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INTERNAL LABOUR MARKETS IN RHODESIA: A CASE STUDY OF MANAGEMENT RESPONSIBILITY

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Introduction

In recent months a debate has been taking place among businessmen in Rhodesia on the subject of company responsibilities, not only to the host society, but also responsibility to workers.¹ Discussion on this latter aspect reflects a recognition amongst managers of the interdependence of factors of production. In the current recessionary period in Rhodesia, and with the concomitant squeeze on profits, the contributions of and returns to factors of production are being reassessed. Awareness of labour's position in company operations is evidenced by the recent establishment of several well-endowed trust funds for the development of Rhodesia's human resources,² and also by the establishment of the commission of enquiry into advanced technical and commercial training.³ Besides these public displays of awareness of manpower considerations, most large companies in Rhodesia have a manifesto of company policy in which a reference to responsibility towards workers is generally made, covering such aspects as 'equality of opportunity' and a 'fair return for a fair day's work'. However, what management says, what it tells workers, and what it does within the organisation, may not all coincide, or even approximate to one another.

It is my contention in this paper that, at least in the company to be discussed, management's claimed responsibility towards workers is not meant to apply — or to apply fully — to semi- and un-skilled workers, all of whom are black. In an attempt to prove this contention, I examine the internal labour market in one major Rhodesian company. Thereafter, I consider the degree of control management has over its internal labour market, and the extent and means whereby management meets its stated responsibility towards workers. In the conclusion, the various points are drawn together to demonstrate that management meets its responsibilities to workers on a differential basis, discriminating either against Africans or against semi- and un-skilled

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¹See for example *Commerce Rhodesia*, Associated Chambers of Commerce of Rhodesia, July, 1975, where a number of top Rhodesian businessmen discuss this topic.

²For example, the Rio Tinto Foundation and the Whitsun Trust. See *Rhodesia Herald*, 30th October, 1974 and *Business Herald*, 21st August, 1975 respectively.

³Rhodesia Government *Commission of Inquiry into Further Education in the Technical and Commercial Fields* (Cameron Commission: Chairman Mr. J. D. Cameron).

workers. Since these two categories overlap almost perfectly, it is difficult to establish whether the focus of this discrimination is race or industrial class.

The data on which this paper is based were collected during 1973-4, in the course of research conducted by the Centre for Interracial Studies at the University of Rhodesia.⁴ In this research, case studies of eight major Rhodesian organisations were undertaken. While the data were drawn from a limited base, nevertheless there was a great deal of common ground in each of the companies, indicating a potentially high degree of validity for the data. In choosing one of the companies for detailed study in this paper, only an indicative insight can be claimed for this discussion. Nevertheless, I contend that the situation in this company is representative and that this discussion indicates some important principles of relatively general applicability to employment in Rhodesia.

Internal Labour Markets

The concept of internal labour markets is relatively new, especially as applied to southern Africa.⁵ Probably the fullest general discussion of the concept is that by Doeringer and Piore who define an internal labour market as '... an administrative unit, such as a manufacturing plant, within which the pricing and allocation of labour is governed by a set of administrative rules and procedures.'⁶ While there is some degree of 'contact' and interdependence between internal and external labour markets, the degree of interdependence varies according to the state of the external labour market.⁷

Besides its relative autonomy, two other attributes characterise, and may therefore be used to identify, internal labour markets: mobility clusters, which are groupings of jobs within which promotion occurs (for example, all the jobs in a given department); and ports of entry to employment in that internal labour market. Ports of entry constitute the points of 'contact' between

⁴The results of this research are reported in Murphree M. W., Cheater G. E., Dorsey B. J. & Mothobi B.D., *Education Race and Employment in Rhodesia*, ARTCA Salisbury, 1975.

⁵Although new to the region, aspects of internal labour markets have been discussed and applied: cf. Murphree *et al op cit.*; Cheater G. E. *Internal Labour Markets, Race and Efficient Manpower Utilisation*, paper presented to the annual Conference of the Association of Sociologists of Southern Africa, Durban, July, 1974; and Spandau A. On-the-job Training on the Assembly Plant of a South African Motor Vehicle Producer. *Rhodesian Journal of Economics*, vol. 6. no. 4 December, 1972, pp.26-45.

