

FACTORS AFFECTING INDUSTRIAL EMPLOYMENTA. INTRODUCTION

Wage Employment in East Africa has been disappointly low in recent years. In all three countries, employment increased in early fifties but then levelled off in late fifties. In the early 1960s, gainfully employed labour has actually declined and it is not clear whether this trend has reached a halt.

WAGE-EARNERS AS % OF TOTAL POPULATION (AFRICAN).

	1952	1956	1957	1960	1962
Kenya	7.6		7.7	7.1	6.3
Tanganyika	5.6	4.6	4.5	4.6	4.3
Uganda	4.0	3.8	3.7	3.5	3.1

Source: Economic and Statistical Review;
Statistical Abstracts.

This paper will be restricted to Uganda. It purports to discuss the employment problem on the following lines:

- (1) An analysis of general economic trends.
- (2) Excerpts from individual case studies of five of the major firms in Uganda. The study has mainly been concerned with such variables as size and composition of work force in relation to trends in labour productivity, training schemes, changes in Capital equipment and wage increases. The study was prompted by the failure of Industrial Employment to increase.

B. 1.

GENERAL ECONOMIC TRENDSAGGREGATE VARIABLES 1960-64.

Year	G. D. P.	Change G. D. P.	Employment	Change Employment	Earnings
	(£m.)	(£m.)	numbers	numbers	(£m.)
1960	152.1	+ 3.0 (2%)	244,500	+5000 (+2%)	27.0
1961	156.4	+ 4.3 (2.7%)	236,100	-8400 (-3.6%)	29.5
1962	156.7	+ .3 (.2%)	230,800	-5300 (-2.3%)	30.7
1963	175.8	+19.1 (11%)	221,700	-9100 (-4.1%)	31.5
1964	203.0	+27.2 (13%)	227,000	+5300 (2.3%)	35.1

Source: Background to the Budget.

The following picture emerges from major variables shown in the table above:

- (i) The growth of G. D. P. having slackened in 1960-62 did improve in 1963 and 1964. This was mainly due to increase in volume of Coffee and Cotton and to better Coffee prices. Between 1960 and 1964 G. D. P. increased by 30%; annually, it grew at a rate of 7.5%.
- (ii) Employment declined each year from 1961 to 1963 and although 1964 had 5300 people more in employment than 1963, this was less by 17500 than in 1960. Over the period, employment declined at an annual rate of 2%.
- (iii) Incomes of the wage-earning class on the other hand have been going up. Over the period, wages have gone up by about 30% and have increased at an annual rate of 6.7%

The obvious income disparity in favour of the urban wage-earner and against his rural counterpart together with good social amenities in town, can be taken as a major factor that is attracting many job-seekers into town.

Trends in G.D.P., Employment, Average Productivity and Wages 1960 - 1964

Growth in G.D.P.	7.5% p.a.
Growth in Employment ..	-2% p.a.
Growth in Average Productivity	9.5% p.a.
Growth in Earnings	6.7% p.a.

TRENDS IN PRODUCTIVITY BY SECTORS 1960-64.

Sector	Annual Rate of Increase		
	at current prices	at 1960 prices	Corporate and non-african enterprises (at 1960 prices)
Agriculture	7.4%	3.7%	11.2%
Cotton, Coffee and Sugar Processing	6.9%	11.6%	11.6%
Forestry, Fishing and Hunting	5.8%	1.8%	5.9%
Mining and Quarrying	30%	16.7%	16%
Manufacturing of food products	2.7%	-1.8%	-2.1%
Miscellaneous Manufacturing	6.2%	-0.9%	-1.2%
Electricity			9.9%
Construction	2.1%	-2.6%	0%
Commerce	16.2%	12.3%	14.2%
Transport and Communication	5.4%	5.6%	9.2%
Central Government	8.7%	1.0%	
Local Government	10.1%	1.2%	
Miscellaneous	5.3%		-0.6%

High increases in productivity by sectors shown above can be explained on two grounds:

- (i) Generally, there have been measurable increases in output over the period.
- (ii) On the other hand, employment in many sectors, has declined. Recently, the decrease have been rather pronounced in Construction, Cotton ginning and Local Government. In those sectors where employment has not declined, output has been growing about 4 times faster than employment.

Employment Problem in Uganda-Highlights

Wage-Earners as a % of total population (African).

1948	1952	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963
3.2	4.0	4.2	4.0	3.8	3.7	3.6	3.5	3.5	3.3	3.1	2.9

Source: Statistical Abstracts.

African Employment has not been able to reach its 1954 level (as % of population). Those Employees who have lost their jobs or who have failed to get jobs are mainly those without skills. The economy measures by employers to use less labour are concentrated in the unskilled group of workers.

There are no reliable figures on the unemployed in Uganda but the queues one witnesses at factory gates each beginning of the month in Kampala and Jinja would put the figure around 15000 (about 6.6% of those who were employed in 1964) in major towns.

