

# WORKING WITHOUT PAY

WAGE THEFT  
IN ZIMBABWE



**Good jobs are few in Zimbabwe, and unions are helping protect workers and their salaries under trying economic circumstances. This construction worker is helping build a telecommunications office high-rise in downtown Harare. Some construction workers have a voice on the job through the Zimbabwe Construction and Allied Trades Workers' Union (ZCATWU), a Solidarity Center ally.**

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**The Labour and Economic Development Research Institute of Zimbabwe (LEDRIZ)** is a research think tank of the Zimbabwe Congress of Trade Unions (ZCTU). It was established in September 2003 under a Deed of Trust. The main objective of LEDRIZ is to develop through research, well-grounded, pro-working-people policy positions designed to influence development processes and outcomes at national, regional and international levels.

**LEDRIZ** is a member of the **Africa Labour Research Network (ALRN)**, which brings together research institutions linked to national trade union federations and their research departments across the African continent.

**The Solidarity Center** is a non-profit organization that works with unions, nongovernmental organizations and community groups worldwide to advance worker rights and achieve equitable economic development in countries where globalization has made the lives of vulnerable people even more precarious. It supports programs and projects—among them, trainings, education campaigns, legal aid, research, transparency initiatives—that help workers understand and exercise their rights, improve their working and living conditions and build independent unions.

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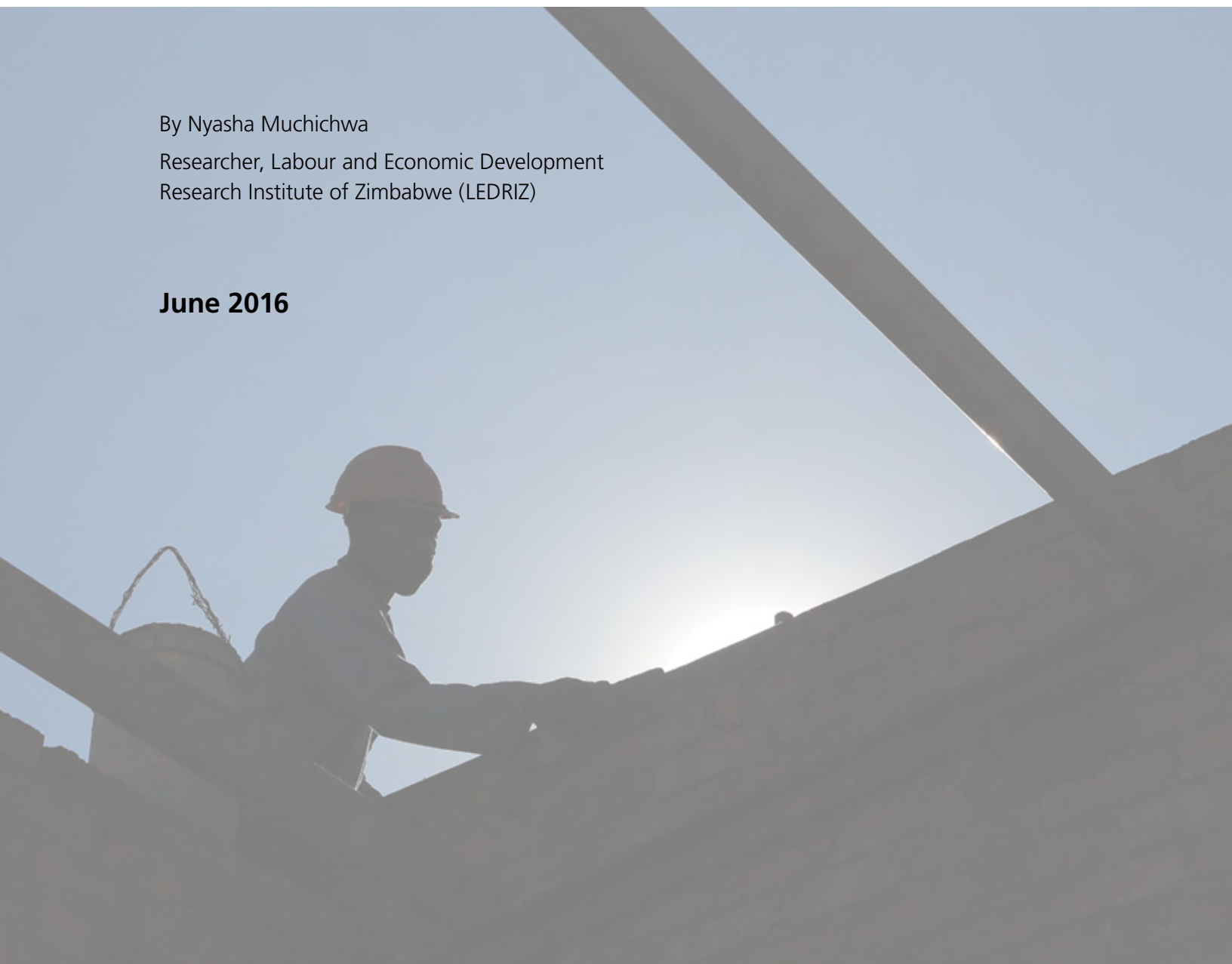
# WORKING WITHOUT PAY

## WAGE THEFT IN ZIMBABWE

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## LIST OF ABBREVIATIONS

<b>CZI</b>	Confederation of Zimbabwe Industries
<b>GDP</b>	gross domestic product
<b>GPA</b>	global political agreement
<b>LFS</b>	Labor Force Survey
<b>MDC-T</b>	Movement for Democratic Change-Tsvangirai
<b>MSME</b>	micro, small and medium enterprises
<b>NSSA</b>	National Social Security Authority
<b>RBZ</b>	Reserve Bank of Zimbabwe
<b>TCPL</b>	Total Consumption Poverty Line
<b>ZANU-PF</b>	Zimbabwe National Union Patriotic Front
<b>ZCTU</b>	Zimbabwe Congress of Trade Unions





Kitwe  
Luanshya

Ndola

ZAMBIA

LUSAKA

Kabwe

Zambezi

HARARE

ZIMBABWE

Bulawayo

BOTSWANA

Mahalapye

Limpopo

MOZAMBIQUE

PRETORIA



# THE FIGHT FOR A LIVING WAGE

Over the past four years the Zimbabwe Congress of Trade Unions (ZCTU) has been on the forefront of fighting for workers in Zimbabwe to earn a living wage. In 2013 and 2014, ZCTU undertook surveys to show the extent to which top executives were earning exorbitant salaries, while pleading inability to pay at the lower end.

This wage theft survey, undertaken by LEDRIZ in 2015 through the support of the Solidarity Center, brings into focus how workers' rights are being violated in the country. The survey, carried out on 442 companies, showed an estimated 80,000 workers have not received their wages and benefits on time. Many of these workers have gone for more than 12 months without receiving their monthly wages but are still expected to come to work without fail. The non-payment of wages is no longer only a private-sector phenomenon, but has extended to the public sector, where many workers are also going without pay. Both the government and parastatal institutions have been complacent about dealing with this issue.

The number of workers going for months without wages is on the increase, contributing to the disintegration of the family, higher rates of poverty and greater numbers of the working poor. Even having a single meal a day is becoming an elusive achievement for most workers. It is our hope that through this report, the story of the exploited worker, whose rights are being violated in full sight of the government and by the government itself, can be told. The ZCTU will continue to fight for human rights and workers' rights in Zimbabwe. In particular, the ZCTU will continue to insist that a living wage becomes a reality for all workers in Zimbabwe.

**Mr. Japhet Moyo**

*Secretary General*

*Zimbabwe Congress of Trade Unions*



Stella Vambe, vendor, widowed mother of two and secretary of the cooperative Power Circle, sews clothing. Power Circle runs a micro finance project—with members pooling resources together and then lending to each other and others outside the cooperative at nominal interest rates—and then sharing the profits annually. Stella was involved in an economic literacy program conducted by LEDRIZ with Solidarity Center assistance.

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# FOREWORD

**M**ore than 100 women gathered in October 2013 to peacefully protest at the state-controlled Hwange Colliery coal mine in western Zimbabwe, where many mineworkers had gone months to almost a year without pay. The women had gathered at the manager's office to demand wages owed to the men. For their trouble, they were met by armed police and, in the violence that followed, several women were injured. This incident and other anecdotal stories of wage theft, on the rise in the intervening years since that incident, prompted the Solidarity Center to commission this report, which details the magnitude of wage theft in Zimbabwe and the impact this widespread practice has on workers and their families.

Wage theft is impoverishing workers who, under other circumstances, would be the bedrock of the middle class. It forces families to devise coping strategies that can tear at family ties, make difficult choices and mortgage their future. Wage theft disempowers and robs workers of dignity: The inability to support one's family through work gives rise to shame, embarrassment and the loss of dignity.