⁶Doeringer P. B. & Piore M. J. *Internal Labour Markets and Manpower Analysis*, D. C. Heath & Co., Boston, 1971, pp.2-3.

⁷Doeringer & Piore discuss internal labour markets in the USA, a developed and relatively full-employment economy. The situation in less-developed economies, which generally experience labour surpluses and skill shortages in the external labour markets has not, to my knowledge, received much attention yet in the literature.

internal and external labour markets; they are generally the lowest job grades (but may also be found at other levels) in the mobility cluster; and they are almost always fewer in number than the number of job grades in that mobility cluster. For example, in a workshop, the external recruitment of both first-year apprentices and qualified artisans may occur, but more senior apprentices, workshop foremen and managers are generally promoted from within the mobility cluster. These three characteristics — an administrative unit, mobility clusters, and ports of entry — provide static criteria to identify internal labour markets.

From a dynamic point of view, Doeringer and Piore identify three characteristics giving rise to and maintaining internal labour markets: specific skills, i.e. skills specific to a given work environment;⁹ on-job training, which is usually informal, unstructured and given by another employee in the course of production; and custom, the general acceptance by workers of an unwritten set of rules of behaviour based on past practice. These rules may at some stage be accepted by the bureaucracy and formalised in writing.

The rules and procedures governing internal labour markets may be used by different elements in that market to obtain a different pricing and allocation of labour to that which would result from 'free market forces'.⁹ In this type of situation, the relative power or control over strategic resources in the internal labour market, such as knowledge or skills, which is held by different categories of employees, will dictate to a large extent the allocation and pricing of labour.¹⁰ Typically, power groupings are used to attain or maintain control over one or more of the three factors: job categories; skills (or other scarce resources); or socio-economic differentials such as status or income superiority. In Rhodesia, the two main issues in internal labour markets are generally skills and race, these issues being interrelated. In this respect, it may be noted that the main forms of racial discrimination in internal labour markets are found in: wages and conditions of service; recruitment and promotion policies; and manpower development policies.

Having introduced the concepts associated with internal labour markets, in the next section of this paper, the company under discussion is introduced

⁹This definition of specific skill is different to that of Becker who adopts a marginal productivity approach: cf. Doeringer & Piore *op cit.* p.14 and Becker G. S. *Human Capital: A Theoretical and Empirical Analysis with special reference to Education*, Columbia University Press, New York, 1964.

⁹I do not mean to imply that 'free market forces' could exist in internal labour markets. These markets, virtually by definition, cannot exhibit such a free situation because they are institutionally controlled in circumstances far removed from perfect competition. The point here is that the dominant grouping in these markets sets or influences most the allocation of and returns to manpower in the internal labour market.

¹⁰The dynamics of such power situations are to some extent explored in D. Bates: *Politics of Race: Comparative Studies*, London D. C. Heath 1975.

and identified as an internal labour market. Thereafter, the dynamics of control and influence in the internal labour market, especially concerning skills and the racial distribution of jobs, are examined.

The Company as an Internal Labour Market

This company, the local branch of a multinational Canadian corporation, has been operating on its present site in a Midlands industrial complex for more than thirty years. Company policy at the time of research was dictated in general terms from the Canadian head office in the form of manuals covering most routine aspects of company operations, such as accounting procedures and personnel functions. However, while management may appear to have been constrained in a number of ways in respect of decision-making, the company manual covering the personnel function stated that local management may interpret company rules and introduce such flexibility as 'local conditions' may require. This caveat has resulted in much greater flexibility in decision-making for local management than might otherwise seem possible.

The company's industrial complex comprised four separate factories and an administrative block, all on the same site. Each factory was independent only in respect of production techniques. Two of the factories produced the same type of commodity but, because of different materials and designs, different techniques were found in each factory. The remaining two factories were processing plants preparing raw materials for the two manufacturing units. All other functions in the complex were centralised, with the exception of sales and distribution, which were, however, still centrally controlled. All policy was laid down or interpreted by local management, from head office manuals where relevant.

