working hours (-) lack of employment security and other benefits (-) no skill improvement (repetitive, scrappy work)	(+) fair quantity of jobs (+) relatively higher wages than assembly jobs (+/-) relatively high job security in vertically integrated firms, but increased used of flexible employment (+) layers of skills and jobs down the supply chain make it possible to retain core skills and outsource other to peripheral workers	(-)Relatively small employment (+) high quality jobs 9higher wage than that of other manufacturing industries) (+) relatively high job security (-)flexible work arrangements on the rise (-)concentration of "good jobs" in advanced countries (=) opportunity for skill improvement	(-) Low quantity of jobs (+) high wage and benefits in domestic standards (+)continuous skill improvement (+) flexible work arrangements not making employees vulnerable (+)greater possibility of gender-neutral work (-)high entry barriers: education; English language "not inclusive" (-)high individualization of work
	Cross-cutting social upgrading issues: *vulnerability, flexibility of employment and lack of empowering rights*				

(Sources: adapted from Gereffi and Guler (2008)

It also depends on the type of labour strategies that the suppliers can use in response to commercial pressure. There are two labour strategies namely: “low road” and “high road”. The ‘low road” involves economic and social downgrading while the “high road” involved economic and social upgrading (Barrientos et al 2008). The low-road approach reduces labour conditions and thus is risking losing out on quality. The high road approach while improving wages and labour conditions they risk losing out on price competitiveness. Many of the producers used mixed approaches to combine high quality and low cost employment. These will include a combination of the different status of workers working in the same chain.

In terms of social upgrading, there have been a number of interventions. These interventions take place at national level through the national labour regulation. The labour inspection is one way of enforcing this intervention. At GPN level, in ensuring decent working condition and respect for labour rights, the suppliers came up with codes of labour practice and this intervention can be enforced through social auditing. At the level of international trade, intervention can be linked to trade agreements such as the inclusion of labour standards in bilateral agreement or the ratification of ILO conventions by member states (Barrientos et al 2008).

2.5 Trade Union Power and the Global Value Chain

There has been an increased in global variation of work flexibility in cross-border commodity and value chains. The lead firm is in the industrialized country and the final producer is in a developing or transition country. In an effort of cost cutting measures and to remain competitive, firms are increasingly operating with a small number of core workers and a growing number of periphery workers in different working places and scattered over different countries.

Hopkins and Wallerstein (1986) defined a ‘commodity chain’ as a network of labour and production processes whose end result is a finished commodity. The finished commodity has to go through the network of labour and production and be delivered to the end consumer. Bonacich, E and Wilson, J (2008) coined ‘logistic revolution’ which implied constant supplying of goods and services to consumers and this can be done through commodity chain

to reach the end consumer. The changes in production and logistics had major impact on labour in both production and distribution. The main areas identified are as follows: increased contingency, weakened union and lowered labour standards (Bonacich, E and Wilson, J, 2008:15). Contingent workers are often faced with problems such as irregular work, low pay and absence of benefits.

Unions can act as collective voice for workers in order to avoid the lowering of labour standards by the employer. Bonacich, E and Wilson, J (2008) sees unions as an essential part of any counter hegemony to provide checks and balances. This view is not in line with the free market ideology. The free market ideology sees unions as an obstacle to the free flow of the market and put up strict rules to decrease flexibility. Bonacich and Wilson claim that weaker unions have direct relationship to increased social, economic and political inequality. Polanyi (2001) was against the self-regulating market and he states that the self-regulating market could not exist as it could physically destroyed man and transformed his surroundings into a wilderness. In a self-regulating market, unions are seen as obstacles and the free market operators make sure to down play unions and weaken them. The fear of self-regulating market by Polanyi can be tied to the claim of both Bonacich and Wilson that weaker unions have direct relationship to increased social, economic and political inequality. In an effort to weaken unions, companies move production to another country or another contractor where the workers are not unionized.

As it seen above, the network of global commodity chains has an impact on labour and weaken the union. In order for the weaker union to gain their respective position, there are powers that the union can use within the global commodity chain. Although the concept of power is missing in the work of Karl Polanyi, Marx becomes aware on how capitalism produces hopelessness and at the same time increasing proletarian power. Marx realized how the increased proletarian power can limit capitalist power. As for Marx cited in Silver (2003: 18), capitalist is nothing without labour and the development of capitalist leads to the strengthening of labour power.

According to Wrights (2000), power of labour can be sourced either from associational and structural power. Erik Olin Wrights (2000:962) cited in Silver (2003:13) draws a distinction between associational and structural power. Associational powers consist of various powers

that result from formation of collective organisation of workers. These powers can come either from trade unions or political parties.

Structural power consists of 'power that accrues to workers from their location in the economic system'. Structural power can be divided into subtype namely: marketplace bargaining power and workplace bargaining power. The marketplace bargaining power can derived 'from tight labour markets' whereas the workplace bargaining power come 'from the strategic location of a particular group of workers within a key industrial sector' (Silver 2003).

Marx give the notion that marketplace bargaining power of labour may be weaken by the 'advance of industry' which I believe is the same as globalisation and whereas as the workplace bargaining power and associational power be increased by 'advance of industry'.

In the era of globalisation and production-chains, labour can make use of workplace bargaining power and associational power in an effort to have decent work. Workers in the transport industry according to Silver (2003:100) have fairly strong workplace bargaining power. She theorizes their workplace as the entire distribution network in which they are entangled. She gave an example of transport workers in the distribution network. The impact of the transport workers' workplace bargaining power have less impact on their immediate employer and have more impact on either upward or downward stream on the failure to deliver products or services on time to different location in the network. The ability of labour in one place to disrupt production can affect the efficiency of the entire system. Therefore, labour can take advantage and organise solidarity with workers in another part of the world but in the same global production chain. In the case of Charcoal Workers and Shebeen Workers, the unions can use workplace bargaining power of workers in the transport industry in order to fight for improved working conditions of both charcoal and shebeen workers. This can be used as a strategy in order to give the informal workers a collective voice.

2.6 Informal economy in Namibia

The Namibian Informal Economy Survey (2001) adopted a definition of informal economy with the major features as outlined below:

- The informal sector is restricted to the private sector excluding all government and parastatals and registered co-operatives;
- Agriculture activities are included provided the activity is a business enterprise with the objective of raising income and not solely for home consumption;
- The private enterprise had to have 5 or less paid employees;
- Excluded are professional type enterprises (e.g. doctor's/lawyer's practices), enterprises using high technology or having other formal characteristics;
- Domestic servants of private households are excluded.

The Namibia Informal Economy Survey (2001) estimates the number of people employed and operating in Namibia's informal economy to stand at 132 607 compared to about 280 000 workers in the formal economy (Ministry of Labour 2001).

The informal economy is planned in such a way that it has more operators (85 302) than workers (47 305). This simply means that most operators are self employed and cannot afford to employ other people due to their limited incomes. Close to half of all informal economy operators (47%) in Namibia are involved in the wholesale and retail sector (which covers the buying and selling of goods). Others are in manufacturing of food products and beverages industry (18.9%) and agriculture (11%) which includes growing crops; market gardening; horticulture, farming of animals and other agricultural activities (Ministry of Labour 2001).

Most people employed in the informal economy (either as workers or operators) are women (70 433). Many of the informal economy operators are found in rural areas (81 775) compared to only 50 831 found in urban areas. It is worth noting that the informal economy in Namibia is growing. The informal economy in Namibia is employing 47 305 workers compared to 280 000 workers in the formal economy. As Castells and Portes (1989) state

that the social effects of informalisation are undermining the power of organized labour. This research looks at working conditions in the shebeens. Shebeens are drinking establishments; they can be legal or illegal. The shebeens are under beverage industry which represents 18.9% of the operator. The research also looks at working conditions in the charcoal industry under agriculture which represents 11% of the informal economy operators. The charcoal industry produces about 45 000 tons of charcoal a year. The normal farming activities and income of the farmers have gone down due to the increase of bush encroachment by acacia species and blackthorn bushes on farmland. The workers are employed to remove the invader bush with axes or 'pangas' and thereafter burn the wood in order to produce charcoal. There are about 200 charcoal producers and 3 000 workers in the industry (The Namibian, 2007).

2.7 Labour rights in Namibia

2.7.1 Constitutional Rights

The Namibian constitution, Chapter III, Article 5 stipulates that the fundamental rights and freedoms enshrined in this chapter shall be respected and upheld by the Executive, Legislature and Judiciary and all organs of the Government and its agencies and, where applicable to them, by all natural and legal persons in Namibia, and shall be enforceable by the Courts in a prescribed manner

2.7.2 Statutory Rights

The statutory rights of employees are included in the following pieces of legislation: Labour Act, Act no. 11 of 2007, Affirmative Action Act (Act no. 29 of 1998), Social Security Act, Act no.34 of 1994, and Workmen's compensation Act (30 of 1941).

The Labour Act applies to each and every employee and employer in any economic sector except the members of Namibian Defence Force, Namibian Police Force, Prison Services and Namibia Central Intelligence Service. The informal economy is not exempted from the implementation of the Labour Policies.

The Labour Act, Act no. 11 of 2007 defines "an employee as an individual, other than an independent contractor, who –

- works for another person and who receives, or is entitled to receive, remuneration for that work; or
- in any manner assists in carrying on or conducting the business of an employer."

The Act, further define what an employer is as follow: "An employer means any person, including the State who –

- employs or provides work for, an individual and who remunerates or expressly or tacitly undertakes to remunerate that individual; or
- permits an individual to assist that person in any manner in the carrying or, conducting that person's business".

2.7.3 International Labour Standards

The International Labour Standards aimed at promoting opportunities for both women and men in obtaining decent and productive work, conditions of freedom, equity, security and dignity. Namibia has committed itself in applying ILO conventions in the national laws by ratification of the ILO Conventions as listed below. The ILO Conventions ratified by Namibia are applicable to all economic sectors.

Table 3: Conventions ratified by Namibia

CONVENTION	**RATIFICATION DATE**
Convention 29 on Forced Labour, 1930	15- 11-2000
Convention 87 on Freedom of Association and Protection of the Right to Organise Convention, 1948	03-01-1995
Convention 98 on Right to Organise and Collective Bargaining Convention, 1949	03-01-1995
Convention 105 on Abolition of Forced Labour Convention, 1957	15- 11-2000
Convention111 on Discrimination (Employment and Occupation), 1958	13-11-2001
Convention 138 on Minimum age , 1973	15- 11-2000
Convention 144 on Tripartite consultation(international Labour Standards), 1976	03-01-1995
Convention 150 on Labour Administration,1978	28-06-1996
Convention 158 on Termination of Employment, 1982	28-06-1996
Convention 182 on Worst Forms of Child Labour, 1999	15-11-200

The ILO Conference Report (2002) on *Decent Work and Informal Economy* stresses the importance of the fundamental rights at work to both formal and informal economy for the achievement of quality jobs and not just any job. Even though the ratification of the ILO conventions is relevant to both formal and informal economy, there seems to be a challenge to implement and enforce of the ILO Conventions in general.