Zimbabwe's governance structures and industrial relations system are seriously broken. The government does not enforce laws that would protect workers. In the event of a closure, for example, companies are not obliged to recognize payment of wages to workers should be prioritized. Indeed, they are rarely paid even a fraction of what they are owed in wages. In fact, the government is a major culprit as public-sector workers, including teachers, police officers and members of the military, are unable to predict their pay dates with any certainty.

In a country where formal jobs are few, Zimbabwean workers often cannot fight exploitation like wage theft. Fortunately, trade unions are advocating for their interests and working to prevent further erosion of their economic status, as they have fought for peace, human and worker rights, and economic justice over the decades.

The American labor movement stands in solidarity with the people of Zimbabwe in their ongoing struggle for social justice, human rights and dignity in the workplace. In addition to continued support through the ongoing partnership programs of the Solidarity Center, our most meaningful demonstration of solidarity is represented by our unflagging efforts to ensure that our government's global policies protect worker rights including freedom of association, promote gender equality, and create inclusive approaches to economic development around the globe. Only such policies will ensure that those who produce wealth are able to share in the prosperity, including the working people in Zimbabwe.

**Tefere Gebre**

*Executive Vice President  
AFL-CIO*



Prudence Chimbo, who operates Green Life Hardware at the Jambanja Market in Harare, Zimbabwe, is among informal economy workers joining together to improve their working conditions with the Zimbabwe Chamber of Informal Economy Associations (ZCIEA). With Solidarity Center support, ZCIEA trains workers in negotiation skills to advocate for issues such as adequate municipal space for vending.



# EXECUTIVE SUMMARY

Zimbabwe's economic and political crisis, notwithstanding a brief hiatus in 2009–2010, continues to bring economic hardship and suffering to the majority of Zimbabweans. Increasingly, even employed workers with long-term contracts, who have relative protection with job security, are experiencing sharp declines in their economic position. Between 2011 and 2014, the number of workers in informal employment grew from 84.2 percent of the currently employed work force to 94.5 percent, rising to 5.9 million workers in 2014. Among approximately 350,000 workers in formal employment in 2014, more than 80,000 workers did not receive wages and benefits on time.

Wage non-payment affects an estimated 22,000-plus workers for urban councils (local government entities), 12,000 in agriculture, and more than 7,500 each in the security sector, automotive industry and railways. Workers in several sectors are averaging more than 20 months without a pay check. Those affected include people who are still formally employed and required to go to work, as well as others who have been laid off without receiving the wages and benefits due to them under their contracts.

Notably, this violation of the right to be paid for one's work is common in the public as well as private sectors. And, while governmental institutions in Zimbabwe are complicit in these violations, top managers continue to receive high salaries and generous benefits.

International standards, particularly the International Labor Organization (ILO) Protection of Wages Convention, 1949 (No. 95), which has been ratified by 98 countries, mandate the regular payment of wages to workers and the priority of such payments over other financial obligations of employers.

Although Zimbabwe has not yet ratified most of the relevant conventions, national law in Zimbabwe defines employers' obligations for payment of regular wages in legal tender.

This failure to pay what workers are legally entitled to is wage theft in that it involves employers taking money that belongs to their employees and keeping it for themselves. This is a clear violation of international labor standards, as well as national legislation on the employment of workers.

This report, based on extensive research by the Labour and Economic Development Research Institute of Zimbabwe in 2015, supported by the Solidarity Center, lays out the scope of wage theft in Zimbabwe, the responsibilities of the state under international standards and national legislation, and the failure of the state to address the impact on workers and their families. It also presents recommendations for action to address this problem.

Ensuring compliance with international labor standards and curbing wage theft in Zimbabwe requires actions by both government and unions. Most urgently, this means that existing law be enforced and union pressure increased to curb wage theft and hold employers accountable for their violation of worker rights. In addition, the Zimbabwe Labor Act should be reviewed and strengthened to provide procedures for monitoring of and action on such cases in both the public and private sectors. Pay structures should be reviewed in the public sector in particular, which should set an example for the private sector. Zimbabwe should move expeditiously to ratify international conventions on wages. And unions as well as government should provide support for workers and their families who have suffered and continue to suffer from wage theft.





# INTRODUCTION

Zimbabwe's economic and political crisis, notwithstanding a brief hiatus in 2009–2010, continues to bring economic hardship and suffering to the majority of Zimbabweans (*See Appendix 3 for background*). Increasingly, even employed workers with long-term contracts, who have relative protection with job security, are experiencing sharp declines in their economic position. Between 2011 and 2014, the number of workers in informal employment grew from 84.2 percent of the economically active population to 94.5 percent, rising to 5.9 million workers in 2014.<sup>1</sup> Among approximately 350,000 workers in formal employment in 2014, an estimated 80,000 of them did not receive their wages and benefits on time, according to research by the Labour and Economic Development Research Institute of Zimbabwe (LEDRI) outlined in this report.

This failure to pay what workers are legally entitled to is wage theft, with employers taking money that belongs to their employees and keeping it for themselves. This is a clear violation of international labor standards, as well as national legislation on the employment of workers.

Wage theft affects an estimated 22,000-plus workers for urban councils (local government entities), 12,000 in agriculture and more than 7,500 each in the security sector, automotive industry and railways. Workers in several sectors are averaging more than 20 months without a pay check. Those affected include workers who are still formally employed and required to go to work, as well as others who have been laid off without the receiving wages and benefits due to them under their contracts.

Notably, this violation of the right to be paid for one's work is common in the public as well as private sectors. And, while governmental institutions in Zimbabwe are complicit in these violations, top managers continue to receive high salaries and generous benefits.

Meanwhile, the public at large is affected by wage non-payment because the practice reduces tax revenue used for public services. Wage non-payment imposes penalties both through the reduction of economic growth and through the reduction of public services.

This report, based on extensive research by LEDRI in 2015 (*See Appendices 1 and 2*), lays out the scope of wage theft in Zimbabwe, the responsibilities of the state under international standards and national legislation, and the failure of the state to address the impact on workers and their families. It also presents recommendations for action to address this problem.

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1. ZIMSTAT 2014, xix-xxi, 96.

# ORIGINS OF WAGE THEFT IN ZIMBABWE

**A**t the height of the economic crisis in 2008, which was characterized by hyperinflation, the Reserve Bank of Zimbabwe (RBZ) allowed retailers and producers to sell products and commodities in U.S. dollars or South African rand through the Foreign Exchange Licensed Warehouses and Retail Shops initiative. At first, wages and salaries were pegged to and paid in Zimbabwean dollars. Following the adoption of a multicurrency regime in February 2009, salaries and wages could also be pegged to and paid in U.S. dollars. However, due to supply-side constraints, including the limited availability of foreign exchange on the local market, it took most companies more than six months to fully dollarize their payroll and pay a wage that was at par with the U.S. dollar wages and salaries for civil servants. By the end of 2009, all companies were paying wages and salaries in U.S. dollars and in full. Through wage negotiations at the industrial level, wages in the private sector even exceeded those paid to civil servants.

However, this situation did not last. Beginning in the middle of 2012, both parastatal and private-sector companies began to lag on payment of wages. At first, many companies started paying wages very late in the month, with some paying during the first or second week of the following month. Some companies only managed to pay half the wage or salary due. By the beginning of 2013, the situation had worsened: Some companies were no longer paying wages and salaries, citing cash-flow and liquidity problems. However, workers were still expected to come to work, even when their wages or salaries were in arrears for eight months or more.

Thus, the number of workers who were receiving partial paychecks or no wages at all grew. In addition, many workers who were laid off frequently did not receive back wages. Others have received back wages, but not the agreed employment termination packages they were due.

This trend is devastating for workers. It also is in violation of both international standards and Zimbabwean national law.



# INTERNATIONAL STANDARDS AND NATIONAL LEGISLATION

People work to earn income—a wage. Yet in Zimbabwe, as in many other parts of the world, access to adequate and regular wages is not guaranteed in practice, even for employed workers. In some cases, workers have had to survive with their earnings in arrears for months or even years. In other cases, wages are inadequately paid in kind rather than in cash, with consumer goods or even alcohol. This phenomenon, which has been linked to debt bondage and even slavery, runs counter to widely adopted international treaties as well as national laws. Although often violated, this framework constitutes the starting point for workers and their trade unions to demand compliance with the fundamental principle that workers must be paid for their work.