Besides company manuals, the organisation also comes under industrial regulations (under the Industrial Conciliation Act) applying to the whole industry.¹¹ Because the company dominated the industry, holding approximately 90 per cent of the market,¹² when a new set of industrial regulations was

¹¹For discussions on the Industrial Conciliation Act and the positions of trades unions in Rhodesia, see for example the special edition on Rhodesia (edited by Dr. D. G. Clarke) of the *South African Labour Bulletin*, vol. 1 no. 9 March, 1975; and and Murphree M. W. *Employment Opportunity and Race in Rhodesia*, University of Denver Press, Denver, 1972.

¹²According to company management, the company actively seeks to maintain this level of market share, neither more nor less. One reason for this policy is that when the question of wages is discussed in industrial 'negotiations', wages are likely to be set at a level that the smallest company in the industry can afford. This means that the company under discussion, although not bound to observe the set *minimum* wage rates, can claim it does not want to 'rock the industry boat' by paying in excess of what its small competitors can afford to pay. In other words, from a wage-setting point of view, holding such a dominant share of the market enables the company to 'go along with' the setting of low minimum wage rates 'in the interests of the industry'. On the other hand, management argued that a larger market share would lay the company open to monopoly accusations, which it obviously wants to avoid.

drawn up, management in this company tended to dominate proceedings and was therefore extremely influential in determining the content and nature of these regulations. Covered in such regulations, by job grade, were: industrial holidays, annual and sick leave, retirement gratuities (there was no pension scheme), and other aspects typically covered under the Industrial Conciliation Act in agreements or regulations.

In summary, therefore, it may be noted that there were legal as well as company rules governing the allocation and development of manpower and wages and conditions of service. The first criterion for the identification of an internal labour market was thus fulfilled by this company.

Turning to the remaining criteria — mobility clusters and ports of entry — these may be considered in terms of four main employment categories: managerial and professional; skilled and technical; clerical and supervisory; and semi- and un-skilled.¹³

For semi- and un-skilled employees, all of whom were black as only Africans were recruited to jobs in this category, there was only one port of entry, at the lowest job grade. All other job grades (a total of nine in this category) were filled by promotion, up to and including most of the supervisory positions. Hence, the semi- and un-skilled employment category comprised mobility clusters, extending from the lowest unskilled job grade to that of supervisor, usually with only one port of entry. However, each of the four factories and the administration was an individual mobility cluster in this employment category. Furthermore, although some horizontal transfers occurred between these mobility clusters, especially between one or other of the factories and the administration, these transfers generally occurred only at the lowest three grades of employment, usually for leave or sick leave replacement. As a result, these individual mobility clusters tended to be relatively closed, especially at the higher job grades.

In the clerical and supervisory category, which contained both black and white workers although not in the same jobs, external recruitment of staff generally occurred, except for some supervisory positions filled by promotion. The criteria for selection were generally higher than those applied to the previous category of employment. The only port of entry was, again, at the lowest job grade in this category, but the mobility cluster contained only between two and four job grades, compared with nine in the previous category. There was, again, little inter-cluster transfer of employees in this category.

¹³For a fuller discussion of this classification, cf. Murphree *et al op cit.* pp.213-4.

In the skilled and technical employment category, the company recruited first-year apprentices and qualified artisans, and trainee and qualified technicians, all of whom had to be European.¹⁴ Promotion was used to fill all other jobs in these mobility clusters, which meant that there were only two ports of entry levels. Furthermore, since these were relatively closed employment situations, transfer between these and other types of jobs in other mobility clusters were generally impossible because of skill specificity.

Finally, professional and managerial staff, with one exception,¹⁵ were white, generally well-qualified, and tended to be recruited from the external — sometimes international — labour market. Because these employees were in the more senior job grades, their lines of promotion tended to be short and so there was a relatively low ratio between the number of ports of entry and the number of job grades in a mobility cluster. Especially in production departments, professional status could be obtained through in-company, sponsored courses leading to internationally recognised diplomas. The culmination of all lines of promotion in this employment category was the most senior local job in the organisation, that of general manager.

From this discussion it is clear that the company may indeed be classified as an internal labour market. That point having been established, attention can be turned to the dynamics of this internal labour market to examine what types of practices were found concerning the allocation of and returns to manpower and what the implications of these were in the company.

The Dynamics of the Internal Labour Market

Several interrelated aspects of the internal labour market in this company are discussed in this section of the paper: the first aspect deals with job categories and the races of employees.