Musiolek (2002) mentioned different reasons as to the non-implementation of the ILO Conventions and national labour laws and the reasons are as follows: the implementation depends on principal capacities of key players and the non-existence of institutions; the implementation of rights also depends on the political will of key players; how the processes of globalization encourages the notion deregulation of labour rights and the governmental labour inspectorate are understaffed and they are not trained for informalised work conditions.

The decent work of ILO consists of the following four dimensions (Rodgers, 2000).

> ***Work and employment*** *– the quantity and quality of work available including having enough work and income taking into account working time and work intensification;*
>
> ***Basic rights at work*** *– basic rights as expressed by the ILO's core labour standards, freedom of association, freedom from child labour, forced labour etc. (Some would include right to a living wage and a safe work environment)*
>
> ***Security*** *– Right to job security and social protection when faced with adverse economic conditions; and*
>
> ***Representation and dialogue*** *– right to representation and employee ´voice´ and workplace democracy.*

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the research methodology used in the study. This chapter will discuss the design of the research and how the data were collected. Further in the chapter how the collected data was analyzed will discuss. The chapter also deals with the significance and limitations of the study. The chapter concludes with the ethical considerations of the study.

3.2 Research Design

The study used both quantitative and qualitative research methods. According to Greenstein (2004) quantitative research is associated with the use of survey method of gathering data with the structured questionnaire as the main instrument. The research uses the survey research method with a structured questionnaire as the tool to collect data. Greenstein (2004) argued that most surveys are sample surveys because only a number of people are selected from the broader population for inclusion in the survey and it does not cover the entire population. A sample survey is a cost-effective way of getting a general idea of the conditions and opinions of a cross-section of the population. The research looked at the working conditions of informal workers in Namibia.

As mentioned above the other method used was qualitative. The qualitative methods was used by interviewing experts and studying of written documents such as annual reports, policy documents, cabinet resolutions and programme documents. The interviews conducted were based on an interview schedule. The researcher drafted questions and also interviewed the respondents. The questions on the interview schedule had a bearing on the research themes. This method helped the researcher to collect information on the challenges faced by trade unions in organizing informal workers, the regulation of working conditions of the informal workers, employers' understanding with regard to the working conditions of informal workers.

Greenstein (2004) says that it is impossible for a sample to represent the population on all its aspects and thus a sample only represent the specific group which we seek to gain

information. The research looks at the working conditions of informal workers using a global value chain analysis. Workers in the shebeen were selected because of the producer driven chain is where the shebeen is located. Workers in the charcoal industry were selected because of the buyer driven chain is where the charcoal producer is located. This selection was done purposely in order get the working conditions of the specific groups in each respective value chain. Furthermore, the geographical area where the two groups are located was also considered; the shebeen workers are in the urban area whereas the charcoal workers are in the rural area.

The sample size has to be representative of population. In terms of sampling size, O'Leary (2004) pointed out the basic rule of thumb which prescribes that the sample should always be as large as possible and within the time and expenses constraint. O'Leary (2004, p. 104) states that the larger the sample the more representative it is. There are minimum requirements and if the statistical analysis is to be supported by qualitative data analysis than the general rule is to have minimum of 30 respondent of each sub group to be studied O'Leary (2004). The study had a sample size of 50 respondents for each sub group and this exceeded the minimum requirement and increases the claims of this study further O'Leary argues that the strategy to be used to select a sample depends on the nature of the question or the type of data that is collected and the make-up of the population. In this case the study relied on random sampling to select all the respondents for the quantitative data within the purposely selected samples. The sub groups were selected purposely as mentioned above by using the global value chain.

In terms of sample size for the qualitative data, the sample size is smaller than the quantitative data. The sample size of the qualitative data had five (5) respondents. O'Leary (2004) said that qualitative data is collected in order to understand population and it does not look at representativeness of the sample size. The goal of the having a smaller sample for the qualitative data is to have rich understanding of the population. The sampling technique used to identify the 5 respondent, was handpicked sampling: O'Leary 2004, (p.110) defined handpicked sampling as a selection of sample with a particular purpose in mind. O'Leary said that one may involve selecting cases that meet particular criteria; cases that considered typical or show wide variance, expertise or cases that cover a range of possibilities. In the study, the researcher looked at the position of the respondents in their respective

organisations and this is linked to one of the criteria that O'Leary mentioned in selecting for respondent in the handpicked sampling technique.

The sample group of the whole study consisted of the following:

- 50 workers in the shebeen
- 50 workers in the charcoal industry
- One official from Ministry of Labour
- One official from Namibia Shebeen Association
- One official from Namibia Charcoal Producer Association
- One official from Namibia Wholesale and Retail Workers Union
- One official from Namibia Farm Workers union

A pilot study was done before the commencement of the survey. Three questionnaires were piloted. The interview was to be anonymous and asking the name of the respondent will not make the response anonymous, the question on 'What is your name' was not asked in all three interviews. The pilot study helps to maintain the interviews to remain anonymous.

3.3 Data Collection and Analysis

As the study make use of mixed method namely qualitative and quantitative, the data collected was based on the research methods used. In terms of the qualitative research method, four face-to-face interviews were conducted. The fifth interview was conducted using Skype. Skype is an application that allows users to make voice calls over internet. The fifth respondent stayed in Germany and because of the distance from where the researcher was it was agreed by both the respondent and the supervisor of the researcher to conduct an interview using Skype. The respondents were requested to give consent for the interviews to be audio recorded by signing a consent letter. Each of the respondents gave their consent by signing the consent letter with the exception of interview that was conducted via Skype. This respondent gave his consent for the interview to be recorded verbally.

The interviews were recorded and later it was transcribed. Quotations from the transcription were used to present the findings of the qualitative interviews (Weiss 1994).

In terms of quantitative research method, the data were collected through a questionnaire, see attached, appendix A. The researcher coded the questionnaires before capturing them on the computer. The next step: A statistical package of SPSS which is a social science statistical package was used to capture data and it was later analysed using the descriptive statistic method of SPSS. Tables and graphs were developed but not presented in the research report. The tables and graphs from the descriptive statistic method was rearranged in terms of the main themes of the research namely: Labour Market Security, Employment Security, Job Security, Work Security, Skills reproduction Security, Representation security and Income Security. This resulted in the development of seven graphs based on the main themes and the findings of the research are presented in the seven graphs.

- *Labour Market Security* theme was developed by analysing secondary data and more specifically using the unemployment rate data from the Namibia Labour Force Survey Report of 2008. The unemployment rate of Otjozondjupa region was used for charcoal workers as they are based in that region. While the unemployment rate of Khomas region was used for shebeen workers as they are based in that region. The scale measurement used was between 0.25 representing 30% of unemployment rate and 0.75 representing 50% of unemployment rate and for every 1% of unemployment a 0.025 has to be added.

After analysis was done as mentioned earlier, the other six themes were developed, as follows:

- *Employment Security* theme was developed looking at mainly how easily can workers lose their jobs and for every 5% of workers indicating that they could lose their job a 0.25 must be added to the scale measurement of between 1 – 5, where 1 represent 20% and 5 represent 100%.
- *Job Security* theme was developed based on whether the workers would be secure enough in their jobs to maintain them till they retire or if anyone can take over their job. The scale measurement used was between 1 – 5, where 1 represent 20% and 5

represent 100% and for every 2% of workers who can be replaced by other and do not have hope to retire you add 0.1.

- *Work Security* theme was developed looking at the protection of workers against accidents and illness at work and workers were asked to indicate if their work was safe and if it had any negative effect on their health. The scale measurement used was between 1 – 5, with 1 representing 20% and 5 representing 100%, for every 2% of workers whose work is not safe and has a negative effect on their health then a 0.1 was added.
- *Skills Reproduction* Security theme was developed by analysing responses on questions which enquire on any training received and if the skills obtain in employment can be used elsewhere. The scale measurement used was between 0.5 and 6 and for every 2% of workers trained then 0.5 must be added.
- *Representation Security* theme was developed by examining the number of workers unionized as per their responses. The scale used started from 0.1 to 2 and for every 2% of unionized workers then 0.1 must be added.
- *Income Security* theme was developed based on how often the workers get their income and the scale measurement used was as follows: 1 for regular income; 0.5 for fluctuate income; and 0 for irregular income.

On site-observation was also used and this resulted in the researcher to observe the working conditions of the charcoal workers. As a result, photos were taken with the permission of the charcoal workers. The photos were used to corroborate the research findings in the report.

3.4 Time Frame and procedure used in data collection

The duration of the study ran from 14 June 2010 up to 5 July 2010.
The table below gives a breakdown of activities during the research period.

Table 4: Breakdown of research activities

TIME	ACTIVITY
14 June 2010 – 20 June 2010	Interviews of the shebeen workers
24 June 2010	Interview with an official from Namibia Wholesale Workers union
28 June 2010– 01 July 2010	Interviews of the charcoal workers
28 June 2010 in the evening	Interview with an official from Namibia Farm Workers Union via Skype
29 June 2010 during lunch hour	Interview with an official from Namibia Charcoal Producer Association
02 July 2010	Interview with an official from Namibia Shebeen Association
05 July 2010	Interview with an official from Ministry of Labour

3.5 Significance of Study

The impact of neo-liberalism across nations in the world has lead to increase of unemployment, informalisation of work and rising income inequality (Bieler et al, 2008). Similarly, Namibia unemployment rate has been on the increase since 1997, from 33.8% and it stands currently at 51.2% according to the Labour Force Survey Report of 2004. Bieler et al. (2008) states that informalisation of work results in worsening of labour condition, an increasing unemployment of working class increasing income inequality and increasing power of capital over labour. It is against this background that the working condition of workers in the informal economy in Namibia requires attention and investigation. According to Bieler et al, (2008), informalisation of work is linked to increase in unemployment of the

working class and the working class end up in informal work. Apart from worsening labour conditions, informalisation also increase power of capital over labour, the study also looks at the type of power that unions have in order to strengthen collective voice of the workers which in turn would contribute to decent work for informal workers. The study uses the Decent Work Deficit Index to evaluate the working conditions of the workers. The study hopes that in addressing the Decent Work Deficit that is identified, the workers would enjoy decent work and in return contribute to the realisation of the Namibian Government Vision 2030.

3.6 Limitation of Study

The limitation of the study was that of getting retail prices to be used in the liquor value Chain. In order to mitigate this limitation, the researcher during the midweek break of September 2010 went to several shebeen and liquor outlet owners and obtained the retail prices.

3.7 Ethical Considerations

Human Research Ethics Committee granted the researcher an ethics clearance certificate with the following protocol no. H100 602.