The ILO has addressed these problems in a number of international conventions providing for regular payment of wages, the fixing of minimum wage levels and the settling of unpaid wages in case of employer insolvency.<sup>2</sup>

These conventions include:

- Labor Clauses (Public Contracts) Convention, 1949 (No. 94), which “aims at ensuring respect for minimum labor standards in the execution of public contracts”;<sup>3</sup>
- Protection of Wages Convention, 1949 (No. 95), which states that “wages shall be paid in legal tender at regular intervals; in cases where partial payment of wages is in kind, the value of such allowances should be fair and reasonable. Workers shall be free to dispose of their wages as they choose. In cases of em-

ployer insolvency, wages shall enjoy a priority in the distribution of liquidated assets”;<sup>4</sup>

- Minimum Wage Fixing Convention, 1970 (No. 131), which “requires ratifying states to establish a minimum wage fixing machinery capable of determining and periodically reviewing and adjusting minimum wage rates having the force of law”;<sup>5</sup> and
- Protection of Workers’ Claims (Employer’s Insolvency) Convention, 1992 (No. 173), which “provides for the protection of wage claims in insolvency and bankruptcy by means of a privilege or through a guarantee institution.”<sup>6</sup>

Another relevant ILO convention is the Equal Remuneration Convention, 1951 (No. 100), which “lays down the principle of equal remuneration for men and women workers for work of equal value.”<sup>7</sup>

Although Zimbabwe has not ratified the four conventions specifically related to wages, apart from the principle of equal remuneration, national legislation defines similar responsibilities in the Labor Act, first enacted in 1984.<sup>8</sup>

The Labor Act [Chapter 28:01] defines an “employee” as any person who performs work or services for another person for remuneration or reward on such terms and conditions as agreed upon by the parties

4. Not yet ratified by Zimbabwe.

5. Although Zimbabwe has not yet ratified C131, the Zimbabwe Statistical Agency (ZIMSTAT) has noted the need for social partners to take the convention into consideration when setting minimum wages. In the Labor Amendment Act, 2015, this provision of the convention is also covered under Section 74 (“Scope of collective bargaining agreements”).

6. Not yet ratified by Zimbabwe.

7. Zimbabwe ratified this convention in 1989.

8. Labor Act, Chapter 28:01 (Acts 16/1985, 12/1992, 20/1994 (s. 19), 22/2001 (s. 4)2, 17/20023, 7/20054), Zimbabwe. Available at: <http://www.ilo.org/dyn/travail/docs/2285/labour>

2. International Labor Organization, “International Standards on Wages.” Available at: <http://www.ilo.org/global/standards/subjects-covered-by-international-labour-standards/wages/lang--en/index.htm>.

3. Not yet ratified by Zimbabwe.



or as provided for in this Act, and includes a person performing work or services for another person:

- In circumstances where, even if the person performing the work or services supplies his own tools or works under flexible conditions of service, the hirer provides the substantial

investment in or assumes the substantial risk of the undertaking; or

- In any other circumstances that more closely resemble the relationship between an employee and employer than that between an independent contractor and hirer of services.

## Relevant Provisions of the ILO Protection of Wages Convention, 1949 (No. 95)

### Article 1

In this Convention, the term wages means remuneration or earnings, however designated or calculated, capable of being expressed in terms of money and fixed by mutual agreement or by national laws or regulations, which are payable in virtue of a written or unwritten contract of employment by an employer to an employed person for work done or to be done or for services rendered or to be rendered.

### Article 2

1. This Convention applies to all persons to whom wages are paid or payable.

### Article 3

1. Wages payable in money shall be paid only in legal tender, and payment in the form of promissory notes, vouchers or coupons, or in any other form alleged to represent legal tender, shall be prohibited.

### Article 11

1. In the event of the bankruptcy or judicial liquidation of an undertaking, the workers employed therein shall be treated as privileged creditors either as regards wages due to them for service rendered during such a period prior to the bankruptcy or judicial liquidation as may be prescribed by national laws or regulations, or as regards wages up to a prescribed amount as may be determined by national laws or regulations.


2. Wages constituting a privileged debt shall be paid in full before ordinary creditors may establish any claim to a share of the assets.

3. The relative priority of wages constituting a privileged debt and other privileged debts shall be determined by national laws or regulations.

### Article 12

1. Wages shall be paid regularly. Except where other appropriate arrangements exist which ensure the payment of wages at regular intervals, the intervals for the payment of wages shall be prescribed by national laws or regulations or fixed by collective agreement or arbitration award.

2. Upon the termination of a contract of employment, a final settlement of all wages due shall be effected in accordance with national laws or regulations, collective agreement or arbitration award or, in the absence of any applicable law, regulation, agreement or award, within a reasonable period of time having regard to the terms of the contract.



Section 6 of the Labor Act, which speaks to the protection of employees' right to fair labor standards, states that, "No employer shall pay any employee a wage which is lower than that to fair labor specified for such employee by law or by agreement made under this Act." In Section 12 (duration, particulars and termination of employment contract), the Act goes on to obligate the employer to provide particulars of the employee's remuneration, its manner of calculation and the intervals at which it will be paid. Section 12A states that remuneration payable in money shall not be paid to an employee by way of promissory notes, vouchers, coupons or in any form other than legal tender.

These provisions and sections of the Labor Act clearly spell out the obligation of the employer in terms of remuneration, how it should be paid and the set-up of agreements and mechanisms for how much should be calculated, paid and when. However, the legislation fails to include the consequences for violation of specific provisions.

Of the three sections relating to the remuneration of the worker, only Section 6 (See *box*) concludes with a relevant statement of consequences for a violation of the Act.

## **Labor Act, Section 6**

### **Protection of employees' right to fair labor standards**

(1) No employer shall—

- (a) pay any employee a wage which is lower than that to fair labor specified for such employee by law or by agreement made under this Act; or
- (b) require any employee to work more than the maximum hours permitted by law or by agreement made under this Act for such employee; or
- (c) fail to provide such conditions of employment as are specified by law or as may be specified by agreement made under this Act; or
- (d) require any employee to work under any conditions or situations which are below those prescribed by law or by the conventional practice of the occupation for the protection of such employee's health or safety; or
- (e) hinder, obstruct or prevent any employee from, or penalize him for, seeking access to any lawful proceedings that may be available to him to enable him lawfully to advance or protect his rights or interests as an employee.

(2) Any person who contravenes subsection (1) shall be guilty of an offence and liable to a fine not exceeding level seven or to imprisonment for a period not exceeding two years or to both such fine and such imprisonment.

# WAGE NON-PAYMENT DESCRIBED

There are four categories of wage non-payment in Zimbabwe. In the first, workers are employed but have not been paid anything for more than two months. This category comprises the highest number of workers of the four groups, 42.5 percent of the total cases. Within this group, the range of months for wage non-payment is from three months to 36 months. An additional 19.5 percent of cases involve workers who have been paid only partial salaries.

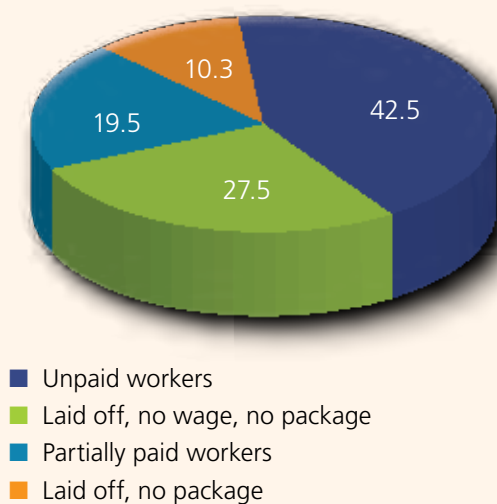
These workers are expected to come to work every work day, with failure to report to work for five continuous days leading to termination of employment. Workers have had to come up with coping mechanisms, which include walking to work, to ensure that they keep their job.

Being employed should be a remedy for poverty. But when workers are not paid, it has the reverse effect. Workers are driven to sell assets to buy food, pay for housing and even raise funds for transport to work.

In addition to these cases of non-payment, 38 percent of cases of non-payment are workers have been laid off but have not been paid back salaries and/or termination packages that are due to them (see Figure 1).

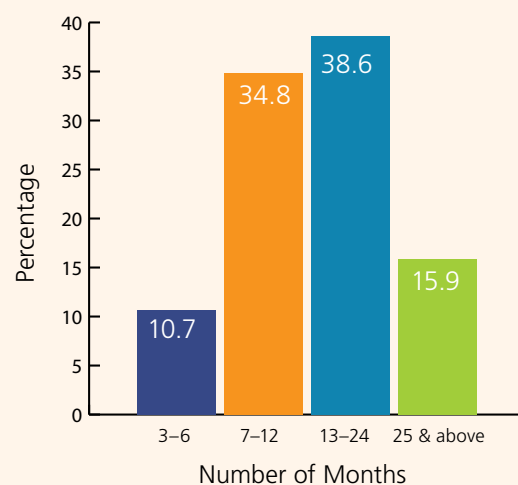
Workers are subsidizing the companies they work for as their assets are being drained while they go to a non-paying job to ensure that production levels are maintained. This situation is commonplace both in private and state-owned enterprises. But it is ignored by government even though it is illegal under both international standards and national legislation.