(i) The Racial Allocation of Jobs

The managerial, professional, technical and skilled positions in this company were filled almost entirely by Europeans, while the lowest employment category, containing semi-and un-skilled jobs, was filled entirely by blacks.

¹⁴I use the term 'European' in the Rhodesian sense, i.e. to include whites, Asians and Coloureds. A distinction is explicitly made in the rest of this paper between whites, which term excludes Asians and Coloureds, and Europeans. The term black(s) and African(s) are used interchangeably.

¹⁵The exception is an African on the junior management grade and, in management's view, holding management status. However, *de facto*, in terms of privileges, authority, income and various other criteria, this man does not rank even with white foremen, let alone management, although he is acknowledged by most employees — black and white — to be the most senior black employee. Nevertheless, in this paper, he is not classified as management but as supervisory in accordance with his *de facto* situation.

Only in the clerical and supervisory positions were both Africans and Europeans found, but even here there was no single post where merit-based, inter-racial competition occurred. It was management's stated position that a multi-racial employment category would not be permitted to arise in the company and that race was therefore an implicit criterion in recruitment for jobs in this category. Hence, with respect to the supervisory jobs, there was differentiation along racial lines in the following ways: whites in supervisory positions were called foremen while blacks were termed supervisors; (white) foremen and trainee foremen were at the bottom end of their mobility clusters while (black) supervisors were at the top of theirs, usually having taken up to fifteen years to reach such seniority; criteria for recruitment as trainee foremen were approximately the same as, or, in a significant number of cases, less than, those for supervisors; whites were never regarded as being in subordinate positions to blacks, even when the former were only trainees; income differentials existed between supervisors and foremen, favouring the latter, despite the fact that they were doing essentially the same jobs.

White employees in clerical jobs, mainly females employed as secretaries and receptionists, had only a few positions available to them, all approximately on the same job grade, and so had little or no depth to their mobility cluster: this lack of opportunity was in line with management's stated discrimination against women in the internal labour market. Increasingly, it appeared, except for receptionists and secretaries, clerical jobs were becoming incorporated into the mobility clusters of the male, African-occupied part of the employment category.

In summary of this first aspect of the company's internal labour market, it may be said that, as part of local management's manpower policies, a clear colour bar existed, discriminating against African employees in respect of conditions of service and wages, the second aspect of this internal labour market which is discussed in the following section.

(ii) Returns to Manpower: Income Differentiation

Average annual *per capita* white and black incomes (excluding the all-white, highest-paid, managerial and professional positions) showed a significant gap in this company. The figures at the end of 1973 were *approximately* Rh\$200 for semi-and un-skilled workers, all of whom were black, and *approximately* Rh\$1 600 for the other two employment categories, of which between a quarter and a third were white females or blacks in roughly equal proportions.

There were two main aspects to income differentiation in this company: firstly, wage rates varied according to the type of job, the more senior and

responsible jobs being rewarded with higher rates of pay. In such a situation, differentiation was in terms of the apparent worth to the company of the employee. However, with a relatively clear racial barrier to merit advancement in employment, indicated earlier, this form of wage differentiation was also a form of racial discrimination. To argue, as management in this and other companies did, that wage differentials were based only on job type and that there was no form of racial bias involved, was to ignore the institutional constraints which were imposed and largely controlled by management.

The second aspect of wage differentiation concerned bonuses and other income-related payments. In this company, specific tasks were allocated to certain employees and, once successfully completed, a cash reward or bonus, commensurate with management's perceived value of the task to the company, was paid to the employee. Only whites were allocated such tasks, however, mainly the lower-paid whites, who, relative to Europeans in general, were 'in need' of such supplements to their incomes. Blacks, who by most standards and especially relative to whites, were in much greater need of increased incomes, were not considered for this bonus system.