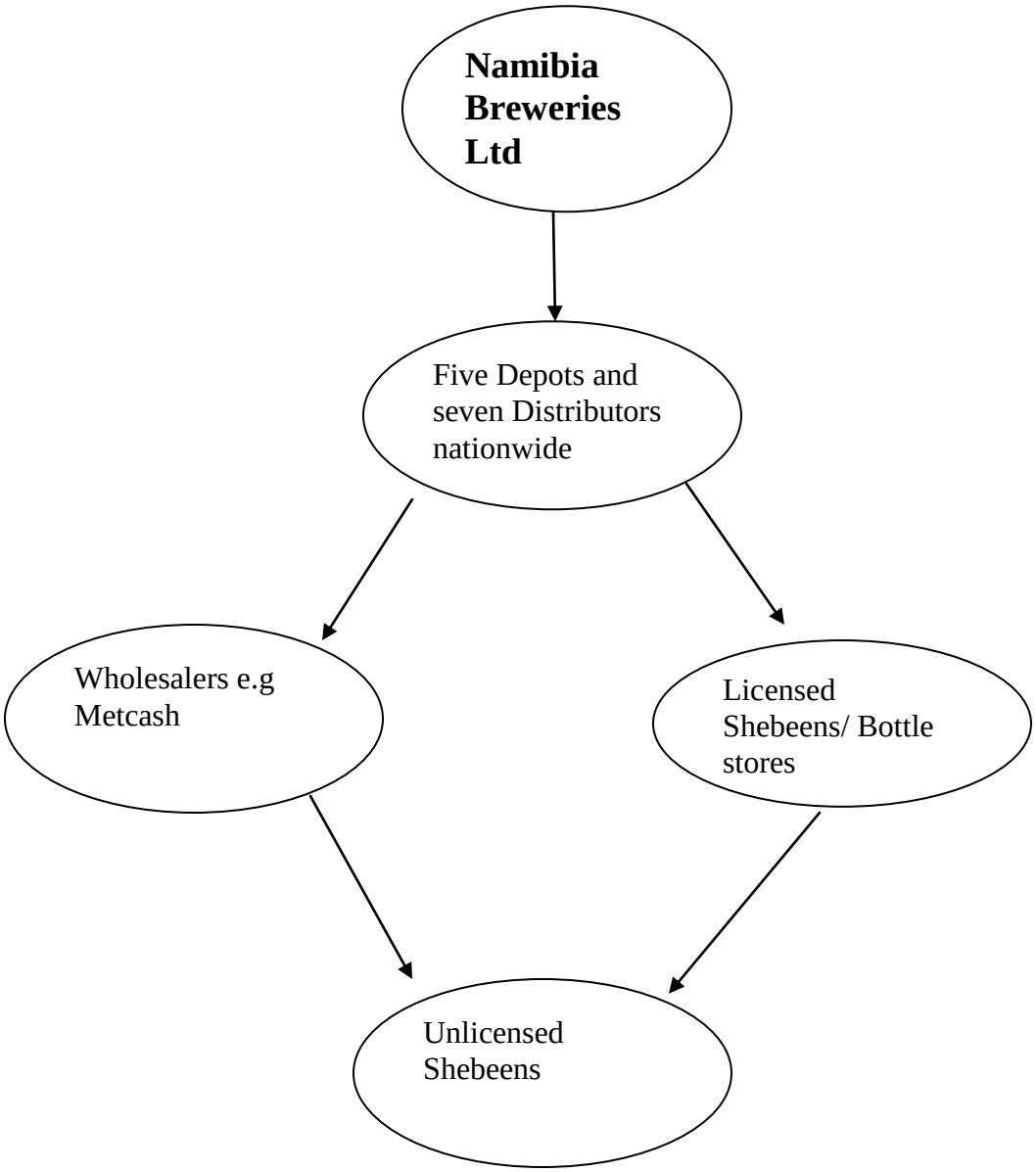
The researcher obtained permission from each respondent to conduct the interviews. The study protected the confidentiality and anonymity of the respondents. For the survey, questionnaires had no provision made for the name of the respondent and this makes it anonymous.

For the in-depth interview, the names of the respondent were not used in the report and the research only refers to an official of a given organization. The none publication of respondents' names was in line with the undertaking of confidentiality which the researcher have to adhere to.

CHAPTER FOUR - PRODUCER-DRIVEN VALUE CHAIN AND BUYER-DRIVEN VALUE CHAIN

4.1 Liquor Value Chain

Figure 1: Liquor Value Chain - Producer- Driven



4.1.1 Namibia Breweries Ltd –

Namibia Breweries Ltd was established in 1920 and is one of the leading beverage manufacturing companies in Southern Africa. In 1996, Namibia Breweries was listed on Namibia Stock Exchange. Namibia Breweries has strategic partners such as Heineken and Diago in South Africa. Namibia Breweries dream of globalizing their Windhoek beer trademark and to become a global player. The partnership with Heineken and Diago is stepping stone to achieve the dream of globalizing the Windhoek beer trademark. Apart from producing beer, the Namibia Breweries also produces ciders and soft drinks (NBL-Annual Report, 2009).

Namibia Breweries, apart from promoting the responsible consumption of alcohol campaign as part of their corporate social responsibility, they also focus on areas such as environmental preservation and enhancement of social welfare.

In terms of strategic focus areas, the Namibia Breweries listed the following strategic focus areas during 2009:

- War on Cost: aim at reducing cost base

- Winning portfolio: strengthening brands and portfolio

- Our people: invest in professional development, performance culture and reward system and talent attraction programme for young talent and have graduate bursary scheme

- Drive export growth: agreement of Windhoek brand licensing and distribution with Diago.

- Demand Fulfillment: review depot structure and in-depth evaluation of warehousing costs to ensure cost-competitive supply chain.

The product is distributed through the distribution channels. In Namibia, there are five depots and seven distributors. The shebeen owners with license buy either direct from the depot or distributors or they buy from wholesales such as Metcash. The unlicensed shebeen owners buy their stock from the bigger licensed shebeens or other liquor outlets which buy in bulk from the depot or distributors. The prices for the beer are as follows: A case of beer with 12 bottles of 750 ml is N$101-00 and the Namibia Breweries Ltd recommends a retail price of N$106-42 and one bottle of 750ml beer retail price is N$10-50. The recommended retail price can be observed at bigger shebeen that buy direct from depots or distributors.

The other shebeen owners that buy from Metcash they buy a case of beer with 12 bottles of 750 ml at N$102-00 and they get a discount depending on the volume of beer they buy. The shebeen owners who buy from Metcash must have a Metcash membership card and the signing up for membership is free. They sell one beer to the public for N$11-00. The smaller shebeen owners who buy beer at retail price of N$106-42 from bigger shebeens or other liquor outlet, they sell one beer for N$12-00.

The chain in which the beer is been distributed is producer-driven and the shebeen owners does not have any control over the product.

4.1.2 Namibia Shebeens Association

The Namibian Shebeen Association was formed in 1987 during the colonial era. The shebeen owners fought for their shebeens to be recognised by the previous authority. The main objective was to create an enabling environment within the informal sector and more specifically when it come to shebeens as they were seen as trouble makers.

The association creates conducive environment between local authority, government and the companies in the industry by looking at positive ways in order to create a better market. The association trains its members in programme such as business management and social responsibility. Members of the association derived from shebeen owners regardless of their legal status. In 1996, the association had 120 members and the number has increased to 4000 member in 2010. The relationship between the Association and Namibia Breweries Ltd is that

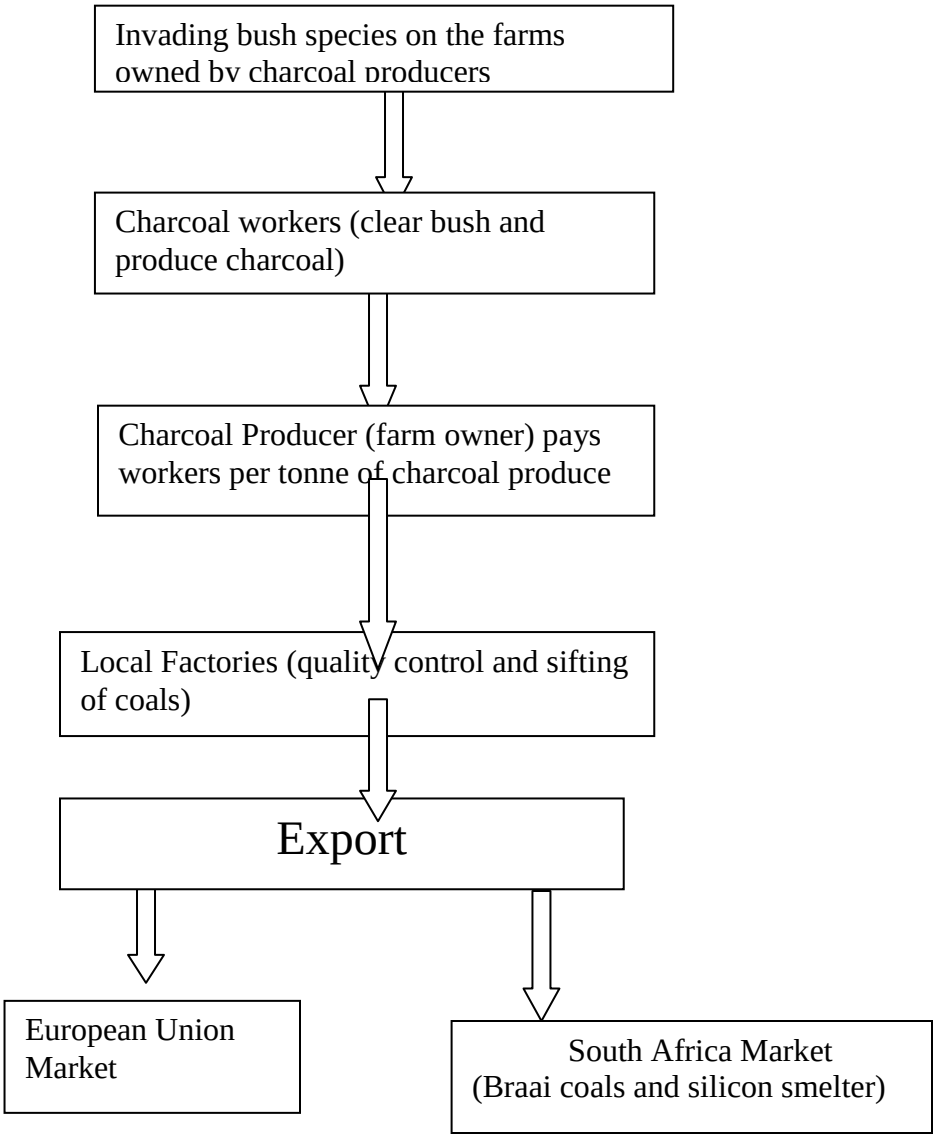
of seller-buyer relationship as Namibia Breweries Ltd has notice the business potential in the Shebeens. The notion of Shebeens being important business partner to the Namibia Breweries was echoed by one official from Namibia Breweries Ltd referring specifically to shebeen as how important partners they were to the breweries. (The Namibian, June 12, 2007).

They receive free fridges to be used in the Shebeens and only the Namibia Breweries Ltd's products are to be displayed in the fridges and another condition is that you have to maintain a certain level of sales if not than the fridge can be removed from the shebeen. The shebeens display posters of the product as a way of promoting the product. These posters are from the Namibia Breweries and the Shebeen owners only avail space at their shebeens outlet for the posters to be displayed. The association also has a relationship with other beverages supplies such as Castle Brewing and Coca Cola. For the purpose of the research, we will only deal with Namibia Breweries Ltd (interview on 2 July 2010).