**Figure 1: Categories of Wage Non-Payment**




**Source:** LEDRIZ Wage Theft Survey, 2015. Based on reports from union representatives at 442 companies compiled by ZCTU affiliates and analyzed by LEDRIZ.

**Figure 2: Number of Months without Receiving a Wage**



**Source:** LEDRIZ Wage Theft Survey, 2015. Data are for an estimated 83,000 currently employed workers not receiving wages (see Table 1). Based on reports from union representatives at 442 companies compiled by ZCTU affiliates and analyzed by LEDRIZ.





The second category of workers (19.5 percent) are receiving only “part-salaries.”<sup>9</sup> They are paid at the discretion of the employer, who acknowledges that the remainder is still an obligation. In some such cases, the amounts owed may surpass eight months to a year of wages. For example, the National Railways of Zimbabwe has been paying its employees 20 percent of their salaries—between \$40 and \$80 per month, depending on pay grades. In March 2015, in an interview with a local newspaper, Harare City Council Spokesperson Leslie Gwindi, said, “On salaries, just like any other municipality, we always stagger salaries. ...we have always staggered.” At that time, council employees were owed three months salaries, backdated pay and bonuses from the previous year.

One interviewee for this study noted that she had been getting \$26 a month for the last eight months, although her basic monthly wage was \$342. For comparison, rental of a single room in urban areas average \$60 a month, electricity runs \$30, water averages \$15 and transport to work totals \$22. Thus, her pay barely exceeded the cost of transport to work.

The third group of workers (38 percent, as noted above) are those who have been laid off but have received neither wages for months worked nor employment termination packages. These workers have had to spend money trying to follow up on the outstanding payments, eroding their savings. They are repeatedly told that the company has no money and that they should be patient. Some have lost hope as they have been advised that the companies cannot pay salaries for those still employed, much less for those who lost their jobs. Most of these workers had gone for at least four months without salaries and opted for termination with the hope of getting their packages and starting something of their own. The number of these workers in this category increased in July and August 2015 when the Supreme Court

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9. This category of wage non-payment can also be classified as underpayment of wages, comparable to when an employer pays workers less than was promised or less than the state or federal minimum wage, or when workers are denied wages for overtime. Thus, the employer under the Labor Act could be convicted for violation of the Act.

ruled that employers could dismiss workers without providing termination packages, which resulted in more than 30,000 workers losing their jobs within three weeks after the judgement.<sup>10</sup>

The fourth category comprises workers who have been downsized and received their wages but not their employment termination packages. These workers have also lost hope. Employers are telling them to be thankful that they managed to get their wages and not to worry about their employment termination packages.

In all these groups, many workers reported losing not only wages but also benefits, such as medical assistance, pensions and funeral coverage. Workers trying to access these services have been informed that the employers have not transmitted the required payments and that they have to pay cash, forcing many to go without medical treatment. Workers checking their pension status with the National Social Security Authority (NSSA) have been advised that they are not in the records as the employers have not registered them or paid premiums. And in many cases, union dues have not been remitted to the unions, thus compromising their work and the services they offer members.

Workers also highlighted that companies have introduced cost-cutting measures. They noted that it is only their benefits—lunch, teas, provision of transport and school bursaries—that have been denied, whereas the benefits of top management have remained intact. Besides benefits that the workers were deriving from the job, workers had also set up private social-protection schemes. Without their wages, workers are no longer able to pay monthly premiums, thereby losing all past paid premiums, as most of the schemes lapse after three months of non-payment.

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10. The government at first refused to take any action to stop the dismissal of workers with only three months’ notice and without any termination benefits. It was only after a month that the government reacted, enacting an amendment to the Labor Act specifying in detail proper procedures for dismissal of workers. See <http://www.ilo.org/dyn/natlex/docs/ELECTRONIC/101341/122051/F-1604397379/ZWE101341%20BILL.pdf>. Sadly the process only involved government and not the other two social partners, employers and workers.

## Sectoral Analysis

As can be seen in Table 1, the sectors most affected by wage non-payment, in terms of number of workers and total number of months unpaid, have been the urban councils, agriculture, the automotive industry, rail transport and security services.

The highest number of affected workers, almost 23,000, were in urban councils, in the public sector. On average, urban council workers were trying to survive with wages nine months in arrears. Agriculture had the next largest number of workers affected, with more than 12,000 people going unpaid, on average, for 19 months. Agriculture, at \$80 a month, is the lowest-paying sector in the country. Workers noted that “new black” farmers often refused to pay wages, with the worst behavior on

farms owned by government officials or politicians. One worker recalled being told that he should not expect anything since farm workers previously had enriched white farmers and that it was the turn of black farmers to be enriched by them.

In other sectors, Table 1 also shows that the automotive industry had 7,622 workers with an average 12 months in wage arrears. The railways sector had 7,354 workers affected with an average of 14 months in arrears. And more than 7,500 security-sector workers, most of them on fixed-term (temporary) contracts, were not receiving wages. These workers noted that those who complained about non-payment of wages were under threat of not getting their contracts renewed when they came up for renewal.

**TABLE 1: WAGE NON-PAYMENT INDICATORS BY SECTOR**

Sector	Number of Companies	Number of Workers Affected	Average Number of Months Unpaid
Urban Councils	20	22,778	9
Agriculture	97	12,034	19
Automotive	19	7,622	12
Security	23	7,514	8
Railways	8	7,354	14
Clothing	34	4,601	4
Medicals and Pharmacies	9	3,720	20
Food	12	3,224	22
Chemical, Plastics and Allied	28	2,701	24
Energy	1	1,800	6
Engineering	44	1,538	25
Tobacco	1	1,500	20
Textiles	28	1,431	10
Construction	38	1,383	12
Graphics and Printing	9	939	20
Catering and Hotel Services	23	803	8
Mining	2	631	9
Education and Scientific	19	439	7
Furniture	3	365	3
Commercial Workers	8	286	9
Transport	15	103	22
Banking	1	10	13
<b>Total for all sectors surveyed</b>	<b>442</b>	<b>82,776</b>	<b>13</b>

## Wider Context of Wage Non-Payment

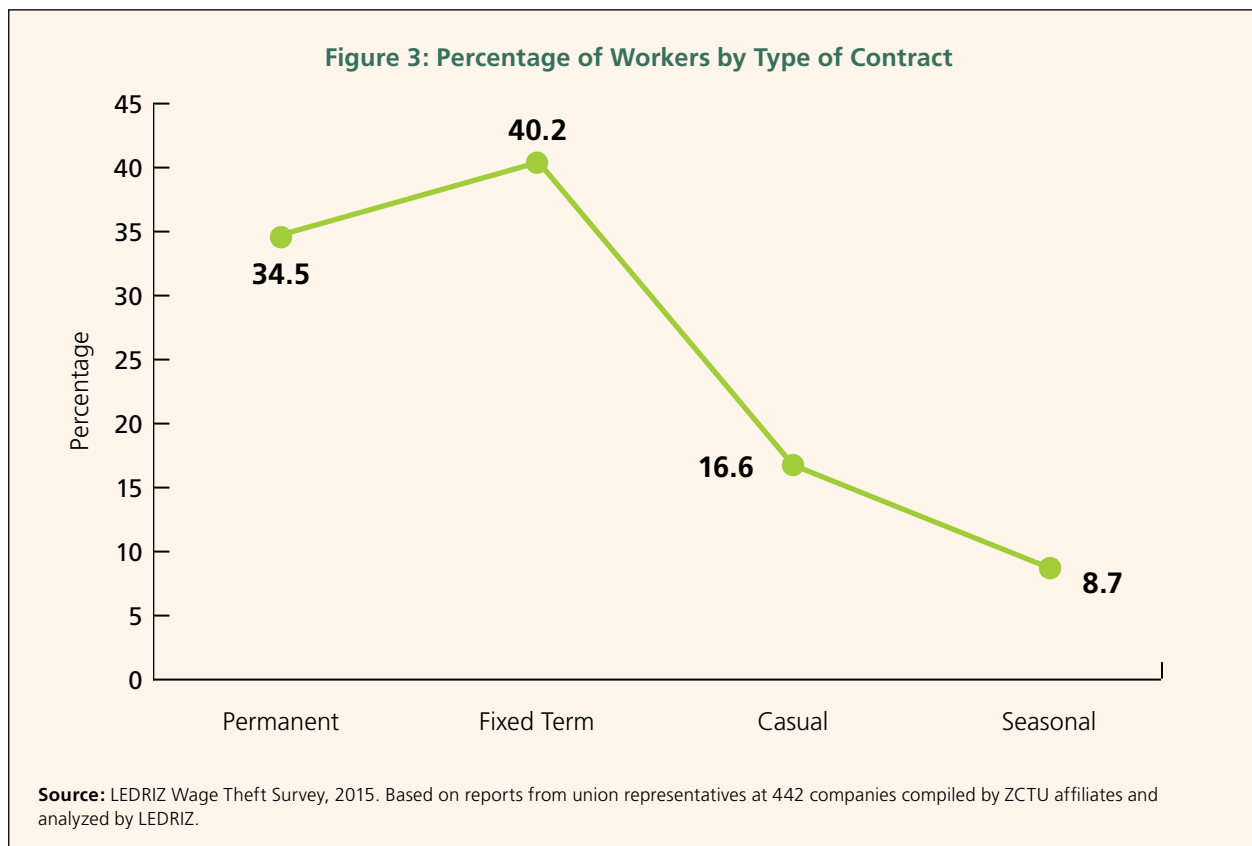
Wage non-payment is happening within the context of the wider economic crisis, and workers with formal employment are in the minority. Far more vulnerable are workers with informal employment conditions. Of the entire employed workforce of 6.3 million people reported in the 2014 Labor Force Survey, 5.9 million workers (94.5 percent) were informally employed, as compared to 84.2 percent in the 2011 survey<sup>11</sup>. An additional 800,000 women and men were in the workforce, but unemployed.

