

From scepticism to confidence: African employers' organizations as partners in development

A. ETUKUDO *

There is growing recognition of the unique and essential role that employers' organizations perform in the economic development of Third World countries, particularly in Africa. Both governments and ordinary citizens of these countries welcome the steps these organizations are taking to widen their base of operations from merely defending the sectional interests of their members to serving the wider community.

This paper will briefly chart, with particular emphasis on English-speaking Africa and the ILO's role there, the developments that have led up to the current situation, noting the reasons why employers' organizations were formed in newly independent African countries, the difficulties attending their formation, and how the ILO has helped them to improve their efficiency. It will describe the purpose and content of the training courses held by certain of these organizations with ILO assistance, and will show how in this and other ways, e.g. by creating employment through the promotion of small businesses, African employers' organizations are today making a valuable contribution to national development in addition to their undisputed role in wealth creation.

National employers' organizations after independence

National employers' organizations were formed mainly to protect their members' interests in their dealings with public authorities and workers' organizations and in response to promptings from the ILO. To take the latter point first: in the 1950s and 1960s, when the majority of African countries reached independent statehood, these countries were naturally keen to work with the ILO, but only rarely had national employers' organizations in place. The ILO encouraged the establishment or reactivation of these organizations so that there would be full, tripartite representation in all dealings with the ILO. The main functions of the employers' organizations at this stage were to provide a forum in which their members could discuss common problems,

* International Labour Office.

and to collect and supply basic information on employment. They also provided technical advice on matters of interest to their members, and represented the employers at the national level on public tripartite bodies, without, however, any authority to negotiate collective bargaining agreements on their behalf.

The powers these organizations possessed were limited. To emphasize this, some of them went to the extent of adding the word "consultative" to the title of their national body, e.g. the Malawi Employers' Consultative Association or the Nigeria Employers' Consultative Association. Even the title of the chief executive, e.g. Secretary or Director, reflected the organizations' low-key approach.

Several factors accounted for this initial hesitation to form a strong national employers' body. One was that unions, and therefore management organizations for dealing with them, had been established largely along sectoral lines. There was, therefore, some reluctance among existing sectoral employers' organizations to hand over any real authority to national organizations. A second factor was that employers were wary of giving away more than they might receive in return: although any improvement resulting from a harmonization of their position would be in their medium- to long-term interests, the short-term problem – and one that could drive them out of business – was that any information they might give to the national organization would naturally be shared among all members, who were, of course, competitors. Members tended to feel that their interests were best safeguarded by imparting as little information as possible.

This situation was complicated by the fact that the majority of the larger employers were subsidiaries of multinational companies. Whereas, prior to independence, these subsidiaries were fairly free to act on their own initiative, after independence multinational companies became extremely wary of offending the governments of countries in which they operated. Subsidiaries accordingly had to seek the consent of their parent companies before taking important decisions like joining forces with other companies in a national employers' organization, and the upshot was a certain passivity; unfortunately, because the multinationals were often opinion-formers in the business community, this attitude became widespread, with the result that relatively few employers were interested in forming or joining national bodies.

A third factor militating against the formation of strong national employers' organizations in the 1960s and 1970s, at least in many African countries with a radical tradition, was a political climate in which private enterprise was not favourably regarded. In such an atmosphere most employers preferred to adopt a low profile and were reluctant to be seen pursuing sectional interests.

However, the early years after independence did see the formation of some employers' organizations, usually on the basis of geographical proximity or business sector. There were, for example, associations of

shipowners in the ports, and chambers of commerce for commercial enterprises in certain towns. Owners of mines and plantations often formed federations. Part of this trend was government-inspired, in that governments often preferred to deal with a certain geographical or sectoral group together, rather than with each company individually. The corollary of this was, of course, that the employers in the groups just mentioned now had associations through which they could make joint representations to government.