The Association also used to get funding for programmes aiming at social responsibility and also help with licensing of shebeens. A new organisation called Self- Regulating Alcohol Industry Self-Regulating Alcohol Industry Forum (SAIF) was established in February 2007 by producers and distributors in the alcohol industry. Members include Commercial Investment Corporation Pty Ltd, Namibia Breweries Limited, Castle Brewing Namibia, Distell, United Liquor Agencies, House of Wines, and SMC Brands. The objective of SAIF is to ensure effective self-regulating by the formal drinks industry through adherence to strict codes of conduct and promoting programmes aimed at reducing alcohol-related harm (online Newspaper of Namibia Breweries, 2010).

4.2 **Charcoal Value Chain**

Figure 2: Charcoal Commodity Chain- Buyer Driven



4.2.1 Namibia Charcoal Producer Association

The Charcoal Producer Association was established in 2001 and it is an affiliate of the Namibia Agriculture Union. Membership is open to each and every producer in Namibia. There are two markets where the charcoals are sold. The European Market which buys charcoals from January to June each year and it is the main market for the charcoal producers. Followed by South African market that buy charcoals for silicon ovens and for braai (barbecue). Charcoals used in the silicon oven at the Silicon Smelter at Witbank.

As most of the charcoal are exported to the European market, the South Africa market end up having shortage of charcoal and according to one of the producers said " I think there is more charcoal going to the European market, and it's important that more charcoals goes there because it creates an artificial shortage of charcoal, which pushes up the price because the guys in South Africa also want some charcoal, so they are paying more to get more, which supports the prices" This is clear evidence that the law of supply and demand is working in the charcoal market but the question remain if this is passed to the charcoal workers.

The Charcoal Producers are the owners of farms that produced charcoal. The normal farming activities and income of the farmers have been affected by the decrease in the grazing capacity of the farmland. This decrease in the grazing capacity is due to the increase of bush invading species on the farmland such as acacia species and blackthorn bushes. The farmers employed workers to clear the bushes and at the same time produce charcoal for export purposes. This approach of clearing bushes and producing charcoal can be understood as a new way of creating green job in Namibia. The clearing of invader bushes is an environmental friendly way of sustaining grazing capacity of farmland and at the same time creating green job. While the Charcoal Producers are benefiting from the sales of the charcoal, the workers also have to benefit from the so called green job by enjoying all the basic employment condition enshrined in the laws of Namibia.

There are factories in several towns such as Otavi, Otjiwarongo and Okahandja. The aim of the factories is to check the quality of the coals. They do quality control, sifting of coals, weighing and packaging of the coals before exporting them. These factories also contribute to employment creation and add value to the coals.

The selling price depend on the market price and it can increase or decrease, at the time of the research was conducted the selling the producer claimed that the price was N$1 100-00. This is also confirmed in the newspaper of the Namibia Charcoal Producer Association published in January 2009, where the prices are illustrated as follows:
Bigger coals prices range between N$1 100-00 and N$1 200-00 per tonne if the coals are delivered at the local factories and if it is from the farm than is N$950-00 per tonne.

4.2.2 Role of Forest Steward Council

The Forest Steward Council is an international Non-Governmental Organization responsible for the management of world's forest. The Council runs a global forest system with two components, namely Forest Management and Chain of Custody certification. The certification system allows consumers to buy forest produce from well-management forest (online). One of the charcoal producers says that the forest Steward Council comes ones a year to the farms and check if the Charcoal Producers have First Aid Kit, if workers are trained in first aid, social security membership, adherence to law and payment of tax. Producers who are certified by Forest Steward Council can get a higher earning when selling their charcoal. He said that it was a very costly exercise in order get certification although it is a must for every producer to be certified.

The research finds that the working conditions of the workers are very low. The research looks at the health and safety aspect, the Forest Steward Council certifies producer with First Aid Kit and if workers are trained in first aid. Out of the fifty workers who were interviewed only one attended the First Aid training. The workers can take advantage of the Forest Steward Council by forming an alliance with the Council through their union. This will force the producers to adhere to the labour law and maintain the minimum labour standards. The Forest Steward Council can develop workplace codes of conduct similar the one of Kenya Flower Council. Workers can strengthen their position through the implementation of workplace codes of conduct that guarantees a minimum level of acceptable global standards. Hughes (2001: 397) writes about the case of Kenya Cut Flower Industry where appalling labour conditions including child labour were prevailing on Kenya's flower farms. (Flowers are produced for European markets in several developing countries since the original

production in Netherlands was more costly). When the media publicized the poor labour conditions there were shockwaves in the industry as consumers did not want flowers from such conditions. This triggered the formation of the Kenya Flower Council which established a code of conduct "to foster responsible and safe production of cut flowers in Kenya while protecting the natural environment and benefitting the farm staff." Where consumers desire product from decent labour conditions, labour unions can take advantage and expose exploitative practices.

CHAPTER FIVE - Presentation and discussions of the main findings

5.1 Profile of Workers

5.1.1 Shebeen Workers Profile

A total of 50 shebeen workers were interviewed in Khomas region. These are workers who work in the Shebeens in Windhoek. In terms gender distribution, the female workers are more with a total number of 29 and male 21. The ages vary from 18 to 54. The majority of the workers are in the age group of 25-34. In terms of type of work, the table below shows the type of work the workers occupied.

Table 5: Type of work – Shebeen workers

Type of work	No. of workers
Selling in shebeen	45
Managing, stocktaking and supervision	3
Cleaning and selling	1
Babysitting and selling in shebeen	1

5.1.2 Charcoal Workers Profile

The profile consists of 50 charcoal workers in the Otjozondjupa region. These workers are working in the charcoal industry. Gender distribution, the male dominate the sample with only three female. The three female are working at a factory that does the sifting, packing and loading of coals to export markets. In terms of age vary from 18 to 60. The bulk is in the age group of 25-34. In terms of the type of work, table below shows the type of work the workers occupied.

Table 6: Type of work – Charcoal workers

Type of work	**No. of workers**
cutting trees and burning coals	37
sifting coals, packaging and loading	12
weighing and quality check of coals	1

5.2 DECENT WORK DEFICIT VARIABLES

In describing the working conditions of the workers in both shebeen and charcoal, the seven variables of security at work place were used:

- Labour Market security: employment opportunities
- Employment security: protection against arbitrary dismissal
- Job security: opportunity to build a career
- Work security: protection against accidents and illness at work
- Skills reproduction security: opportunities to gain and retain skills
- Representation security: protection of collective voice in the labour market through independent unions and employers' association
- Income security: regular minimum income and non-wage benefits.

5.2.1 Labour Market Security

In terms of unemployment rate in Namibia, there has been an increase since 1997 from 33.8% to 36.7% in 2004 and to 51.2% in 2008 when the broad definition of unemployment is applied. In Khomas region, the unemployment rate was 24.2% as per the 2004 Labour Force Survey and 33.5% in 2008. In Otjozondjupa region unemployment rate was 28.8% as per the 2004 Labour Force Survey and 43.8% in 2008. The urban area unemployment rate was 29% in 2004 and 30.6% in 2008. The Rural area had 44.7% in 2004 and 46.6% in 2008 (Ministry of Labour, 2004 and The Namibian, 28 September 2010). Given the unemployment rate in Namibia, it is clear that the Labour Market Security in both sectors is very low and there is a trend that it will continue to worsen as the unemployment rate is increasing. From 33.8% in 1997 to 51.2% in 2008, it is a very high increase of unemployment. More and more people are becoming unemployed and this makes the Labour Market Security level in Namibia to decrease. Information used below is from the Labour Force Survey of 2008, sectors where placed in their respective regions and the higher the score between 0.25 and 0.75 the lower the Labour Market Security.

Both sectors registered low Labour Market Security. In other words the higher the score the higher the unemployment rate and the lower the Labour Market Security. The scale measurement was calculated as follows:

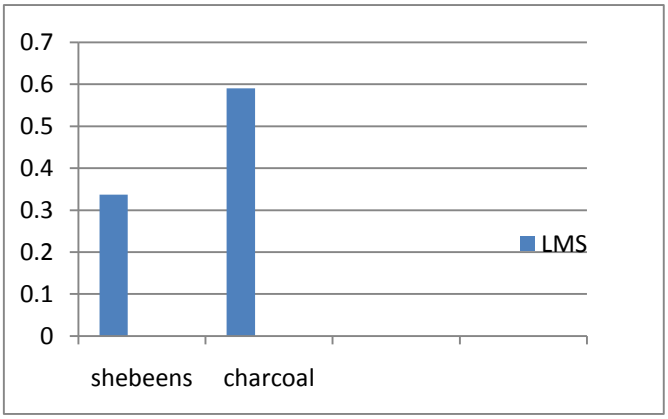
0.75 –50% unemployment

0.5 – 40% unemployment

0.25- 30% unemployment

For every 1% of unemployment add 0.025

Fig 3: Labour Market Security



5.2.2 Employment Security

Out of 100 workers interviewed in both sector, 65 of them does not have any employment contract. The shebeen workers number is higher compare to charcoal workers. Ten of the charcoal workers indicated that they do have contracts but does not know the content thereof. One of them availed his contract and upon going through it, it was a subcontractor/labour contract. See below part of the contract.



Copy of the contract for Charcoal Laborer(sub contractor)

This is not an employment contract but a contract that regulate the relationship of a main contractor and a subcontractor. The conclusion is that these ten charcoal workers are regarded as subcontractors but in reality they are just workers. Those with employment contracts, the termination procedures of the contract are not stipulated as the workers listed the content of the contract as follows; rules of conduct, working conditions or both.

On the question 'Can *you lose the job anytime?'*, which indicates the level of employment security, the shebeen workers are more at risk than the charcoal workers as 38 of the shebeen workers indicated that it was easy to lose their job at any time. Only 18 of the charcoal workers indicated that they can lose the job. It is very important to note that with charcoal workers, they have long period of service compared to shebeen workers and this can justify

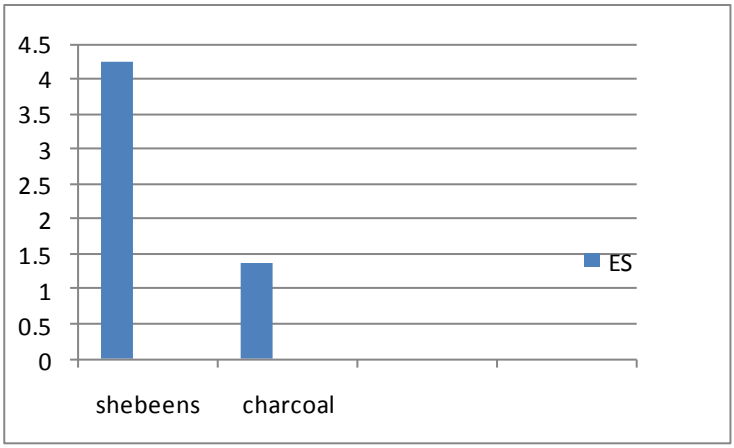
that it is not easy to lose the job any time. The findings suggested that the employment security level is lower for the shebeen workers than the charcoal workers. The higher the score the lower the level of employment security.