This trend toward precarious employment was confirmed by interviews and questionnaires in the LEDRIZ survey. The majority reported themselves to be on fixed-term employment contracts rather than having status as permanent workers. They noted a trend toward termination of permanent workers, who could be later employed as casual workers, especially in the agriculture and manufacturing sectors.

11. Figures for both years come from ZIMSTAT 2014, xix-xxi, 96.

Workers also reported cases of discrimination between permanent and casual workers in terms of payment of wages. For example, permanent workers had gone without wages for months while casual workers continued to be paid. The rationale given by employers was that casual workers only had to be paid wages, whereas permanent workers' paychecks normally included statutory and other benefits. Employers also said that they could afford to delay the wages for permanent workers, since their contracts did not lapse at the end of the month. Ironically, some permanent workers have opted to become casual workers in order to be paid, despite losing access to benefits such as pensions, medical coverage, severance pay and other allowances. Such practices, particularly in the agriculture sector, have in some cases been effectively opposed by unions.

Another trend noted in some interviews was the shortening of the work week to three days, which reduces transport costs for workers. At the same time, there has been an increase in involuntary overtime on those days to compensate (reported by 90



percent of workers filling in questionnaires). Surprisingly, some noted that they were paid for overtime but still were not getting their wages. Many noted that the drop in production was minimal given the substitution of overtime for the missed days.

Workers who are dismissed find themselves competing in the informal sector, which is already under stress from competition and government harassment. Jobs such as market vendors and street vendors are characterized by the absence of official protection and legal recognition; non-coverage by minimum wage legislation and the social security system; low pay; and little job security. In recent years, moreover, the government of Zimbabwe has in effect waged war on vendors.

In February 2015, the then Local Government Minister Ignatius Chombo, addressing mayors and council chairpersons at the 73rd Urban Councils Association of Zimbabwe (UCAZ) annual general meeting in Bulawayo, said, “The role of the informal sector in our economy, the upsurge of indiscriminate vending in urban areas has acutely affected the ambience of our environs while compromising the health of the residents.” He said, “Vendors are selling their wares from everywhere, including on pavements, open spaces and in front of shops.” He went on to add that, “All local authorities are therefore required to immediately take necessary measures to remove the vendors from undesignated sites [and move them] to alternative planned vending points.” Meanwhile, Finance Minister Patrick Chinamasa has vowed to track down all informal traders to recover what he said they owed the state in sales taxes.

## Enforcement of Employment Legislation

Government action to enforce employment legislation has been consistently biased against workers and in favor of employers, with respect to both public and private employers. Employers, for example, have been able to use their discretion to fire workers who fail to show up for work for five consecutive days, despite the fact that failure to pay wages has often made it impossible for workers to afford the transport to get to work.

Ironically, it is the workers who should have grounds for quitting under such circumstances, under the legal doctrine of “constructive dismissal.” This term refers to circumstances under which an employee is forced to resign in response to a serious breach by the employer of the terms of the employment contract. Contract violations justifying such action can be, for example, non-payment of wages, withholding wages or making unjust deductions outside the employment agreement.


The majority of workers opt to stay in their jobs despite the difficulties because of the lack of other alternatives. But employers are not being restrained from laying off workers while depriving them of wages in arrears or the severance benefits they are due. In theory, workers who leave their jobs because of wage non-payment should be able to bring charges against their employers for breach of contract. In practice, whether they decide to leave, are formally dismissed by their employers or opt to continue while hoping to be paid, it is workers and their families who are being forced to suffer the consequences of wage theft.

At the same time, the government has failed to fulfill its obligations to workers.

In the 2015 Mid-Term Fiscal Policy Review Statement, the minister of finance noted that government wage arrears to the Premier Service Medical Aid Society (PSMAS) totaled \$10 million in employer contributions and \$10.5 million in employee contributions. In the same statement, the minister argued that, “The economy, which is under sanctions, cannot afford the inefficiencies currently obtaining in the employment sector, where workers accrue wages in circumstances where there is no production.” He cited cases such as Ziscosteel, Air Zimbabwe and the National Railways of Zimbabwe.

In addition, the government has shown indifference to the failure of the Labor Act to provide protection for striking workers. Although the Constitution provides the right to strike, the Labor Act makes it virtually impossible to hold a legal strike. The Labor Act has not been realigned to be





compliant with the Constitution. Thus, in May 2015, for example, both the Gweru municipal authorities and the National Railways of Zimbabwe used

dismissals of workers to break strike actions by workers demanding that they be paid the wages due them under their contracts (See *box*).

## **Gweru Issues Ultimatum to Striking Workers**

New Zimbabwe,<sup>12</sup> May 5, 2015

Gweru Mayor Hamutendi Kombayi has warned striking council workers saying they should report for duty or risk losing their jobs because “there are many people who need employment.” In a notice sent to all workers Kombayi said they had until 10 am Tuesday to report for duty or consider themselves fired. “As the mayor of Gweru I am saying to all council employees if you don’t report to work by 10:30 am you are fired,” he said. “You cannot hold the city of Gweru to ransom,” he warned.

Gweru workers have been on job action demanding that council pay them their 13-months salaries now amounting to over \$3 million. The financially crippled local authority which has 1,300 workers last paid its employees in December last year and that was half salary for the month of March. “I will start to employ if you don’t report for duty so that I can clean Gweru,” Kombayi said.

## **NRZ Union Leaders Fired as Broke Parastatal Accused of Harassing Union Bosses to Silence Workers**

New Zimbabwe,<sup>13</sup> May 20, 2015

The National Railways of Zimbabwe (NRZ) has fired three workers union leaders based at its Mutare branch for allegedly absconding duty since April 27 this year. NRZ has not paid workers for nearly a year but still expects them to report for duty.

The fired officials include Railways Artisans Union (RAU) Branch Chairperson Fairflex Denhere, RAU Secretary Patrick Muchofia and Zimbabwe Amalgamated Railways Workers Union (ZARWU) Secretary Malvern Mutumbi. The three were also accused of reporting for duty late and dismissing early. In their defence, the workers said they spent an hour walking to work in the morning and were also leaving one hour earlier in the afternoon to enable them to walk home since they have not been paid for 11 months. Zimbabwe Congress of Trade Unions (ZCTU) Eastern Region board member, Tenson Chirenda, said the accusations against the trio were baseless since every NRZ worker has been on strike. He said if the three were guilty, then all NRZ employees must be dismissed.

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12. Article can be found on AllAfrica at: <http://allafrica.com/stories/201505051474.html>

13. Article can be found on New Zimbabwe website at: <http://www.newzimbabwe.com/news-22655-Unpaid+NRZ+staff+axed+for+missing+work/news.aspx>

# THE IMPACT OF WAGE THEFT

In any country, the impact of workers going unpaid is dramatic. In the context of Zimbabwe's economic crisis, it is particularly devastating. In interviews with workers for this report, the workers stressed the following points on how their lives have changed and how they have attempted to cope with the impact on their lives.

- ▶ Many were walking to work to reduce transportation costs, requiring them to get up before dawn to be able to make it to work by 8 a.m. Some noted that they no longer had time with their families as they left home when the children were asleep and returned when they were in bed.
- ▶ Many transferred their children to less expensive schools, where the quality of education and facilities is lower. Some pointed out that they were unable to pay even those fees. Some children had to drop out of school entirely.<sup>14</sup>
- ▶ Workers reduced the number of rooms they rented, sometimes taking two rooms or fewer for the entire family. A single room had become the study room, dining room, living room, kitchen and bedroom. Many landlords were also not being paid by their employers and had less tolerance for late payment of rentals. Thus many workers had to move from one place to another repeatedly.
- ▶ Many reduced food consumption, cutting back to one or two meals a day. This affected the performance of workers at the workplace as they came to work hungry. And children of unpaid workers, as well as

many other children, had to go to school on empty stomachs.<sup>15</sup>

- ▶ Many could no longer afford to buy clothing, even second-hand clothes. Relatives had to assist by providing clothing for workers and their family members.
- ▶ Many families relocated women and children to the rural areas as a way of reducing costs. With the families living full-time on a rural homestead, they could send food to the male worker in town.
- ▶ With lack of access to affordable medical insurance and the cost of hospital care and medication out of reach for unpaid workers, many relied entirely on faith and traditional healers.
- ▶ Workers also cut back on most other expenses, including letting go of low-paid household employees who previously eased the burden of household chores and child care.
- ▶ Many workers could no longer afford to visit parents and other relatives in the rural homestead, a trend which is straining extended family relationships.