Where such employers' associations were well organized, the employers themselves – or the body representing their sectoral or geographical interests – often argued against the formation of national bodies, claiming that they would merely add another level of representation. The real motive behind this may have been an unwillingness on the part of these associations to relinquish any part of their growing powers.

The structure of employers' bodies in Africa has often been moulded by that of the trade unions, especially where these unions are strong. This is because most unions existed either prior to independence or were formed soon after, and usually along sectoral lines. The presence of relatively strong sectoral unions – the mines and plantations were typical examples – therefore virtually compelled the employers to form corresponding sectoral organizations in order to deal with them. Where such sectoral unions did not exist, as was often the case in commercial undertakings for example, union representation was mostly in the form of house unions; here there was little need for employers to unite. There has, however, been a tendency by African governments to legislate in favour of sectoral rather than house unions: this has naturally helped to determine the structure of employers' organizations.

Even where national employers' organizations were successfully established, it took their member companies and sectoral bodies some time to delegate their powers to them and ensure that the centre acted with appropriate accountability towards its members. As already noted, it was only in rare cases that national employers' organizations had authority, from the outset, to engage in collective bargaining on their members' behalf. Employers and their sectoral organizations were always wary that such authority would lead to professional national trade union leaders intervening directly in internal company affairs.

Employers in countries which gained independence since 1970, such as Mozambique, Lesotho, Guinea Bissau and Namibia, were keen to build on the experience of the countries which had achieved independence earlier, by organizing national bodies in addition to the existing sectoral organizations. Occasionally, though, the problem was compounded by a proliferation of national organizations. In Namibia, for example, sectoral organizations such as the Chamber of Mines, the Namibian Agricultural Union, and the Motor Industry Federation, in addition to a well-organized Chamber of Commerce and Industry, had existed for some time before independence, as did the

National Institute for Economic Affairs, founded in an attempt to act as a focus for all the sectoral bodies. After independence, the National Chamber of Commerce and Industry was created as a second national organization. When the Namibia Business Forum was created soon after, the majority of employers were confused as to which organization represented their interests at any level. Fortunately, the situation has become clearer with the recent establishment of a national umbrella employers' organization that brings together the various sectoral and other national organizations: this is the Business Council of Namibia. Membership is open to all the sectoral employers' organizations and individual employers.

The role of the ILO

The ILO began its second half century at a time when its membership was expanding to include many newly independent countries of the Third World. The 1970s marked a turning-point in the status and activities of employers' organizations in Africa as a result of ILO efforts to support and strengthen them. These efforts were founded on the belief that the only way to wage a successful war against poverty and social injustice was through concerted action decided upon and implemented by employers, workers and governments.

The strategy adopted by the ILO to help employers' organizations increase their services to members focused on training. To this end, the ILO organized a series of subregional meetings in Addis Ababa in 1972,¹ Abidjan in 1974² and Alexandria in 1976,³ at which it made clear its commitment to promote strong, independent and responsible national employers' organizations able to play an effective role, with the other social partners, in achieving greater social and economic progress. As an initial step, the ILO appointed regional advisers on employers' organizations: the first adviser, appointed in 1975, was responsible for all African countries until 1979, when an adviser for French-speaking Africa was appointed; an adviser for Arab countries started work in 1980. These advisers visit national employers' organizations to analyse their requirements, and then decide how best to fulfil them. Some of these problems can be solved on the spot with appropriate advice, others may require a training plan to be drawn up. Training may involve teaching basic office skills to the staff of the

¹ ILO: *Role of employers' organisations in English-speaking African countries*. Record of proceedings of, and documents submitted to, an African round table (Addis Ababa, October 1972), Labour-Management Relations Series, No. 42 (Geneva, 1973).

² Idem: *Rôle des organisations d'employeurs dans les pays d'Afrique francophone*. Compte rendu d'une Table ronde africaine (Abidjan, mars-avril 1974), Labour-Management Relations Series, No. 46 (Geneva, 1975).