The scale used is 1 to 5,

1- 20% 2-40% 3-60% 4-80% 5-100%

For every 5%, you add 0.25

Fig 4: Employment Security



5.2.3 Job Security

Job security refers to the probability that one would keep his job. More than two third of the shebeen workers have no hope to retire in their job whereas half of the charcoal workers have hoped to retire in their employment. In terms of any one to take over their job which is an indicator that measure job security also, again more than two third of the 50 shebeen workers are facing risk of losing their jobs to be taken over by someone else compared to six out of 50 charcoal workers. The reason given by the charcoal workers is because it is a challenging job as one needs to use physical power to cut trees. The shebeen workers job security level is very low compare to the charcoal workers.

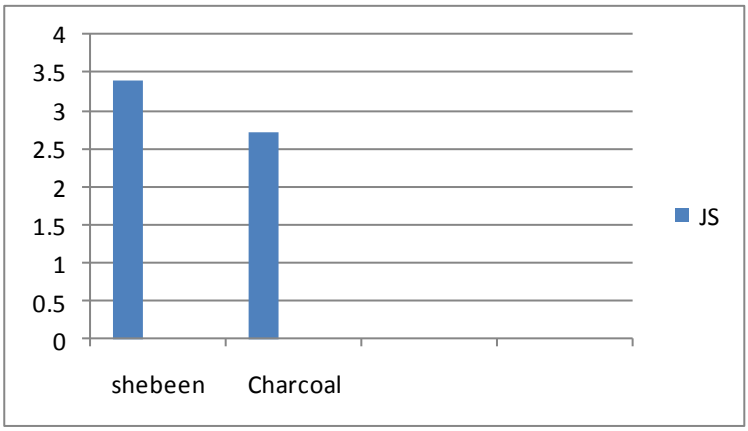
The higher the score the lower the level of job security.

The scale used below is 1 – 5.

1- 20% 2 - 40% 3 - 60% 4 - 80% 5 – 100%

For every 2% you add 0.1

Fig 5: Job Security



5.2.4 Work Security

In terms of safety at work, most of the shebeen workers indicated that their work is safe one will understand because of the nature of job. However, more than half of the charcoal workers stated that their job is 'not safe'. This is because they burn coals without personal protective clothing as it can affect their respiratory system. In terms of any effect on their health, the charcoal workers are mostly affected, as most of them stated that the work has health effect on them. One of the charcoal workers had blisters and open cuts on his hand.



Picture of the charcoal worker hand with blisters taken on the 30 June 2010

The cause of the blisters is the use of axes and 'pangas' from not wearing gloves as the worker narrated. Regulations relating to the health and safety of employees at work (Government Notice no. 156 of 1997) state that an employer must provide the employees with personal protective equipments in order to reasonably minimise the hazards at work place.

In terms of working hours and night work, the shebeen workers worked long hours, they work from 08h00 – 22h00 during working days and weekends they work from 10h00 to 24h00 or up to the early morning hours. All shebeen workers do work long hours and 44 of the charcoal workers work long hours. The working hours of the charcoal workers differs from that of the shebeen. The charcoal workers start their job in the early hours of the morning and since that they are driven by producing more coals, so they end up working the whole day. In terms of night work, most of the shebeen workers worked in the night. The charcoal workers are only few who worked in the night; this is mainly to take charge of the Kiln oven where they burn/coke the coals.

The shebeen workers are affected by long days of work and night work which can contribute to fatigue. These long hours are not compensated for as they only receive their fixed salary at the end of the month. The charcoal workers are affected by long days of work and the

effects of the work on their health. Without personal protective clothing, one can be injured on duty as the workers uses axes and pangas to cut down trees. In/during the process of burning coals, the charcoal workers are exposed to the heat of fire which can easily damage their skin as they do not wear safety clothes to cover them.

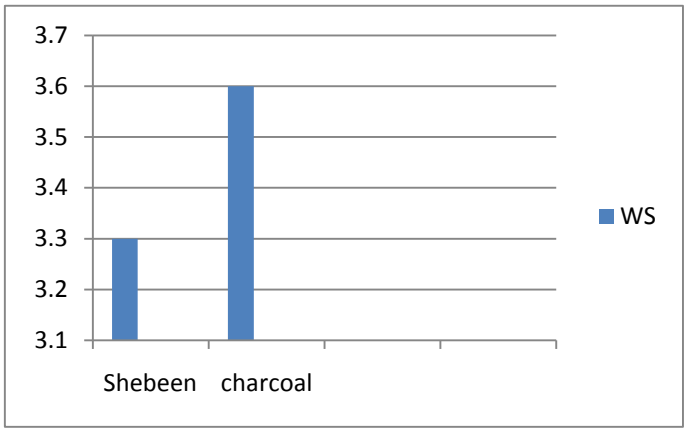
In this scale, the high score represents the low levels of job security. Both sectors, their working security is very low. The scale used below is 1 – 5.

1 = 20%; 2 = 40%; 3= 60%;

4 = 80%; 5=100%

For every 2% you add 0.1

Fig 6: Work Security



5.2.5 Skills Reproduction Security

In terms of skills reproduction, only 11 out of 50 shebeen workers and 1 out of 50 charcoal workers did receive training in the job. The one worker, who received training, was trained on First Aid and he is the responsible for quality control and sifting of the charcoal. It is very interesting to note that the other 49 workers who need training especially in First Aid as their work is a danger to them were not trained. The Health and Safety regulation No. 1617 of 1997 stipulates that an 'employer shall provide every employee in his or her employment including any person serving an apprenticeship in terms of any law, with training in the tasks

that he or she is to perform, including all aspects of health and safety related to such tasks, so as to enable the employee to take reasonable care of his or her own safety and of that of o other employees'. The underlying thought of the legislator was to make sure that health and safety issues at workplace be minimised by training the workers. The case of the charcoal workers where their health and safety is at risk, the First Aid training would be a very useful training for all the workers but the research finds that only one of the worker received training. In case one of the workers is injured while on duty, they workers will not be in a position to attend to the injury as they are not equipped with necessary skills to administer first aid.

The training that the shebeen workers received was an induction of how to do the work and it was informal. The skills that the shebeen workers acquired on the job can be used in other jobs such as selling in shops and all shebeen workers agreed that they can use their skills in other job. Thirty-nine (39) of the charcoal workers agreed that they can use their skills in other jobs. As the charcoal workers indicated that you need to be physical strong in order to do the work, it is clear that they would be able to use their 'skills' in other words their stamina in places the job depend on physical strength.

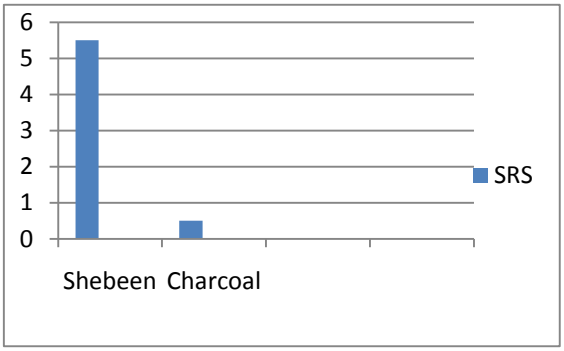
Breman, mentioned that the informal sector act as a catchment reservoir for jobseekers and he put emphasis on the following: stamina, the flexibility, the will to adapt, the ingenuity and the attempt for upward mobility of the footloose workforce. The emphasis especially on stamina is significant to this study. The charcoal workers indicated that there was a need for physical strength in order to do the work and this can be used as a way for upward mobility in the informal economy.

Both sectors skills Reproduction Security Level are very low. The scale used below is between 0.5- 6. For every 2% you add 0.5. The lower the score the lower the level of skills reproduction security. In general the Skills Reproduction Security Level is very low for both shebeen and charcoal workers.

0.5 = 2%; 1 =4%; 1.5 = 6%

2 = 8% 2.5= 10%; 5.5 = 22%

Fig 7: Skills Reproduction Security



5.2.6 Representation Security

Namibia Constitution and the Labour Act, Act no. 11 of 2007, make provision for workers and employers to exercise their rights of freedom of association and the right to organise. Namibia also has ratified ILO Conventions namely Convention 87 concerning Freedom of Association and Protection of the Right to Organise in 1995 which further allow the workers and employers to enjoy the rights of freedom of association and the right to organise.

Only 20 of the 100 workers interviewed belong to a trade union. Out of these 20 workers, 19 were charcoal workers while only one worker from the shebeens belongs to the union.

The union organising in the charcoal industry is Namibia Farm Workers Union (NAFWU). This union engages the Namibia Charcoal Producer Association in order to come up with minimum working conditions agreement for the workers. NAFWU claimed to have 1000 workers recruited working in the charcoal industry and the research finding is that out of 50 workers interviewed only 19 were unionized. Evidence is that there is a degree of unionization among the charcoal workers although it is not high.

The Namibia Wholesale and Retail Workers Union (NWRWU), former Deputy Secretary-General pointed out that it was impossible to organise the shebeen workers because they are earning little income and they only gave them advice on labour law.

All workers who do not belong to any trade union where asked as to what was the obstacle of them joining trade unions and they give their reasons for not belonging to any trade union as follow: "do not know what is trade union; no time to go to union office; union do not visit work place; do not see the need of joining union as the work is not secure; and still temporary in employment". Looking at the reasons given, a total of 54 workers out of 100 stated that they did not know what trade union is all about. The conclusion is that even though the laws makes provisions for the workers to enjoy certain rights such as freedom of association, the workers are not enjoying their rights as they do not know what the trade unions were all about. There is a need to create awareness on the rights of workers in order for the workers to enjoy them fully. Representation security level is overall low for both workers and the shebeen workers are mostly affected.

The laws also make provision for the employers to belong to association of their own choice and these are the same rights which cover the workers. The owners of the shebeens belong to the Namibia Shebeen Association and the Namibia Charcoal Producer Association represents the charcoal producers. Both of these associations represent the interest of their members and this makes the Representation Security level for the employers in both shebeen and charcoal to be high as they are exercising their constitutional rights of freedom of association and they benefit from having collective voice.

The employer's representation security level is high and this is confirming the claim of Lindell, (2010) that actors with better position in the informal economy organise themselves to maintain and further those position. As the employers organise themselves a question remains if they work against the poor workers or work with them. The relationship of dependency may implicate the ability of the workers to organise themselves and voice their concern. It can be concluded that they organise themselves to further their own interest.