Other bonus payments were related to weekly or fortnightly production targets. All employees in departments where production could be measured reasonably accurately were paid a basic wage (which generally did not alter) plus a 10 per cent bonus if the production target was met. The *bonus* was variable: for every percentage point that production was above or below target, the employees' bonuses were altered by the same percentage in the same direction. However, management admitted to the following shortcomings of this system, most of which were also highlighted in discussions with employees:

- i. not all products or processes had standard times set for them, so it was not possible to set production targets for all departments, all products, or all employees;
- ii. such standard times as had been set were not made known to the employees, who were therefore not in a position to assess whether targets were realistic or over- or under-stated, nor to calculate what bonuses should be paid on the basis of production;
- iii. production runs were often short in some departments and special requests from management and marketing often interrupted production so that standard times were rendered suspect;
- iv. bonuses were used as negative sanctions, being deducted from employees' incomes as punishment for various 'offences', such as lateness or disturbances during off-duty hours in the company's African village, which were often not even related to production;

v. finally, and possibly most significantly, the actual cash amounts involved in this bonus system were quite insignificant and were perceived as such by the employees. This point is especially important given the generally low incomes earned. For instance, in 1973, minimum rates of pay for grade III jobs in the semi-and un-skilled category,¹⁶ laid down in the industrial regulations, were Rh\$5,875 per week at starting; \$6,425 per week after 6 months; and \$8,000 per week after 12 months. Bonuses would therefore be 58,75 cents, 64,25 cents, and 80 cents respectively per week. In order to double their *bonuses* and so increase their wages by approximately 9 per cent per week, employees would have had to *double* weekly departmental output.

(iii) Differentiation in Benefits and Conditions of Service

Similar to the situation just described pertaining to incomes, racial differentiation in benefits and conditions of service was also found. For example, the industrial regulations pertaining to this company,¹⁷ which applied to virtually all Africans, laid down that workers were generally entitled to annual leave equal to one working day in each four weeks. As Saturday was defined as a working day, this amounted to continuous annual leave of only two weeks duration. Employees not covered by the regulations, however, were generally given three full weeks leave. Furthermore, because of the scarcity of skilled and technical manpower in the external labour market, employees in these latter types of jobs, all of whom were European, were also given three weeks leave even though some were covered by the industrial regulations. Therefore, because these latter employees were European, differentiation in respect of annual leave was also along racial lines. Furthermore, if the company chose to shut down at a particular period during the year, then virtually all black employees were required to take their leave at that time while white employees were generally accommodated at their own convenience during the year. This accommodation was possible because few whites were integrally involved in the production processes.

A further indicator of racially differentiated conditions of service pertained to pensions. All white males had to belong to the contributory company pension scheme; none of the white females could join. Only approximately 45 (out of approximately 2 100) black employees were members of this pension scheme. These blacks will receive lower pensions than their white colleagues

¹⁶The Industrial regulations for this industry specify nine job grades in this category, grade I being the *highest*. I may note that over three-quarters of all employees in this category are in jobs *below* grade III and that employees in this category make up well over 80% of all employees in this company.

¹⁷The reader will recall that these regulations are largely determined by management in this company.

on termination of employment: firstly, because the scheme is contributory and black employees have been on lower salary scales thereby accruing lower pension benefits; and secondly, because blacks have only recently been allowed to join the scheme and so their accumulated benefits will be much lower in the immediate future than those who have been contributing for some time. All other African employees receive a gratuity on retirement, as laid down in the industrial regulations: the amounts involved are indicated below in table 1.

TABLE 1
RETIREMENT GRATUITIES FOR AFRICAN EMPLOYEES

Years of service	Cash gratuity for <i>highest</i> income category (Rh\$)
minimum (10 years)	53,33
15	116,67
20	213,33
25	338,67
30	446,67
maximum (35 years)	600,00

The company was investigating the implementation of a pension scheme for *all* employees but this is not likely to materialise for some time yet.

Several other instances of benefits accruing differentially according to race could be discussed. However, rather than present a list that is tedious and largely repetitive, I presume that the examples given are sufficient to demonstrate the principle involved. In any event, at least one further instance of this type of differentiation — concerning overseas seminars — is discussed below in connection with manpower development.

(iv) **The Allocation of Manpower: Training and Development**

In describing and identifying the company as an internal labour market, I indicated that the use of race as a selection criterion gave rise to a colour bar in employment. As a result, only blacks were employed in the lowest employment category, only whites in the top two categories, and, while both races were employed in the clerical and supervisory positions, there were no posts for which there was open or even covert competition between the races. However, direct racial barriers were not the only means of preventing inter-racial competition in employment: at least two other ways existed, through conditions of service and remuneration (which have just been discussed); and through access to experience and training.