## Coping strategies

Workers also mentioned a number of other strategies they and their families adopted to survive and compensate for missing wages. One option mentioned was reducing the days going to work to reduce transportation costs. A few mentioned getting agreement from their employers to start work at 9 a.m. instead of 8 a.m. and to leave at 3 p.m. instead of 4 p.m.

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14 Although the government has established regulations that no child should be sent away from school for not paying school fees, there are also regulations that students sitting for national examinations have to pay to register for such examinations. Children who have not sat for such examinations cannot proceed to the next level.

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15. One research report in 2014 found that more than 20 percent of children interviewed went to school without having any breakfast. Source: <http://bmcpublichealth.biomedcentral.com/articles/10.1186/1471-2458-14-402>.



Another strategy was to engage in informal markets, including in the central business district, after work hours and as late as 10 p.m. Like informal workers, however, they faced increasing restrictions on such vending, including crackdowns in which authorities confiscated and destroyed second-hand clothing being sold.

Additional measures for coping often cited in the interviews included borrowing from relatives and friends, selling major assets as well as small personal items, relying on support from relatives' income from agricultural production in rural areas, and substituting firewood for cooking rather than relying on electric or gas stoves. Children reduced family expenditures by dropping out of universities or other tertiary schools. And women sought additional income through cross-border trading, often requiring long trips away from home.

The result of wage theft for workers in the formal sector and their families, despite their efforts to compensate, was to push them into the more precarious economic situation faced by the unemployed and those in

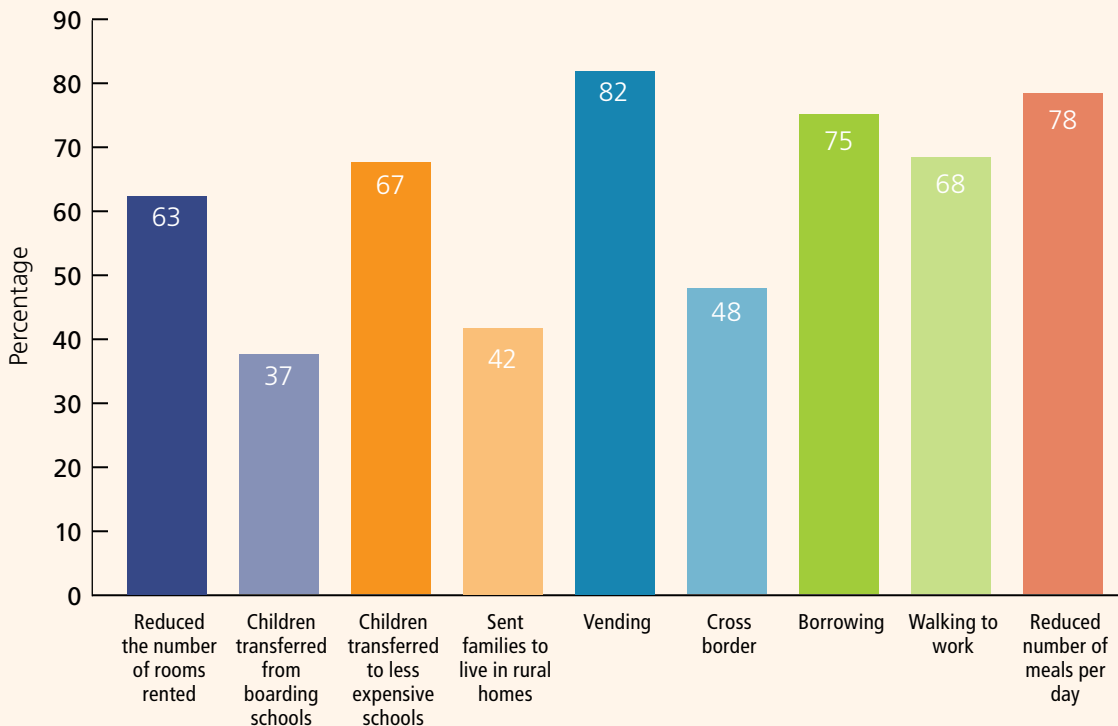
the informal sector. And the change in status came with the shock of destruction of previous hopes for economic survival and stability. This was particularly apparent in more extended conversations with the wives of male workers.

### Personal Stories on Effects on Families

This section highlights the impact of the non-payment of wages on the wives of male workers, giving additional insights into the situation of the families.

Wives of unpaid male workers were particularly overburdened. Mothers are the first point of call for most children for all their needs, including food, school fees, uniforms and other clothes. The women interviewed noted that they had to carry a heavy burden, trying to ensure that the children had what they needed while continuing to support their husbands, who were trying and failing to meet their obligations to the family. Some noted that they had

**Figure 4: Summary of Coping Mechanisms, Percentage of Responses**



**Source:** LEDRIZ Wage Theft Survey, 2015. Based on questionnaires completed by 136 workers in Bulawayo, Harare, Chinhoyi, Masvingo, Mutare and Gweru.

to borrow money without the knowledge of their husbands in order to fend for their families. Others noted that they had to take over as the principal breadwinners, through activities in the informal economy, such as vending and cross-border trading.

In the words of one 26-year-old woman in Mutare:

*“Currently I am the one supporting the family. I undertake the different task-work to ensure that my family eats. I dig wells for the people in the community that I live in. Many people approach me to do this as my rates are lower than that of the other men who do the same work. I also do laundry, sadly though is that other women take advantage of my situation, in that when we agreed that they will pay me \$4 for work, they end up paying \$2 or pay in kind. They either give me 2 kilos of sugar or 2 liters of cooking oil. Even though I need the money more, I end up accepting the payment in kind as sometimes I will not be having that item at home. Some of the money I raise I give to my husband to enable him to go to work. I also try to buy him second-hand clothes, so that he looks presentable when he goes to work. My son is now 5 years old, but I can’t send him to school, the money is not enough.”*

These hardships have led to a loss of dignity and humiliation. Several cited their shame at being unable to pay back loans and debt for months. They highlighted that they had become notorious as bad debtors, leading people to shun them. Their children had been subjected to name calling, relating to the failure of the parents to pay their debts. Several noted that they had been involved in fights trying to defend their husband’s honor.

The women also stressed that it was not just the hardships themselves that was stressful, but the humiliation of their husbands not getting paid. Several noted that they had become laughingstocks in their neighborhoods and families. They went from being able to afford to take care of themselves to being forced into the position of begging for meals and other support. Particularly humiliating was having to move repeatedly due to failure to pay rent and being publicly named as “those of no fixed abode.”

An additional burden was the loss of privacy, as they had to reveal their situation to neighbors, family and friends to gain their support or delay repayment of debts. With husbands going for so long without wages, the wives had to manage these stressful relationships to obtain food, clothing and money for the survival of the family.

Another consequence has been family disunity, with increased arguments and stress leading to dissolution of marriages. Families with teenagers had to push them into informal employment to assist their parents in raising enough funds for food and rent. Some mentioned that those teenagers who had become breadwinners no longer respected their parents. Increased financial difficulties in visiting relatives in the countryside also placed an extra burden on wives, as in many cases the husband’s relatives blamed the wives for financial problems. Such pressures also contributed to the rising rates of divorce.<sup>16</sup>

One woman related that when she found out about an affair her husband was having, he replied that he was getting funds to support the family from his mistress. He then asked the wife to choose whether he stops seeing the mistress and they starve or continue and they have food on the table. Asked what decision she made, the woman implied that she had agreed to let the husband continue with the affair.

Several others noted that informal trading was not an adequate solution, given that there is no market for their wares and one needs capital to start a business venture. They said that they were considering prostituting themselves or having extramarital affairs to ensure that they could feed their children. One noted, “I have friends who have been doing this and they have been able to support their families, and now they have told me that they are tired of lending me money, but they can help hook me up with a guy who I can have an affair with.”

16. Between January and July 2015, High Court records indicate that a staggering 1,102 couples registered to end their marriages in Harare and Bulawayo (<https://www.newsday.co.zw/2015/07/21/1-102-couples-register-for-divorce-since-january/>). This effectively translates to 157 couples divorcing every month and 40 divorcing every week. In 2012 the divorce rate was 70 divorces per month. Financial stress, marital infidelity and domestic violence are behind the increase in divorces in Zimbabwe over the past two years, it has emerged. Many men are running away from their responsibility and this is making it hard for the women, especially considering the current economic situation.