An exercise in tribal breakdown of employees shows that in recent years, 27% of all African workers in Uganda have come from neighbouring states. This 27% has been remarkably stable. In Industry, there is a feeling among employers that some of non-Ugandan Africans are more willing and more suitable to industrial work than many Ugandan Africans. This attitude probably explains why the decline in employment among Africans has been concentrated among Ugandans and less among non-Ugandans. This contention by employers may be well-founded since there could have been many other cash alternatives available to Ugandans. However, with the people entering the labour force now, one expects a change of attitude because few are likely to have land they can call theirs in a decade or so..

In addition to the 27% mentioned above, there are about 200,000 non-Ugandan Africans in the country. About 100,000 are in employment in rural areas. They largely come from Rwanda and Burundi. The rest (about 100,000) are refugees - from Rwanda, Burundi, the Sudan and the Congo.

2. Case Studies.

The interest in this part of the paper is to find out to what extent the case studies completed so far:

- (a) Conform to the pattern depicted above.
- (b) Answer or throw more light on the problem raised above.

As indicated the study was intended to find out what employers have been doing to their labour. Initially, we shall examine employment policies of the firms and then will go on to look at Employment in relation to Output etc.

The firms which have been studied are:-

- (1) Nyanza Textiles Industries Ltd. (NYTIL) - Jinja
- (2) Uganda Breweries Limited - Port Bell
- (3) B.A.T. Uganda - Jinja
- (4) Kilembe Mines Limited - Kilembe
- (5) Sikh Saw Mills - Jinja.

Employment Policies

Recruitment.

With few exceptions, employees in the unskilled category are picked from factory gates. The number of these job-seekers at gates reach high peaks at the beginning of each month. This was true of the factories I visited in Kampala and Jinja; it was true of Kilembe too. Labour exchanges have been given as another source but it is doubtful whether these are used very often.

Vacant posts in semi-skilled and skilled categories are, as a general practice, filled by appointing from the ranks. When there is no suitable candidate within the ranks, then the firm advertizes in papers or consults the Labour Exchange. In certain cases, technical Institutes (e.g. Kyambogo) are approached.

The recruitment methods are designed to select employees with great potential. Some of the companies have Selection Boards which screen workers before they are taken on; others have aptitude testing units; and in one firm, applicants are put on a practical test. The probationary period ranges from one to three months, and in this period, unsuitable employees are discontinued.

Length of Service and Turnover

There is quite a noticeable staying on among many employees. Apart from Kilembe where length of service figures could not be made available, at other firms, figures show that generally 2/3 of their employees have been with them over two years. At B.A.T. Uganda for example, over 90% of the employees have been with the firm for at least five years. The average year for the factory is about 12 years.

This does not mean that the "shopping around" habit is completely done away with. The habit still exists especially among:

- (i) employees with lowest service.

(ii) school leavers.

The leaving rate is high in companies where conditions or places of work are not good, where work is manual and where wages are low.

One major reason which seems to keep employees from leaving is the difficulty involved in getting an unskilled job in Kampala and Jinja. Some people spend 4 to 8 months looking for jobs.

The Elkan thesis* that the Baganda had a high rate of turnover in the early period of service is, to a certain extent, still true but it is highly doubtful whether the immigrant tribes are "perfectly" target workers as was contended.

Education

Firm	% of Total		
	Illeterate	P1 - 6	Sec. 1 & over
NYTIL	15	53	32
B.A.T.	35	48	17
SIKH SAW MILLS	29	49	22

Source: Economic Development Research Project No. 69, 75 and 89.

Generally, about 75% of employees at each factory have had either a Primary Education (P1 - 6) or no education at all. This shows the predominance of lack of skill when most employees are recruited. For unskilled jobs, at least, recruiting officers do not take educational attainment into account. In factories where aptitude tests are given, educational qualification is not supposed to be an aid. At the moment, formal education does not seem to affect performance standards of these firms.

Training

There are three major forms of training common with these firms:-

- (1) "On the job" training
- (2) Apprenticeship
- (3) Training within Industry.

* W.E. Elkan, An African Labour Force, East African Studies No. 7, E.A.I.S.R. Kampala, 1956, P.7

1. In all five firms, on the job training is a part and parcel of their hiring practices. In some firms e.g. Nytil, B.A.T. and Kilembe, it is highly formalized in the sense that
 - (a) most operatives have to undergo some form of training or other.
 - (b) there are training Schools.

This training is regarded as necessary among these firms because the nature of the job require some higher skills and greater dexterity, e.g. spinning. In other cases where work is largely manual, learning is through experience and length of service.

The training programmes provide operatives with a first hand knowledge of particular machines, e.g. looms and is rarely intended for general understanding of Industrial process.

2. Apprenticeship schemes are also carried out by most firms. The participants are workers aspiring for skilled jobs, e.g. plumbers, electricians, etc. Training of this nature usually has the goodwill of the Labour Department which in some cases sets tests at the end of the period.
3. Training Within Industry. The course is intended to equip supervisors and middle level management with a knowledge on such subjects as job safety, job instruction and job relations. It is sponsored by the Labour Department and Uganda Federation of Employers.