Turning now to the question of training, in the lower employment categories, on-job training was given to the semi-and un-skilled workers by other

employees already operational. No attempt was made to monitor or assess the adequacy of this unstructured, informal training and management was thus able to claim that these employees did not have the necessary training for promotion to more senior jobs, especially in a higher employment category.¹⁸ Similarly those employees trained as machinists in the company's training school where simulation was used, were considered to be well-trained for semi-skilled machining jobs only. In contrast to this situation, whites in the top two employment categories, who were not already specialised in particular fields, were given access to sponsored, in-company training which led to an internationally-recognised professional qualification, thus making such employees 'suitable' for top management and professional jobs.

In between these situations lay the supervisors and foremen. Employees in these job grades did essentially the same work, attended the same in-company supervision course — on which, at any given educational level, the Africans tended to perform significantly better than their white colleagues¹⁹ — and yet were not regarded as equals in employment; supervisors, i.e. Africans, received lower pay, were regarded as subordinate to foremen, and did not have access to the same benefits, such as special tasks and attendance at overseas seminars. Management made it quite clear to me that, although the basic prerequisites for a merit-based employment situation existed, under no circumstances would they permit interracial competition. It was company policy, in the face of a tight external labour market for (white) foremen and trainee foremen, to introduce another grade of employment for Africans between the posts of supervisor and foreman, which would nevertheless still be subordinate to that of foreman. Similarly, in the workshop mobility cluster of the skilled and technical category, the company had experienced some difficulty in attracting apprentices and artisans, who had to be Europeans. Instead of apprenticing blacks, and so generating internally the solution to their employment problem, management argued that existing skilled employees would not permit the apprenticing of Africans: in other words, according to management, custom dictated that Africans could not be employed in certain types of jobs, although management was not able to substantiate this belief.²⁰ In this company, then training which would qualify employees for promotion to the top two employment categories was not available to semi- and un-skilled African employees. Where such training was made

¹⁸This claim by management was partially contradicted by another statement in which management said that black employees, especially certain supervisors, *were* good enough for promotion to foremen (and later possibly to management). The reason, according to management, why such promotion was not attempted was white employee resistance, a contention that was not substantiated. For a fuller discussion of this aspect, cf. Murphree *et al op cit.* 169-76.

¹⁹cf. Murphree *et al op cit.* table 14:3, p.266.

²⁰cf. Murphree *et al op cit.* 269-76.

available to blacks, as in the case of supervisors, a racial barrier to promotion was erected by management. In the case of entrance to skilled employment, where management admitted it had an employment problem, management argued that custom, i.e. white employees resistance to changes in the racial *status quo*, prevented the company from making fuller use of black potential.

The situation pertaining to training paralleled that concerning experience: employees in the semi- and un-skilled employment category were not considered to be experienced for any other category of employment, a not unrealistic assessment on the face of it. However, in the next employment category, clerical and supervisory, where blacks and whites did very similar jobs, it would not be unreasonable to expect that senior African employees would be suitably experienced for consideration for promotion, or at least further training in preparation for promotion, to a more senior and responsible employment category in the company. But, as has been indicated, management had erected a racial barrier to such advancement and, by classifying the posts of supervisor and foreman as different jobs, could claim that the experience supervisors obtained was not the same as that obtained by foremen, nor sufficient to warrant consideration for promotion. Seen especially against the background of their statement that as part of company policy, African supervisors would not be promoted further, this claim concerning experience appears simply to be a rationalisation for the colour bar facing supervisors.

The situation pertaining to training and experience was epitomised in the circumstances surrounding attendance at overseas seminars or meetings. The group of which the local company is part holds a series of international seminars, organised by head office, on specialised aspects of the organisation's operations. Attendance at these seminars by employees was at the company's expense and was considered to be a fringe benefit as well as a potentially important addition to training background, since the latest advances in the organisation's operations are discussed and international contacts among staff are made at these meetings. However, only when they had reached a certain level of employment were employees considered for nomination to these meetings. In the past, African employees have attended these seminars and have travelled in multiracial parties on an equal basis with their white colleagues. By 1973, however, blacks were no longer nominated: when asked why, management claimed that nominations were made by head office in Canada and that local management had no say in the matter. This explanation was not entirely accurate, however, because annual performance assessments for local employees were made by local management and submitted to head office. In these assessments, management made recommendations on the suitability of the employee for attendance at international seminars as well as for horizontal and vertical mobility within the group. If, therefore, local management recommended an employee, it was likely — though not certain

— that the employee would be nominated. Moreover, these annual assessments were made only for certain categories of employees and local management did not, at the time of research, classify any Africans among those suitable for promotion or international transfer. Hence, in practice, local management either did not assess Africans such that head office might consider them for transfer, promotion, or attendance at international meetings; or local management did not recommend that black employees be nominated for such advancement or benefit. These practices by local management were supported by other, racially discriminatory practices, in a self-reinforcing system which tended to perpetuate discrimination against blacks in the internal labour market.