While the employers 'organise themselves it is very interesting to note that the Namibia Shebeen Association's chairperson in the interview mentioned that '*we have a relationship*

now with NUNW whereby we are now planning to have workshops on the workers' side, on how the workers can be protected in the informal sector'. The relationship with NUNW dated back in 2007 (Ipumbu, 2010). NUNW and Namibia Small Traders Association (NAMSTA) where Namibia Shebeen Association is a member signed a Memorandum of Understanding with the following objectives:

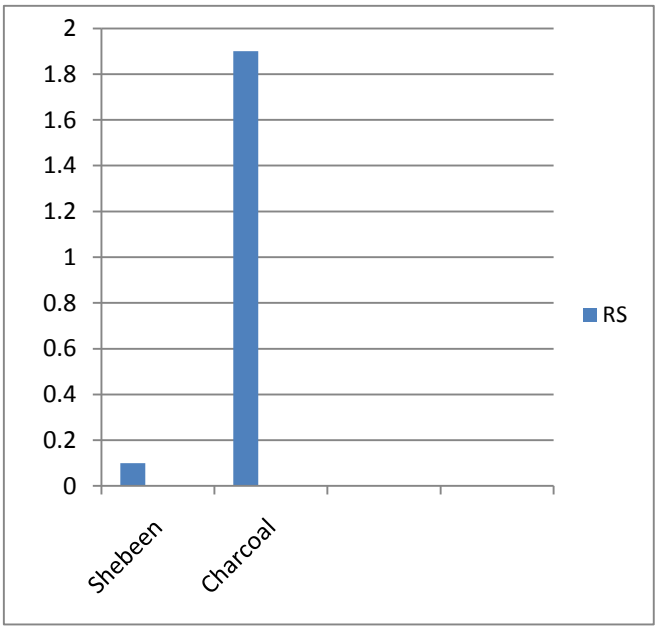
- To establish common areas of collaboration but maintaining institutional independence;
- To lobby for conducive legislation that promotes and protects the operations of the informal economy and facilities formalization of these precarious activities
- To establish effective networking and information dissemination systems nationally, regionally and globally;
- To secure financial assistance by lobbying for a budget allocation from government, fundraising and donations and ensuring that it reaches the intended beneficiaries
- To organize research and educational programmes that promote the informal economy;
- To promote productivity whilst guarding against the worst forms of child labour and any other unfair labour practice and the observance of the 8 core ILO Conventions and SADC Social Charter
- To initiate appropriate campaigns, education and training on HIV and Aids information and related services;
- To promote access to social benefits like housing, pension schemes, insurance policies, medical care and any other related matters by the informal economy;

- To develop the NUNW and NAMSTA bipartism as one of the drivers of economic and social transformation in efforts to eliminate poverty in Namibia; and
- The NUNW, to lobby its partners in the forum for consultations and negotiations to accommodate NAMSTA at such meetings as deemed necessary.

I consider this relationship to be workable one and will not further the interest of the Namibia Shebeen Association at the expenses of the workers.

The scale starts from 0.1 to 2 and for every 2% of unionised worker add 0.1. The lower the score, the lower the level of representation security. The score for Shebeen workers is 2% while the charcoal worker is 38%.

Fig 8: Representation Security



5.2.7 Income Security

The workers are getting an income in exchange of their labour to the employer. There is no minimum wage agreement in both sectors. Even if minimum wage agreement was in place, the compliance thereof would be a concern as 87 of the workers stated that the labour inspectors never inspected their work place.

Workers in the shebeen are remunerated at the end of every month whereas the charcoal workers are only paid in terms of tons of charcoal produced. The wages of the charcoal workers is not consistent as it depends on the total tons of charcoal produced. This can take several months before the charcoal workers receive their wages. The findings of the research indicated that eight of the charcoal workers, worked almost for more than a year without receiving their wages. The workers are forced to buy food on account as the employers have

shops on farm and they find it difficult to go to town where they can do their shopping. Even if they have produced a certain amount of tons, they do not get any money in cash as they have to pay for the food they took on account. This makes the workers to be in bondage/debt. This style of debt bondage of workers is according to Breman J. an economic relationship that is compatible with capitalism (Brass, 1997). The characteristic of the charcoal workers who are indebted to the employer because of the food they took on credit is one of un-free labour as the workers are in bondage and it will not be easy for them to be freed from debt as they continue to take food on credit.

The shebeen workers do get fully paid leave. The leave provision for the charcoal workers cannot be classified as fully paid, because they are only paid for piece work as they are paid per ton delivered.

In terms of social security benefit, seven (7) of the shebeen workers are registered with the Social Security Commission. The charcoal workers membership for Social Security Commission is higher and this can be attributed to the fact that Social Security Commission runs the Workmen's Compensation Fund (for injury on duty at work) as the work of the charcoal workers is risky. The probability is very high that the charcoal workers membership for Social Security Commission is not active as one has to look at the length of period for some workers to get paid. Social Security Act, Act no. 34 of 1994, Section 21 (6) (a) and (b) stipulates that no benefit shall be claimed unless the person was a member for continuous period of six months before the date on which the claim arose and all contributions payable in respect of membership have been fully paid.

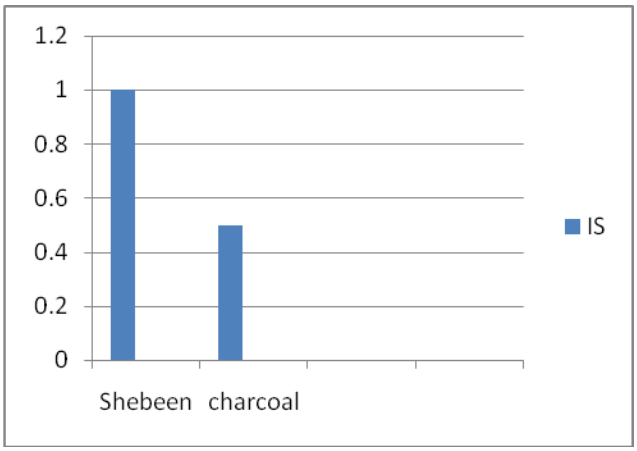
Informal workers are still playing the role of supporting their families just like workers in the formal economy. 71 of all the workers (charcoal and shebeen) interviewed support one to five family members with their income. In order to increase household income as the workers are supporting their families, half of the workers indicated that there was no time to engage in extra work and this can be linked to the long hours and night hours. Only twelve of all the workers supplemented their income by engaging in extra work.

The scale used to measure Income Security Level is between 0 and 1. Regular income is 1, fluctuate income is 0.5 and irregular is 0.

Overall the Income Security Level is lower in charcoal workers than in shebeen workers

Fig 9: Income Security

.



5.3 Trade Unions response to informal worker

5.3.1 Namibia Wholesale and Retail Workers Union

Namibia Wholesale and Retail Workers Union (NWRWU) is a union in the wholesale and retail industry. The union is affiliated to Trade Union Congress of Namibia (TUCNA). TUCNA is an independent trade union federation and was formed in 2002. Prior to its formation there were two independent federations namely Namibia People's Social Movement (NPSM) and Namibia Federation of Trade Union (NAFTU) and because of their common ideology they merged and formed TUCNA. The membership of NWRWU is between 5 000 to 6 000 members.

NWRWU response to the shebeen workers is that they tried to organising them but they are faced with challenges. The former Regional Organiser of the union during the interview with him, he stated that they are faced with challenges in terms of organising shebeen workers.

> *' The workers themselves, when you talk to them when you meet the, sometimes you can feel that they are willing to join and you know, in these informal sectors there is this fear of losing this little bread that they are getting'.*

The other reason that he gave also was the little income they get and thus it will be impossible to organise them as the workers have to pay union membership fees and their income according to the union is at around N$300-00 per month. In his own words the former regional organiser said that:

> *'So far we cannot organise them, but we used to advise them what labour said in terms of the labour law. But the reason why we cannot organise them is because they get few income, less income'*

The union is not visible in the shebeens and this also can be confirmed by the statistics of the shebeen workers who are unionised. Out of 50 workers interviewed, only one worker belong to the union. The responses of the workers why they don't belong to the union, 37 of them indicated that they do not know what unions is all about. This can be related to the statement by the union of workers earning less income and hence they do not organise them.

5.3.2 Namibia Farmers Workers Union

NAFWU

Namibia Farm Workers Union is a union in the agriculture sector. The union was formed after Namibian independence 1990 and became an affiliate of National Union of Namibia Workers (NUNW). NUNW is the biggest federation in Namibia and the oldest. It was formed in 1970 by the SWAPO party (Jauch, 2002) cited by Iipumbu (2010). NAFWU have approximately 13 000 members (Iipumbu 2010) and the numbers of the paid up members may be lower than 13 000 according to Iipumbu (2010).

This union is visible in organising the charcoal workers and have recruited more than 1000 charcoal workers as per the interview with the Secretary General conducted on the 28 June 2010. In order to address the charcoal worker's working condition the union came up with a strategy called media campaign. They exposed the treatment of charcoal workers by their employer especially in terms of health and safety and also on the provision of housing. This strategy lead to Government giving directives that the union and the charcoal producer should come up with guideline on how to handle employment issues.

The workers are been paid between N$300-00 and N$400-00 per tonne. The proposed agreement was to be signed in 2009 and it was delayed. The union is of the opinion that if the parties cannot come up with an agreement than government perhaps through the Ministry of Agriculture and Forestry can come up with strict monitoring elements like issuing licensing to the charcoal producer who only adhere to the provision of the labour law.

5.4 Employers' response to informal workers

5.4.1 Namibia Shebeen Association

In response to the working conditions of the informal workers, the Namibia Shebeen Association indicated that they encourage their members to know the Labour Act and sometimes they invite organisation such as Social Security Commission. It is interesting to note that despite Social Security Commission being invited by the Namibia Shebeen Association as claimed; out of fifty Shebeen workers interviewed, only seven workers are member of the Social Security Commission.

It is clear that the Labour Act, is not applied fully in the shebeens owners and the research evidence overwhelming concludes that despite the awareness that the Namibia Shebeen Association is claiming, the working conditions of the workers is poor.

5.4.2 Namibia Charcoal Producer Association

The Namibia Charcoal Producer Association held a meeting at the end of June 2010 in Otjiwarongo. This was an Annual General Meeting attended by both members of the association as well as those who want to join the association. During the meeting, the members apart from other issues they discussed which is not relevant to the research, there was discussion on the proposed Memorandum of Agreement with NAFWU which is a response to the charcoal workers' working condition. The members accepted the proposed Memorandum of Agreement at the meeting and tasked the negotiator to present their position on the agreement to the negotiation forum. The negotiation forum consist of the Namibia Agriculture Union which is the Umbrella body of the Namibia Charcoal Producer Association, NAFWU, the Union organising workers in the agriculture sector including the

charcoal workers and the Ministry of Labour and Social Welfare that facilitate the negotiations.

The agreement made provision for charcoal workers who are called as per the agreement 'charcoal burner' to be regarded as workers and to be paid a minimum price per ton produced of charcoal. The minimum price is not minimum wage and proposed minimum price per ton is set out as follow:

'The charcoal producer shall pay a charcoal burner a minimum price per ton for charcoal namely:

- Tsumeb, Grootfoentin and Otavi area/ lighter weighing wood – a minimum price of 38% for unsifted charcoal and 40% for sifted charcoal of the selling price of the product;

- Otjiwarongo and Outjo areas/heavier weighing wood – a minimum of price of 35% of unsifted and 37% for sift charcoal of the selling price of the product.

- The proposed minimum price per ton also includes money for rations and overtime.'

The proposed agreement also makes provision for leave days for charcoal burners who want to go on leave after working for 11 months as per the Labour Act. The leave pay is 3% of the selling price per ton produced and the following table illustrate the leave days:

Table7: Proposed leave days for charcoal workers

Tonnes / number of days work	**Money equal to how many leave days**
33 tons for 6 day work per week	24 leave days
27 tons for 5 day work per week	20 leave days
22 tons for 4 day work per week	16 leave days
16 tons for 3 day work per week	12 leave days
11 tons for 6 day work per week	8 leave days
5.5 tons for 1 day work per week	4 leave days

The proposed agreement makes provision for protective equipment and periodic medical examination. In terms of the medical examination, one of the producer stated that the Namibia Charcoal Producer Association managed to convince Government in terms of medical examination fees as it was too costly. An official from the Ministry of health and Social Services who attended the meeting, inform the members that the tariffs were lowered and the new tariffs were N$15 and N8 per examination and it depends on the type of the hospital one uses as the hospital have classifications.