³ Idem: *Role of employers' organisations in the Arab countries*. Record of the proceedings of a round table (Alexandria, 16-22 October 1976). Labour-Management Relations Series, No. 54 (Geneva, 2nd impression, 1980).

organization, or may encompass more ambitious instruction at seminars to which employers are invited to send their staff. Occasionally, the employers' organization may need restructuring for greater efficiency, or it may require equipment such as typewriters, photocopying machines, overhead projectors or training videos to help increase its range of activities.

The work of the ILO regional adviser, especially at the initial stage, is not easy, partly because he must overcome the natural disinclination of the national employers' organization to part with information, for the reasons mentioned earlier. The adviser's first task therefore is to win the confidence of this body. Even nowadays, after nearly two decades of this advisory activity, employers' organizations are often reluctant to release information for fear it may be passed on to similar organizations in other countries, as they view those other bodies as their competitors' representatives. It can be appreciated how much harder the task was when the ILO first became involved. A major part of the adviser's job consists not only in persuading the national organizations to take on new activities outside the field of labour-management relations but also in helping to introduce them in practice, often with the assistance of consultants from those other fields.

Training for development

At the second Pan-African Employers' Organization Symposium held in Douala, Cameroon, in 1984, the host country's Minister for Labour and Social Security asked the following questions:

Can the function of employers' organizations extend to cover other areas than the mere defence of their immediate interests? Can employers' organizations have an impact on the national development effort? Can employers' bodies organize themselves so as to have a role to play at the international level?

These questions highlighted the expectations that governments now placed in employers' organizations and helped to expedite the implementation of programmes of activities (some of which until then had remained at the conceptual stage) designed to emphasize the employer bodies' new role as partners in development. At the symposium it was agreed that employers' organizations could make a contribution to the national development effort by, initially, undertaking manpower training, in addition to training in small business management.

The management development activities of the Federation of Kenya Employers (FKE) are a good example of such a contribution, and are worth outlining briefly because they are increasingly being emulated by employers' organizations in other African countries. They fall under three headings: the Personnel Management Course, the General Management Development Course and the Top Policy Workshop.

Personnel Management Course

The first Personnel Management Course was held in Nairobi, Kenya, in 1983. This three-week course was attended by 24 participants drawn from management level within the member companies of the FKE. During the first week, the participants were given classroom instruction on job evaluation; performance appraisal; recruitment, testing and selection methods; grievance procedures; labour legislation, the industrial court, and termination of employment contracts; wages and salary administration; and aspects of payment by results. Training was conducted using the latest techniques, such as case studies, role playing, group discussions and slide shows.

During the second week of the course, participants were sent to member companies – not their own – for practical work. This involved selecting and working on a project that was of importance to the company, such as motivation of staff, or more efficient stock management procedures. When there was more than one participant from a member company, all the participants worked on the same project. During the practical work, participants were allocated supervisors from the company, who helped them during the project and at the end of it sent in a confidential report to the FKE on their performance.

In the final week of the course, participants returned to the classroom to present and defend their projects. The session was open to senior managers of member companies, who were free to participate in the discussions. Owing to the initial success of the course, this format has hardly been altered.

The active involvement of the member companies in the course has greatly enhanced its popularity. Companies have come to regard it as a useful form of exposure to new ideas, while at the same time contributing to the common pool of management knowledge.

Within a year of starting the Personnel Management Course, seven courses had been run for some 170 participants; by mid-1990 nearly 500 people had taken part in these FKE courses. Employers' organizations in other African countries, including Tanzania, Uganda and Zimbabwe, have sent their employees on the FKE courses, while some bodies have introduced similar courses of their own. In 1986 the Association nationale des Entreprises du Zaïre (ANEZA) staged a Personnel Management Course in Kinshasa, assisted by the ILO consultant who participated as an observer in the 1985 Nairobi course. Sixteen people took part in this course, modelled on the one held in Nairobi. A similar course was held the following year, again attended by 16 people.