(v) **Implications of Skill Specificity**

The dynamics of internal labour markets centre largely around three factors: specific skills, on-job training, and custom, the latter two already having been discussed. In the company under consideration, there was a relatively high degree of skill specificity in two factories, firstly, because these were manufacturing plants and there was a great deal of individual contribution to production, and secondly because this company was far the largest of a very small number of firms in this field. Employees in these plants thus obtained skills that were not widely transferable, even within the company complex in Rhodesia. However, because the acquisition of these skills was not generally formalised, structured or monitored at the lower employment levels, little or no overt recognition was accorded to these employees' abilities. These skills were sufficiently specific, even at this level of employment, not to be readily usable in other industries, thus preventing employees from capitalising on their skill resources and changing companies. This situation meant that semi- and un-skilled black employees had little chance of inter-company mobility based on their skills, nor were their skills sufficient to place them in a strong bargaining position vis-à-vis management in matters affecting their employment in this company.

In higher employment categories, the same type of skill specificity, at a higher level, also tended to bind white employees to the company. At the lower levels of white employment, however, white employees controlled a valuable, scarce resources in their specific skills and were thus in a strong position relative to management in defending and advancing their employment situations. In any event, employees in these categories were generally in or close to decision-making positions, while decision-makers had frequently been promoted from posts in these two categories. As a result, not only was management prepared to accept the viewpoint of these employees in such matters as colour bars and wage and welfare differentials, but probably also had a good deal of personal sympathy for these employees' stance. Furthermore,

being bound by their skill specificity to the company was not particularly disadvantageous for the white employees, since their employment opportunities were limited only by their own abilities, and their benefits and conditions of services were generally good.

In these top two employment categories, then, the skills issue was relatively clear-cut. Why, then, should management adopt a racially discriminatory stance regarding the clerical and supervisory grades? There are three possible answers to this question: economic rationality; a demonstration effect aimed at showing whites in the top categories that there was no 'creeping black threat' to their employment; and conformity to social norms, as these were interpreted by management. Unfortunately, not being allowed access to production data, I was unable to obtain sufficient data to indicate conclusively which one or which combination of these three possible reasons actually applied in this company. However, the question of economic rationality is discussed further in the next section.

Economic Rationality and the Racial Allocation of Jobs

With a surplus in the external labour market of unskilled — but not uneducated — job seekers, who are generally obliged to accept semi- and un-skilled employment, it *may* have been economically rational for management to maintain the racial *status quo*.²¹ However, in none of the four factories, or anywhere else in the organisation for that matter, had management attempted to demonstrate such possible rationality. In fact, the necessary prerequisite of such rationality — the setting of specific goals such as minimising direct labour costs — had not been explicitly formulated; nor was the company operating with any explicit time horizon. Furthermore, management had not considered several other important points. For example, if racial differentiation was synonymous with exploitation in respect of wages and conditions of service, then economic rationality underlying the pricing of black labour might be illusory, for under these circumstances, employees are likely to work in a manner they consider to be appropriate to their remuneration, and not to the best of their abilities. It is also clear that, under such circumstances, there may be a gross waste of the country's human resources. In the company under discussion, for example, the educational criteria for recruiting lower category African employees varied between a full primary education and lower secondary schooling. Although many black employees had higher educational qualifications, they offered only those certificates required in order to obtain employment. In a number of cases, such employees were better qualified than white employees who were their seniors, but

²¹Economic rationality requires: i) the setting of an objective — for example, maximise profits, minimise costs, maximise market share, optimise capital and material usage, or any one or a combination of an infinite number of goals; and ii) the choice of a time horizon. In other words, objectives are attained over a given period.

the Africans were nevertheless confined to low-level jobs in which they grossly underutilised. Such a situation was wasteful of resources not only at the company level, but also at the national level, through the lack of articulation between public investment in education and private utilisation (or lack of it) of such investment.