The proposed agreement is only an aspiration and the working conditions of the charcoal producer remain a problem as per the research findings. If the agreement is implemented, it will also be an issue when it comes to the implementation. The Labour Act makes provision for the basic working conditions of the workers and the research has shown that the prescribed working conditions are very low using the decent work variables.

5.5 Ministry of Labour response to informal workers

In terms of responding to the informal workers, the ministry is the custodian of the labour laws. The Ministry has the National Labour Inspection Policy in place. This Policy is under the Directorate of Labour Inspectorate. The role of Labour Inspectorate is to promote, facilitate, stimulate and monitor compliance with all labour protection legislation. The organizational structure of the Labour Inspectorate consists of 42 positions for labour inspectors and currently only 36 of the 42 position are occupied.

The National Labour Inspection Policy makes special provision for the following categories of workers whose working condition must be given more attention and they are as follows: women, young worker (14-18), home workers and child labour. On Small and Medium Enterprise, the Policy has to stimulate the growth and operation of SMEs and not to punish them. The idea is for the informal economy to be self-regulated. The shebeen workers are employed by the SMEs and if the policy is only advocating for the growth and operation of SMEs and not to strictly implement the labour law, than the working conditions of the shebeen workers will not improve at all. Especially the longer hours that the workers work without been remunerated for the overtime worked.

Namibia Labour Laws makes provision for basic working conditions and it has to be implemented across all economic branches unless there are some exemptions given to that specific economic branch. For example, the Labour Act no. 11 of 2007 exempts the members of Namibian Defence Force, Namibian Police Force, Prison Services and Namibia Central Intelligence Service from the application of the Labour Act.

As for the charcoal workers, the Ministry does inspection but not regularly. There is a Cabinet Resolution **No. 1st /23.01.07/004,** which approved that the charcoal workers should be regarded as employees and that the minimum wage per tonne be negotiated through the Namibia Labour Forum chaired the Permanent Secretary of Labour and Social Welfare. The action taken by Cabinet through Cabinet Resolution **No. 1st /23.01.07/004** can be linked as an outcome of the approach used by Namibia Farm Workers. The union uses media campaign to expose the treatment of charcoal workers by their employers and government had to act by way of coming up with the resolution. The Cabinet Resolution was passed in 2007 and up to date, nothing has change; the precarious working conditions are still in existence and this makes them to be regarded as informal workers.

The Ministry has developed a Decent Work Country Programme (DWCP) for the following years 2010-2014. The programme was developed after consultative process with government and social partners from 2007. The tripartite partners identified key priorities areas for the programme and priorities as follows (DWCP, 2010):

Country Priority 1: -Employment Promotion

- Need for the development on an employment policy, mainstreaming employment in national development frameworks and identification of national structure mandated to coordinate and monitor employment creation;

- Need to strengthen the competencies of the Directorate responsible for Labour Market Information in the Ministry of Labour and Social welfare

- Creation of an enabling policy environment to facilitate bank loans to SMEs or small holder farmers, including land tenure community

- Addressing youth unemployment and underemployment

- Addressing skills shortages within Namibian workforce

Country Priority 2: Enhance Social Protection

2(a) Mitigating the impact of HIV and Aids at the Workplace

- Effective implementation of gender-sensitive workplace policies and programmes focusing on HIV and AIDS

2(b) Social Security

- the social security system needs to be strengthened to address the challenges faced by the unemployed in terms of medical care, pension benefits and unemployment benefits;

- support social protection coverage for the working poor, the informal sector operators and workers

Country Priority 3: Strengthening Social Dialogue and Tripartism

- the capacity of the Labour Advisory Council and other tripartite structures need to be strengthened to be able to contribute meaningfully to policy formulation

- strengthen the capacity of employers and workers organisations

- promote the formalization of informal economy

All these three focus areas as identified by the tripartite partners it cut across the four pillars of decent work namely; promoting and realising standards and fundamental principles and rights at work; creating greater opportunities for women and men to secure decent employment and income; enhancing the coverage and effectiveness of social protection for all; and strengthening tripartism and social dialogue. The programme is a result based management tool and will be used to achieve decent work agenda in Namibia (Country Programme for Namibia, 2010).

Out of this priority area the programme has identified specific outcome and strategies that needs to be employed in order for the outcome to be realized. For the purpose of this study, the research will only look at the priority areas that affect informal workers and what strategies are to be employed to address the plight of the informal workers. In terms of Employment Promotion as **Priority no. 1,** the specific outcome that the informal workers can benefit is Outcome no. 1 namely 'More *young women and men have equal access to productive and decent work employment through inclusive job-rich growth.* One of the indicators which are relevant to the study is tripartite partners to take '*initiatives in policy areas that facilitate transition and integration of the informal economy to the formal economy.* The strategy to be used is supporting the creation of an enabling policy environment to facilitate bank loans to SMEs or small holder farmers.

Priority no. 2 Enhancing Social Protection is divided in 2(a) mitigating the impact of HIV and AIDS at the workplace and 2(b) Social Security. For the study purpose, I will look at 2(b) Social Security. The outcome of the priority no. 2(b) is workers and enterprises benefit from improved safety and health conditions at work. The expected indicators are the adoption and implementation of programmes that will improve safety and health at work. The study findings in terms of health safety are that the health and safety of workers especially the charcoal workers is very poor and long working hours of both charcoal and shebeen workers which can affect the health of the workers. In terms of Social Security, the intended outcome is for more people to have access to better manage and more gender equitable social security benefits. The study finds that the social security coverage for both shebeen and charcoal workers is very low. The Strategy is to consider the ratification of ILO Social Security (Minimum Standards) Convention, 19952 (N0. 102) and establishment of National Social Security plan for Namibia that will conduct the social protection and performance review. Currently, the Social Security Commission membership is compulsory for each and every employee and the issue of social security coverage to be address by the ratification of a convention I doubt if it will work. The solution is for the enhancement of the monitoring mechanism of Social Security Commission by ensuring compliance and to strengthen the penalties for non-compliance.

Priority no. 3. Social Dialogue- the intended outcome is the application of up to date labour legislation by Namibia Labour administration couples with the provision of effective

services. The other outcome is by strengthening the labour inspection systems and to be in line with International Labour Standards. The strategy to be employed is the improvement of existing systems and practice, enforcement and strengthening of policies on decent work, consideration for the ratification the following instruments; Convention No. 81 on Labour inspection in Commerce and Industry); Convention 129 (Labour Inspection in Agriculture); and Protocol 195 (Labour Inspection in non-commercial Sector.

There are many outcomes for this focus area and for the sake of this study, will only refer to the following two outcomes on Priority no. 3 namely both employers and trade union should have strong, independent and representative organization. In terms of strategies for the employers' organisation;

- the programme will look at training packages on 'effective employers' organization'; improve communication with its members;
- employers organisation to reach out to small and medium enterprises and women entrepreneurs; and
- conduct research on the impact of global financial crisis on Namibian business.

For the trade unions, the strategies are:

- support trade unions to develop strategic plans and training programmed to be aligned with Decent Work Agenda; and
- support the implementation of the training programmes

Apart from the three focus area the DWCP will focus on the ratification of Convention No. 100 (equal remuneration convention) concerning equal remuneration for men and women workers for work of equal value; regulation of labour practices by foreign companies that invest in Namibia in accordance with international labour Standards and elimination of worst forms of child labour.

DWCP will be supervised by a Steering Committee consist of the social partners and chaired by the Ministry of Labour and Social Welfare. The Committee will meet twice a year to monitor and review the implementation of DWCP. The ILO Pretoria office's role will be that of the overall implementation of DWCP in consultation with the Steering Committee. ILO regional office for Africa will also provides technical, financial and administrative support.

CHAPTER SIX: CONCLUSION AND RECOMMENDATIONS

The main aim of the study was to examine the working conditions of both the shebeen and charcoal workers, to look at whether the employers are paying other benefit such as leave, social security and to make recommendations that will shape the policies in achieving decent work conditions in the informal economy.

The argument of the study is that the workers at the bottom of the value chain have poor working conditions. Literature shows that the informal economy is subordinated to the formal economy and it enables the formal economy to extract surplus value from the informal economy (Castells and Portes 1989). Furthermore, literature points out that the extraction of surplus value lead to the deterioration of the working conditions of workers.

The argument that the workers at the bottom of the value chain have poor working conditions is revealed by the study using the decent work deficit index. The decent work deficit index has seven variables namely*: Labour Market Security; Employment Security; Job Security; Work Security; Skills Reproduction Security; Representation Security and Income Security.*

Labour Market Security Level, the finding of the study is that the security level of both Shebeen and Charcoal workers is low. The higher the unemployment rate, the lower the Labour Market Security level was recorded. The low level of Labour Market Security level is linked to the poor working condition as workers become more vulnerable and there is no opportunity to enter the formal employment.

Employment Security Level for shebeen workers is lower than the charcoal workers. The charcoal workers registered longer period of services than shebeen workers and this implied that they cannot easily lose their job any time.

Job Security Level for the shebeen workers is lower than the charcoal workers and this is because of the type of work. The shebeen workers can be replaced at any time. With the charcoal worker, the work is challenging as it needs physical power and thus it will not be easy for the employer to replace charcoal workers as workers who are physically strong are needed.

Work Security Level looks at the health and safety of workers at work. Both workers registered low level of Work Security. The charcoal workers are not provided with protective clothes. The study also reveals that workers got injured while on duty as they are not provided with protective clothes. Both workers are also affected by long hours of work.

Skills Reproduction Security Level, both workers registered lower levels of Skills Reproduction Security. Again, it depends on the nature of work, in the case of the shebeen workers even if they did not receive any training, the type of work they are engaged can allow them to work in other place, for example in a shop. The charcoal workers depend only on their stamina due to the nature of their work.

Representation Security level, the study findings is that 2% of the shebeen worker are unionized while 38% of the charcoal workers are unionized. Due to the unionization of the charcoal workers, the union is engaging with the charcoal producer in order to regulate the working condition of the charcoal workers. This is a step in a right direction of ensuring decent work for charcoal workers.

Income Security Level, the shebeen workers income security level is higher than the charcoal workers. The charcoal workers are not getting their income regularly whereas the shebeen workers are getting their income regularly. It is also important to emphasis that informal workers play the key role of supporting their families just like workers in the formal economy as two third of all the workers interviewed support one to five family members with their income. The income that the workers refer to is only the salary worked for and it does

not include overtime payment that is due for long hours that both shebeen and charcoal workers perform.

The questionnaire asked respondents what type of benefits they have apart from salary payment. In terms of the type of benefits, the study findings is that shebeen workers do get paid leave whereas the charcoal workers does not get paid leave as their remuneration is piece-rated and this will make it impracticable to get paid leave. The proposed agreement for the charcoal workers makes provision for paid leave and this proposed agreement in itself is a confirmation that the charcoal workers currently do not enjoy paid leave.