General Management Development Course

In 1985 the FKE introduced a three-week residential General Management Development Course in Nairobi. It was attended by 24 senior managers and function heads from the finance, operations, production, engineering, marketing, planning and legal departments of member

companies. The purpose of the course was to introduce the activities of the other departments so that everyone could better understand the operation of the enterprise as a whole. The first week of the course involved theory, case studies, group discussions and slide shows. The second week was devoted to project work within an enterprise. The last week was spent back in the classroom for project appraisal. By mid-1990, 12 such courses had been held, attended by some 250 participants.

Top Policy Workshop

With considerable success in running the Personnel Management Course, in 1984 the FKE organized its first one-week residential workshop for 24 top policy-makers in both the private and public sectors of the Kenyan economy. The object was to provide a forum in which government and business leaders could come together to discuss the other side's requirements and expectations as a means of increasing employer input into the national economic decision-making process. The theme of the first workshop in Nairobi – all workshops treat a single theme – was “The role of management in nation-building”.

The theme of the 1985 workshop was “Managerial innovation and industrialization processes in Kenya”. It was attended by 38 participants including three ministers of state, the head of the country's civil service, several town mayors and various local government officials. The private sector was well represented by a large number of managing directors. The FKE Top Policy Workshop was one of the few forums where leaders from government and the private sector could meet in a structured setting, away from the pressures of their daily jobs, to discuss social and economic issues. It has since become a kind of sounding-board for the Government to test the reaction of the business community to existing and proposed national economic legislation.

No reports were produced after the Top Policy Workshop, in order to encourage the fullest possible discussion. It was so well received by government and business alike that the workshop became an annual event, with employers' organizations from elsewhere in Africa participating. Employers' organizations in Mauritius, Uganda, Zambia and Zimbabwe already run similar programmes, while those elsewhere, including Malawi and Tanzania, intend to do so soon.

Promoting small businesses

There have, unfortunately, been some negative reactions to the efforts of employers' organizations to offer management training to their members. Owners of small businesses often felt excluded from the courses, believing them to be too sophisticated for their needs. In certain instances, as, for example, the Nigerian Association of Small-Scale Industrialists, they formed

themselves into national associations of small businesses to protect their own interests, separate from the national employers' organization. Nevertheless, this presented an exciting challenge to the national employers' bodies and induced them, with ILO help, to give training in small business development to their own small business members, and other small businesses.

Establishing small business promotion schemes in the mid-1980s was difficult for the ILO regional advisers, especially in English-speaking countries where some employers' organizations felt the schemes were outside the scope of their activities; others said that it was not appropriate to be seen to be promoting the interests of a single group in their membership.

A combination of factors helped to make the organizations understand the need to broaden their activities and include the promotion of small businesses. Governments were by now emphasizing the benefits of employment creation, following the spate of business failures during the economic recession of the 1980s. Trade unions, which had previously been sceptical, started to see the advantages of such schemes. Finally, many employers' organizations were in financial straits due to their members' economic hardship – another result of the recession – and began to realize the necessity of expanding their activity base.

With a helping hand from the ILO, several employers' organizations finally decided to embark on the promotion of small businesses. Like many others, the Sierra Leone Employers' Federation (SLEF) was initially opposed to small business development, but proved highly successful when it finally became involved.

A three-day management training seminar for small businesses was held in Freetown in 1986 under the joint auspices of the ILO, the SLEF and the Chamber of Commerce of Sierra Leone. Twenty-six participants attended, including five women engaged in dressmaking, poultry-keeping, dyeing and food retailing. A panel of experts, comprising representatives from the income tax and customs and excise departments, a firm of accountants, the Ministry of Trade and Industry, a development bank and a commercial bank, counselled the participants on the problems encountered in running small businesses. Advice was given, inter alia, on simple bookkeeping, preparing simple feasibility studies, costing and pricing, basic marketing and how to read a balance sheet.