# EARNINGS STRUCTURE IN ZIMBABWE

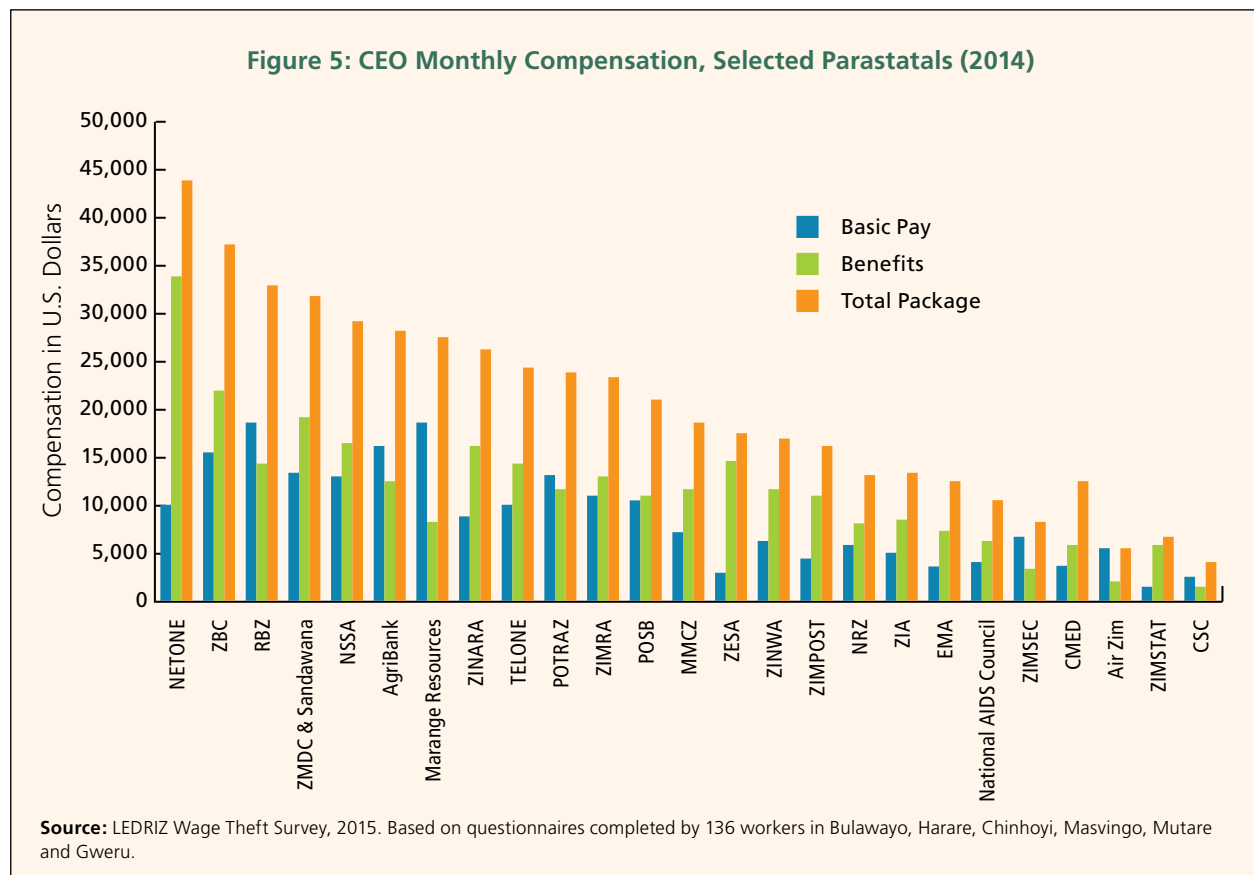
The crisis in the situation of ordinary workers suffering from wage theft is particularly striking given the fact that both public and private employers continue to pay extravagant salaries and benefits to their top executives. A systematic survey by LEDRIZ in 2014<sup>17</sup> showed that while the average minimum wage was \$247 per month, the average chief executive officer (CEO) was paid approximately 75 times as much, with at least one senior executive receiving more than \$500,000 per month. Those in top management, moreover, receive their salaries and benefits on time, without the insecurity of not knowing when they will be paid.

## Parastatals/State-Owned Enterprises

A survey done by LEDRIZ in 2014 found that parastatal CEOs were earning hefty salaries and allowances from ailing state-controlled firms, where service delivery was notoriously low. The highest earner, the CEO of the medical aid agency PSMAS, pocketed \$535,529 per month, including allowances. Even the lowest paid CEO, of the National Gallery of Zimbabwe, was earning \$3,025 per month, including allowances. There was a huge income disparity in top management across companies, as shown in Figure 5.

As Figure 5 shows, compensation for these CEOs also included large benefit packages. In 56 of the

17. LEDRIZ, 2014. The Public Sector and the Parastatal Earnings Structure in Zimbabwe.



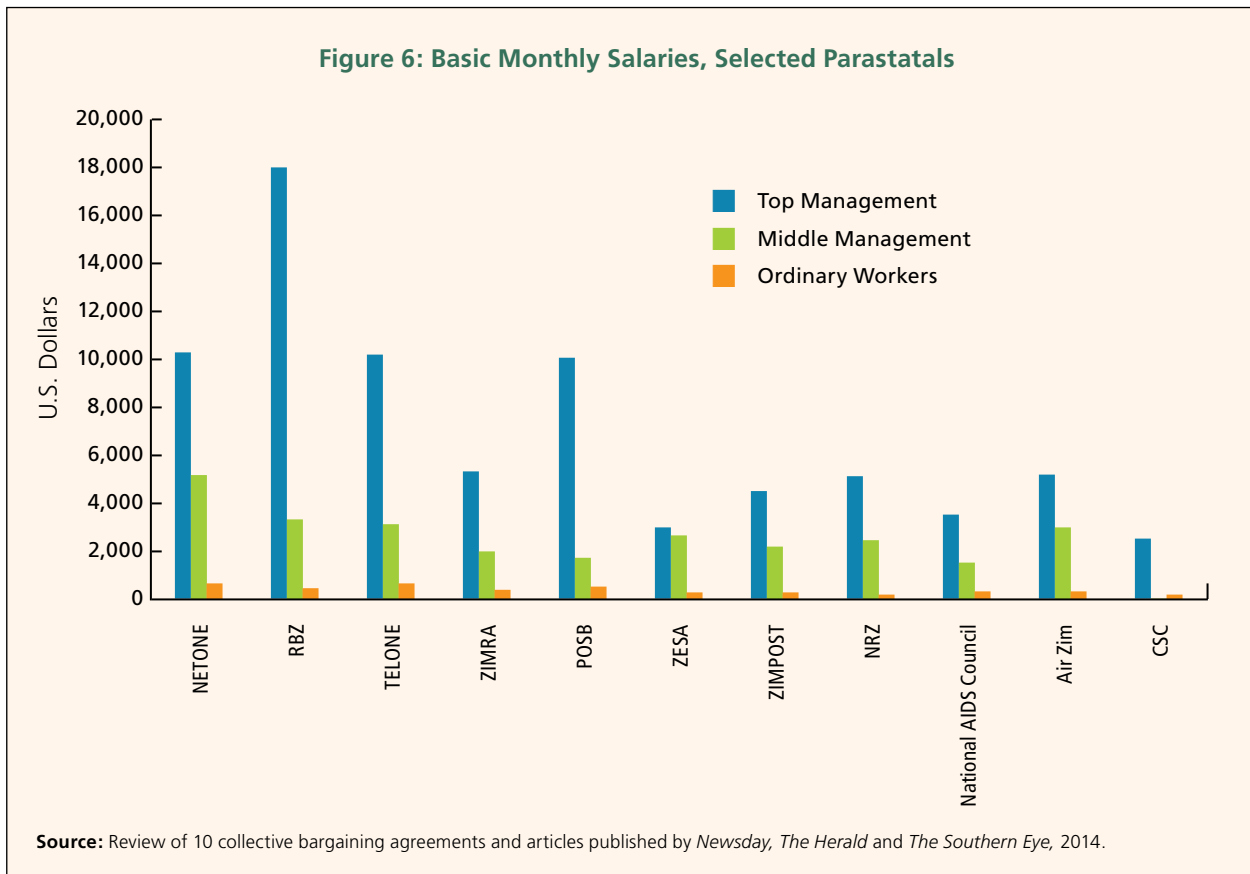
90 parastatals surveyed, benefits exceeded basic salaries. In some cases, the percentage of the total package coming as benefits amounted to as much as 89 percent.