The other benefits that the workers are entitled to, are maternity leave; sick leave and death benefit from Social Security Commission. The provision of Social Security Commission membership allows for each and every employee including self-employed to be members. The statistics of the study shows that five (5) of the shebeen workers and 29 of the charcoal workers are members of Social Security Commission. The charcoal workers figures might be lower than recorded since the Social Security Commission only recognized paid up members. Due to the way the charcoal workers are paid on basis of piece-work, it means that their membership cannot be recognised as their payment is not done on a regular basis in order to be paid up members.

The study reveals that employers are not complying with the provisions of the labour laws in Namibia and the non-compliance leads to worsening working conditions of the workers. The Labour Inspectorate Directorate within the Ministry of Labour and Social Welfare is responsible for the effective implementation of labour rights and in terms of inspecting work places, the study reveals that no inspection had been done at the shebeen workplace and for the charcoal workers only few workers saw inspection been done at their workplace by the labour inspectors. Musiolek (2002) states that the implementation of rights depends the processes of globalization which encourage the notion of labour rights deregulation, Labour Inspectorate understaffed and not trained for informalised work conditions turn to be true. The Labour Inspection Policy states that the growth and operation of SMEs has to be stimulated and thus allow for self-regulation of informal economy. The self-regulation agenda is a clear outcome of the impact of globalization on Namibian Labour Laws which

Musiolek (2002) mentioned ‘the processes of globalization encourage the notion of labour rights deregulation’.

Based on the research findings, the study came up with the following recommendations to shape policies for decent work for informal-economy workers. The informal economy is here to remain and the workers are to be protected from exploitation/exploitive labour practices. Therefore, there is a need for the Ministry of Labour and Social Welfare to increase the number of inspectors and to train the inspectors on the nature of informal economy in order to have effective implementation of the labour laws.

The labour inspectorate will also help with social upgrading as it is an intervention that can be used for social upgrading. Another intervention that the study propose for social upgrading is the used of codes of labour practices as Barrientons et al. (2008) stated that at GPN level, in order to ensure decent working condition and respect for labour rights the suppliers came up with codes of labour practice and this intervention can be enforced through social auditing. In the case of shebeen workers, the codes of labour practice can be done through local authority.
The local authority issue liquor license and it can be made a requirement for the shebeens to adhere to the codes in order for them to be granted liquor license. In the case of the charcoal workers, the charcoal producers must only be issued with licenses by the Ministry of Agriculture and Forestry if the codes of labour practice are adhered to.

There is a need for trade unions to include and organize the workers in the informal economy in order to have a collective voice that will protect these workers. The benefit of organizing workers will result in better working conditions, as in the case of NAFWU that came up with a proposed agreement with the Namibia Charcoal Producer Association that is yet to be signed.

Finally, by looking at the main focus areas, the implementation of the Decent Work Country Programme will hopefully be one of the vehicles that can address the deficit of decent work that was identified by the research together with an improvement in the labour inspection system.

REFERENCES

Barrientos, S, Gereffi, G & Rossi, A. (2008). *Capturing the Gains, What are the challenges and opportunities for economic and social upgrading*, Manchester Workshop, 8 December 2008.

Bieler, S, Lindberg, I & Pillay, D. (2008). *Labour and the Challenges of Globalisation: What prospects for Transnational Solidarity*. University of Kwazulu Natal Press.

Bonacich, E & Wilson, J. (2008). *Getting the Goods: Ports, labour and the logistics revolutions*. Cornel University Press.

Brass, Tom, (1997). Immobilised Workers, Footloose Theory in *Journal of Peasant Studies*, 24: 4, 337 — 358.

Chen, M.A. (2007). Rethinking the Informal Economy: Linkages with the Formal Economy and the Formal Regulatory Environment. *DESA Working Paper* No. 46 ST/ESA/2007/DWP/46.

Country Programme for Namibia (2010), Namibia Decent Work Country Programme, International Labour Organisation, Windhoek

De Soto, H. (1989). "The other path". New York, Harper and Row Press.

De Soto, H. (2001). Dead Capital and the Poor. *SAIS Review of International Affairs* 21 (1): 13-44.

Government of Namibia. (1990). *Namibian Constitution.*

Government of Namibia. (2007). *Labour Act no. 11 of 2007*, Windhoek, Solitaire Press.

Gereffi, G, Humphrey, J & Sturgeon, T, (2005). The Governance of Global Value Chains, Review of International Political Economy.

Gereffi, G. (1994). Rethinking Development Theory: Insights from East and Asia and Latin America. (Eds.) A. Douglas Kincaid and A. Portes, *Comparative National Development: Society and Economy in the New Global Order*. University of North Carolina Press

Gereffi, G. (1994). "The organisation of buyer-driven global commodity chains: How U.S. retailers shape overseas production network". In G. Gereffi and M. Korzeniewics (Eds). *Commodity Chains and Global Capitalism*. p. 95-122, Westport, CT: Praeger.

Greenstein, R. (2004). *Quantitative Research Methods, Survey Research and Statistical Analysis.* Chapters 1,2 and 3.

Hart, K. (1973). *Informal income opportunities and urban employment in Ghana. The Journal of Modern African Studies* 11: 61-89.

Hopkins, T. and Wallerstein, I. (1986). Commodity Chains in the World Economy prior to 1800, In Review, the *Jornal of the Fernand Braudel Center*, 10(1): 159.

Hughes, A. (2010). Global commodity Networks, Ethical Trade and Governmentality: Organising Business Responsibility in The Kenya Cut Flower Industry. *Transactions of the Institute of British Geographers New Series* 2001 Vol. 26 http//www.jstor.org/stable/3650657 (accessed on 20 September 2010).

International Labour Office, (2002) Social Protection, Geneva.

Iipumbu, S, (2010). *Namibian Workers in Times of Uncertainty: The Labour Movement 20 Years after independence*, Labour Resource and Research Institute, Windhoek.

Lindell, I, (2010). *Africa's informal Workers: Collective Agency, Alliance and Transnational Organising in Urban Africa*. Zed Books London.

Ministry of Labour, (2001). The Namibia Informal Economy Survey, Windhoek

Munck, R. (2004). Globalisation, Labour and the Polanyi Problem. *Labour History*.

Musiolek, B. (2002). *Decent Work in the Informal Sector: CEE/CIS Region*, International Labour Office, Geneva.

Namibian Breweries Ltd, (2009). *Annual Report 2009*, Windhoek, DV8 Saatchi and Saatchi.

Namibiese Houtskool Produsent Vereniging, (2009). Nuusbrief nr. 7.

Neuman, L.W. (2000). *Research Methods: Qualitative and Quantitative Approaches*. (4th ed). Allyn & Bacon.

O'Leary Z, (2004). *The Essential Guide to doing Research*, SAGE Publications Ltd, London.

Portes, A and Castells M, (1989). T*he Informal Economy: Studies in Advanced and Less Developed Countries.* Johns Hopkins University Press, Baltimore.

Rodgers, G. (2000)."*Decent Work as a Development Objective*, ILO, Geneva.

Silver B, J. (2003). *Forces of Labour: Workers Movements and Globalisation since 1870*, Cambridge University Press, Cambridge.

Somavia, J. (2001). *Reducing the decent work deficit – the global challenge,* Report of the Director-General, ILO, Geneva.

Theron, J. (2005). "Employment is not what it used to be: The nature and impact of Work Restructuring in South Africa. Beyond the Apartheid Workplace: (eds.) E. Webster and K. von Hold. *Studies in Transition",*Scottsville: University of Natal Press.

Weidlich, B, (2007). Charcoal Industry eyes better deal for worker, *The Namibian,* 20 August 2007.

Duddy, J, (2010). It's official: 51.2% of workforce jobless, *The Namibian*,, 28 September 2010.

Polanyi, K. (2001). *The Great Transformation: The Political Economy and Origins of Our Time*. Boston: Beacon Press.

Von Holdt, K and Webster, E. (2005). *Organising on the periphery: New sources of power in the South African workplace*, Sociology of Work Programme, University of Witwatersrand, Johannesburg.

Webster, E. Benya, A., Dilata, X., Joynt, K. Ngoepe, K., and Tsoeu, M. (2008). *Making Visible the Invisible: Confronting South Africa's Decent Work Deficit.* Research Report prepared for the Department of Labour by Sociology of Work Unit, University of Witwatersrand, Johannesburg.

Weiss, R.S. (1994). *Learning from strangers: The art and method of qualitative interview studies*, The Free Press, New York.

www.traveldocs.com/na/economy.htm (accessed 18 February 2010).

http://www.cee-recherch.fr/colloque_ tepp/eco_informelle/pdf/Breman.pdf (accessed on 16 September 2010)

http://www.fsc-uk.org/?page_id=5 (accessed on 7 October 2010).

Appendix 1

QUESTIONNAIRE: WORKING CONDITION IN THE INFORMAL ECONOMY – NAMIBIA

Introduction

I am a student from Wits University. I am doing research on what your working conditions are. This interview is voluntary and you can stop at any point during the interview if you wish so. The information that you share with me will be kept confidential and anonymous.

1. Age

2. Gender

M	F

3. Type of Job

4. Length of service

5. How did you get the job and was it easy?

_____

_____

6. Can you lose your job anytime?

Yes	No

7. Do you have Employment contract and if yes, what is the content?

Yes	No

_____

_____

8. Do you have hope to retire one day in the job?

Yes	No

9. Can anyone come and take over your job?

Yes	No

10. Is the work safe, any protective clothing?

Yes	No

11. Any effect of the job on your health?

Yes	No

12. Do you work long hours?

Yes	No

13. Do you work in the night?

Yes	No

14. Do you have annual leave, sick leave and compassionate leave?

Yes	No

If yes, please specify_____

_____

15. Did you get any training for the work you are doing?

Yes	No

16. Can you use the skills for another job?

Yes	No

17. Any trade union you belong to?

Yes	No

If no, what is the obstacle of joining a union? _____

_____

18. Do you earn regular income?

Yes	No

19. Does it increase your household?

Yes	No

20. When last did you receive your income/wages?

_____

_____

21. Do you have any benefit?

Social Security	Pension Fund	Transport Allowance	Medical Aid	None

22. How many people are dependent on you? [ ]

23. How can you increase your household income apart from your salary?

_____

_____

_____

24. Do the labour inspectors inspect your work place and how regular do they do it?

Never	Every 6 months	Every year	Every second year	Every five year

25. Are you aware of your rights in terms of the new Labour Act, Act 11 of 2007?

Yes	No

Appendix 2

INTERVIEW SCHEDULE FOR THE IN-DEPTH INTERVIEWS

Ministry of Labour

- General question on enforcement of labour laws in the informal economy
- What plans are in place to tackle the working conditions in the informal economy
- What the position of government is on decent work in informal economy?

Trade Unions- NAFWU and NWRW

- Union visibility in the informal economy
- Challenges faced to address working conditions
- Position of union on decent work in informal economy

Namibian Shebeens Associations

- position on decent work
- how they perceive the value chain in relations to working conditions
- Does their role end as employment creators or are there other roles that the Association is playing in the informal economy

Namibia Association of Charcoal Producers

- position on decent work
- how they perceive the value chain in relations to working conditions
- Does their role end as employment creators or are there other roles that the Association is playing in the informal economy.