In early 1990 a two-week Training of Trainers (TOT) workshop was held in Freetown for 24 potential trainers, based on the ILO's *Improve Your Business* (IYB) training module for small business management. The IYB training module covers such subjects as bookkeeping, buying and selling, simple management accounting, manufacturing and service operations, costing and pricing, strategic planning and the efficient handling of routine matters. The workshop was led by an ILO expert and assisted by ILO regional advisers on employers' organizations, management and small business development. Local advisers at the TOT workshop included a bank

manager, a legal officer, a small business development officer, a specialist on adult education and a successful businessman. Similar courses were held in Nigeria, Ghana and the Gambia.

On completing the workshop the participants were qualified to work as "extension service officers", assisting business people at their premises on any management aspect of their business. It was estimated that in the Gambia each extension officer visited some 20 businesses every month, and that the service had considerably improved the survival rate of small businesses in the country. The pressure on the extension officers was so great that another TOT-IYB workshop was held in Freetown in August 1990. Employers' organizations in Ethiopia, Mauritius, Uganda, Zambia and Zimbabwe have now also started their own IYB training courses for small businesses.

In Mauritius the member companies of the Mauritius Employers' Federation set up a special fund to assist owners of small businesses. The fund was incorporated in 1984 as a non-profit-making body and operates as the Employment Opportunity Investment Fund. Loans are given mainly for the purchase of machinery; insurance on the machinery, paid for by the owner, serves as collateral for the loan. By early 1987, 23 businesses involved in such diverse activities as electrical repair, metalworking, handiercrafts, pastry production, serigraphy and painting had received financial help from the fund.

A few problems

One of the reasons for which employers' organizations sometimes hesitate to become involved in additional activities, such as general management training or small business promotion, is their organizational weakness. This may be due to lack of finance or staff, a wariness of trying something new, or – as may be the case in French-speaking countries – the fact that such a move would require a complex bureaucratic procedure, largely as a result of the closer ties between employers' organizations and the civil service than is common in other African countries.

ILO experts working in the field with employers' organizations do sometimes wonder whether the programme they are working on will continue to operate successfully after their departure. One way to ensure this is to phase out the expert's duties gradually. This has been tried out with the IYB (West Africa) programme where experts fly in for a fixed period to carry out an assignment, then fly out again when their task is complete. They return only if absolutely necessary. This system enables experts to be withdrawn from a programme as soon as it is virtually operational.

Conclusion

African employers have progressed a long way from their original reluctance to form national associations to further their aims. They have

learned to work with each other for that purpose and, with growing self-confidence, for the benefit of their national community as well. With ILO assistance, they have given valuable training to their members and others in areas that were once regarded as the preserve of central or local government, and are increasingly helping small enterprises – with their proven employment-creation potential – to survive and prosper. This trend will undoubtedly continue because, in the future, their legitimacy in society will depend on the extent to which their activities are seen as serving the wider community rather than merely defending their own interests.

Publications of the International Labour Office

Civil service pay in Africa

by Derek Robinson

Studying civil service remuneration systems in Africa means looking at pay for a major part of the formal sector, the State very often constituting the largest employer in African countries. Such an analysis is of particular and urgent importance for countries trying to reorganise their economies under structural adjustment programmes. In this context wages take on even more significance because a successful reform of civil service pay could be a prerequisite for the success of a structural adjustment programme.

This timely book provides detailed information on the working of remuneration systems in African countries. It deals not only with wage levels and hierarchies, but also with job classification and fringe benefits. The author first gives an overall description of these systems and then analyses them through a cohort study based on a sample of civil servants in each country.

This book is essential reading for all those in government, employers', workers' and academic circles who wish to understand wage systems in Africa and to implement reforms in this crucial area.

ISBN 92-2-106459-X

27.50 Swiss francs

Available from booksellers, ILO offices in many countries or direct from ILO Publications, International Labour Office, CH-1211 Geneva 22, Switzerland.