The racial basis of discrimination in this company also has implications for the wider society. For example, there has been much discussion about the emergence of an African 'middle class' in Rhodesia.²² Such emergence, of course, is at least partly dependent on 'middle class' employment opportunities being made available to Africans. This case study has indicated that in this company such opportunities were not made available to blacks and there were no immediate signs of such opportunities becoming available. Until the situation alters, then, from being based on race to being based on 'industrial class',²³ the emergence of an African 'middle class' is likely to be hindered, and, consequently, the development of African purchasing power and markets will be retarded. In the longer term, such retardation may prove not to have been an economically rational strategy for management after all.²⁴

In the foregoing discussion on the dynamics of this internal labour market, I have made frequent reference to the role of management in perpetuating the *status quo*. At the beginning of this paper, I indicated that my major theme would be the responsibility of management to workers. In the final part of this paper, therefore, I consider the position of management, concentrating on the ways in which responsibilities to employees in this company have been met.

Management Responsibilities in the Internal Labour Market

Implicit in this company's manifesto were 'equal' and 'fair' employment opportunities and access to those facilities providing such opportunities for all employees; 'fair' conditions of service; 'just' rewards for 'satisfactory' service; and other indirect benefits through responsibilities to the host community within which the company operates, which includes, of course, its own employees. Without any doubt, these objectives were met with respect to white employees in the organisation, although one possible criticism may be made: by recruiting employees from overseas in certain cases, jobs were denied

²²For some of the recent discussion on stratification in Rhodesia, cf. Weinrich A. K. H. *Black and White Elites in Rural Rhodesia*, Heinemann, London, 1973.

²³Although the situation is possibly moving towards a class system, race obviously remains a very important factor, as shown in this paper.

²⁴An obvious point here is that management in any one company cannot be expected alone to develop an African 'middle class', or African purchasing power and markets. The problem is one of getting all interested parties together to achieve what is commonly desired.

to local residents. However, viewed in the group context, by allowing international transfers, the companies within the group look after their own staff on a group-wide basis and also thereby maintain the high standards of production required. Nevertheless, transfers of junior employees might still be difficult to justify, especially in terms of maintaining performance standards in the recipient country, in this case Rhodesia, if there are many, adequately-qualified, potential employees in the external labour market of that country.

With respect to black employees, management also met its claimed responsibilities in a number of ways, including the provision of housing, a club, and some training facilities. But, when compared, firstly, to the facilities provided for a much smaller number of white employees, and secondly, to the total number of Africans in the company, these facilities appeared to be both qualitatively and quantitatively inadequate and were certainly viewed in this light by the black employees themselves. In certain other respects, most notably the provision of a new sports stadium and beerhall,²⁵ these employees acknowledged that the company had met a community need. Even so, such facilities were regarded by blacks as secondary to the main needs of black workers, especially in low-level employment, the needs of income, job security and opportunity.

By not acknowledging the adequacy and relevance of the training received by employees in the lower employment categories; by denying these workers access to formal, structured training facilities offering access to higher employment categories; by erecting racial barriers to advancement, allegedly at the insistence of white employees; by claiming, invalidly, that head office was responsible for promotion and nomination to international seminars; by all these actions, local management in this company indicated that it was not prepared to advance Africans in the internal labour market beyond those positions already attained. This situation, of course, conflicted with the intent of the company manifesto on responsibility towards employees.

It is quite clear, therefore, that local management in this company applied dual standards in its modes of meeting its responsibilities: white employees were treated in a manner that management considered 'appropriate' to Europeans, while blacks were treated differently. The present public debate on company responsibilities to employees must therefore be viewed with some degree of scepticism, in the light of this case study, with regard to the implementation of improvements.

²⁵By law in Rhodesia, all beer hall profits must be ploughed back into welfare facilities, including housing, for the African community. By providing a beer hall, therefore, management can effectively increase the contributions of workers to their own welfare, for a given level of welfare costs, thus reducing the call on company resources. In this light, the provision appears to the company more as an investment than a contribution to social welfare facilities for employees.



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