Trends in Output, Employment and Average Productivity
for 5 firms 1960-64.

Firm	Growth in Output p.a.		Growth in Employment	Growth in Average Productivity	
	Using Physical Measures	Using Monetary Measures		Physical	Monetary
	%	%	%	%	%
Nytil	26.5	25.1	12.7	12.2	11.1
Uganda Breweries	4.8	10.2	-1.7	6.6	12.2
B.A.T. Uganda	-2.9		-6.2	3.4	
Kilembe Mines	5.5	16.5	5.1	.4	11.0
Sikh Saw Mills		6.2	-5.8		15.9

Source: Economic Development Research Project Nos. 69, 73, 75, 88 and 89.

With the exception of Nytil and Kilembe Mines, productivity at the other three firms has been increasing at a higher rate annually than either output or employment. Employment for the three firms has in actual fact been declining.

The analysis gives the following pattern:

- (a) a Firm whose output is increasing rapidly (Nytil over 25% p.a.) and employment too increases (12.7% p.a.).
- (b) two firms whose output is increasing moderately (Uganda Brewories 4.8% p.a.; Sikh Saw Mills 6.2% p.a.) and productivity rises moderately or rapidly (Uganda Brewories 6.6% p.a.; Sikh Saw Mills 15.9% p.a.) Employment on the other hand falls.
- (c) two firms:
 - (i) One whose Output and Employment rise at almost same pace (Kilembe Mines, 5.5% p.a. Output; 5.1% p.a. Employment). Increase in productivity is therefore nearly zero (.4% p.a.).
 - (ii) And another firm whose Output is falling (B.A.T. Uganda -2.9% p.a.) productivity rises slowly (3.4% p.a.) and Employment declines (6.2% p.a.)

Trends in Fixed Assets, Wage Bill and Average Wage
in 5 firms 1960-64

Firm	GROWTH IN-		
	Fixed Assets	Wage Bill	Average Wage
Nytil	14.5% p.a.	29.5% p.a.	14.7% p.a.
Uganda Brewories	1.9% "	7.0% "	8.7% "
B.A.T. Uganda		3.3% "	10.2% P.a.
Sikh Saw Mills	3.5% "	7.6% p.a. (1959-63)	8.3% p.a. (1959-63)
Kilembe Mines	3.6% "	6.5% p.a.	1.8% p.a.

Source: Economic Development Research Project Nos. 69, 73, 75, 88 and 89.

Nytil's fixed assets have been increasing at an annual rate of 14.5% for 1960-64, Uganda Breweries at 1.9%; Sikh Saw Mills at 3.5% and Kilembe Mines at 3.6%. With the exception of Kilembe, the annual growth rates in Capital are greater than annual increases in Employment. Nytil had an increase of 72% in fixed assets over the period; (compared to 48% in employment); for Uganda Breweries, the increase was 8% (compared to a decline in employment); Sikh Saw Mills had an increase of 14% (compared to a decline in employment) and only Kilembe had an increase of 15% (compared to an increase of 22% in Employment).

With the exception of Sikh Saw Mills, increases in wages over the period have been greater than output, employment and productivity.

C. Summary and Conclusions

Our analysis of trends in the economy and the Case Studies show that:

- (1) The economy achieved high employment levels in 1950s but failed to hold to its own and in 1960s, employment has actually decreased. In those firms where employment has not declined, the growth rates in 1960s are lower than those achieved in 1950s.
- (2) Generally, Output has continued to increase.
- (3) Average productivity continues to grow at a faster rate than output or employment
- (4) Wages also have continued to increase. On aggregate level, earnings increased by about 30% between 1960 and 1964 (compared to an annual growth rate of nearly 7%). In the firms studied, wages generally have been increasing at a faster rate than output, employment and productivity. Thus disregarding diffusion effects, it can be said that the few who have remained in wage-employment have obtained larger income shares.

The results from the case study show that deliberate measures have been initiated by employers to economise the use of labour. These include:-

- (a) better organisation of work force and careful selection methods.
- (b) improved supervisory standards. This has been achieved through training of supervisors and middle level management.
- (c) Training labourers and operatives.
- (d) More use of Capital-intensive techniques and improved layout of machinery.

In addition, labour has become relatively stable.

In the field of employment creation, the present plans leave much to be desired. The approach seem to be that of "undertake development first and solve unemployment second" - an approach that could breed insurmountable social, not to mention political problems. If in the next development plan an all out effort is not made to halt the declining trend in employment, urban unemployment could easily become a serious problem in the future.



This work is licensed under a
Creative Commons
Attribution – NonCommercial - NoDerivs 3.0 License.

To view a copy of the license please see:
<http://creativecommons.org/licenses/by-nc-nd/3.0/>

This is a download from the BLDS Digital Library on OpenDocs

<http://opendocs.ids.ac.uk/opendocs/>

A Digitisation Partnership between Makerere University Library and the British Library for
Development Studies

