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MINIMUM WAGES AND EMPLOYMENT IN THE TEXTILE INDUSTRY IN SWAZILAND

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Abstract

The purpose of the study is to investigate what evidence there is to determine the impact of minimum wage hike on employment in the textile industry in Swaziland from the qualitative perspective.

The research set to establish that minimum wage increases on employment has far reaching influence than what most findings from quantitative studies have suggested. These studies have tended to undermine the impact of statutory wage increases as perceived by the target employee categories and other stakeholders themselves in the textile industry.

The research involved an extensive review of related literature on the subject. Although the existing literature is predominantly of a quantitative nature, it however, did provide a theoretical framework for this study. Qualitative research was then carried out at two textile firms in the Matsapha Industrial Area viz.: Tuntex (Pty) Ltd. and Tex Ray (Pty) Ltd. which predominantly took the form of interviews, although other methods such as the questionnaire and other data collecting methods were also used.

The research revealed that, while most findings of the quantitative research were valid, others had some flaws or weaknesses which called for further research of a qualitative nature in order to take into account even those factors that were often ignored in those studies such as the perceptions of target employee categories and other stakeholders of the minimum wage legislation, their feelings and interpretations of the operation of this policy tool.

The results of the study indeed answered the initial research question, "What impact does minimum wage hike have on employment in the textile industry?"

The study revealed that labour market forces do not operate in a vacuum, but in a context where other factors also operate, and that in order to get results that are nearer the truth, these factors should be taken into consideration in carrying out future research on the topic of this study.

Declaration

I declare that this report is my own, unaided work. It is submitted in partial fulfilment of the requirements for the degree of Master of Management (in the field of Public and Development Management) of the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in any other University.

……..
Sipho Ndzimandze Ndzimandze
30 April, 2007

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ABREVIATIONS AND ACRONYMS

EFILWC	European Foundation for the Improvement of Living and Working Conditions
ILMPE	Institute of Labour Market Policy Evaluation
ILO	International Labour Organisation
MRP	Marginal revenue product
NCPA	National Centre for Policy Analysis
NEC	National Economic Council
NPM	New public management
OECD	Organisation for Economic Cooperation and Development
SMAWU	Swaziland Manufacturing and Allied Workers Union
STEA	Swaziland Textile Exporters Association
WTO	World Trade Organisation