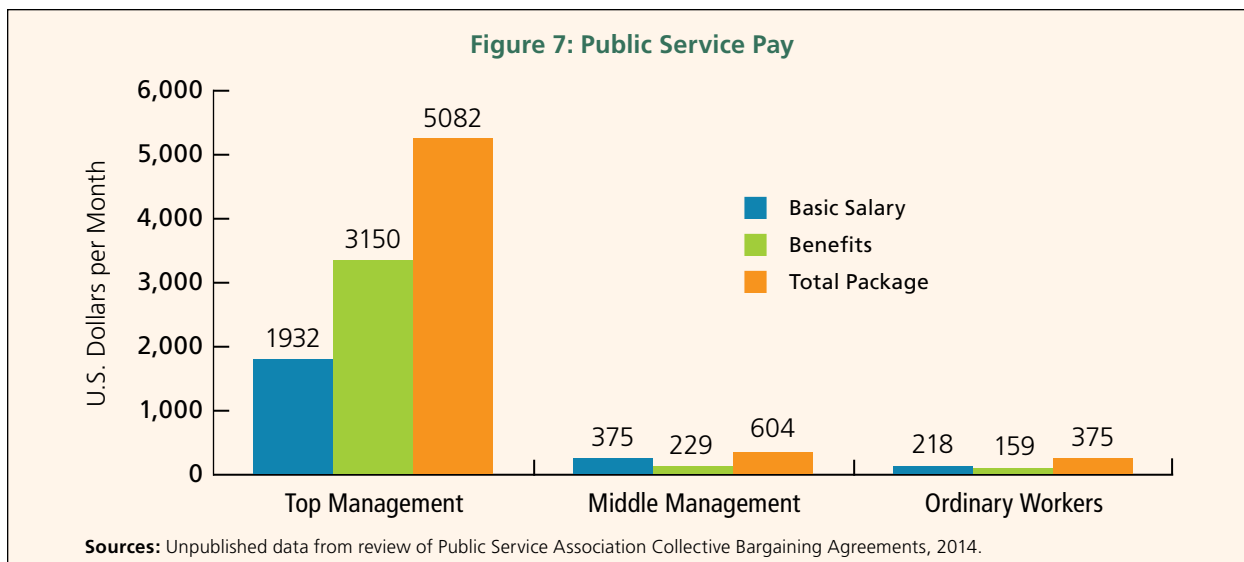
Benefits for top management in the public sector, in a pattern replicated in the private sector, included:

- Fully expensed company vehicles
- Assistance with housing (loan, company house or allowance)
- Cell phone allowances — \$250 to \$350 per month
- Entertainment allowance
- Payment for membership to professional clubs
- Cable television subscription paid (100 percent)
- 100 percent medical aid for spouse and children
- Home security guard (24-hour guard for the CEO)

- Fuel allowance ranging from 250–600 liters per month
- Funeral assistance benefit
- Loans (personal, housing and vehicle) of up to 12 months' salary at any one time
- School fees benefit (up to three children)
- Fully funded education advancement of employee
- Bonus share options equivalent to the monthly basic salary.

The pattern is one of huge income disparities between top and middle management, top management and ordinary workers, and middle management and ordinary workers within enterprises. As shown in Figure 6 below, the gap is relatively smaller between middle management and ordinary workers. In short, the CEOs are the ones who benefit most from these ailing state-controlled enterprises, at the expense of ordinary workers who are getting as little as \$207 a month (when they are fully paid).





## Public Sector

Compared to other sub-Saharan African countries, Zimbabwe has one of the highest wage bill-to-government expenditure ratios. Zimbabwe in 2013 had the highest wage bill as a share of government expenditures among countries in its region, with more than 45 percent. The average

wage bill-to-government expenditure ratio in the region is 26.5 percent. However, at the individual level, the public service remuneration structure has remained modest, with monthly payments of \$375 at entry levels.

Within the public service, permanent secretaries are the counterparts of CEOs in parastatals. They receive

**TABLE 2: SALARIES IN THE PRIVATE SECTOR EXCLUDING BENEFITS (U.S.\$)**

Pay Level	Manufacturing	Banking	Insurance	Hospitality	Telecom	NGO	Mining
1	20,756	18,490	15,614	23,340	18,869	10,306	18,523
2	14,530	12,637	10,811	15,884	14,205	10,118	12,867
3	7,779	7,893	6,173	7,953	10,074	3,785	4,840
4	6,485	5,574	5,270	3,300	7,677	1,949	3,705
5	4,988	4,457	3,266	2,924	5,752	1,752	3,633
6	3,407	3,725	2,824	1,362	5,435	1,500	2,259
7	3,051	2,633	1,646	1,196	4,166	1,143	1,839
8	1,971	2,413	1,429	730	3,478	767	1,234
9	957	725	791	724	1,060	759	927
10	783	652	616	700	837	679	717
11	658	644	588	434	765	613	567
12	580	555	451	356	676	546	516
13	554	500	417	312	634	485	484
14	542	496	395	253	594	452	425
15-16	278	413	357	239	455	395	279

**Source:** LEDRIZ Earnings Survey 2013/2014. Unpublished.

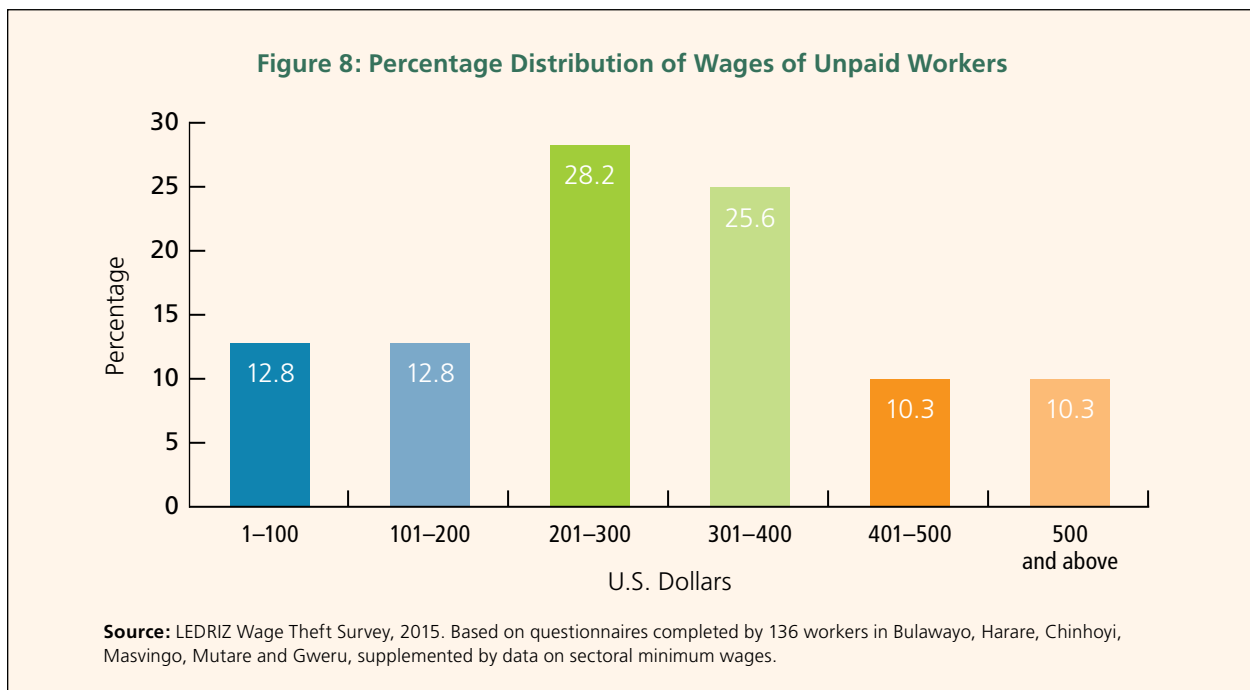
\$1,932 on average as basic salary and \$5,082, including allowances, while the lowest-paid civil servant is getting \$218 per month as basic salary, and \$375 when allowances are included (See Figure 7).

Allowances are high and have apparently become more important than basic salary. Those paid to permanent secretaries include a monthly cash allowance of \$1,000, a 1,200-liter fuel allowance and a cellphone allowance of \$350.

## Private Sector

As with parastatals, top management in the private sector also earned exorbitant salaries and allowances (See Table 2).

Figure 8 shows the wage distribution of workers affected by wage theft, with lowest-paid workers at the poverty level. Yet it is these workers who suffered wage non-payment, while the exorbitantly high CEO salaries and perks continued to be paid without interruption.







# MOTIVES FOR GOING TO WORK

**U**nder such circumstances, it is natural to ask why workers continued to go to work at all. When asked, workers offered these reasons:

**Hope for a better tomorrow.** Some workers recalled the fact that in 2007–08, the economy had gone down but improved in 2009–10. When that happened, those with jobs were the first to benefit. It therefore made sense to be patient and hopeful this time as well.

**Loss of benefits.** Some workers noted that they have worked for the same companies for years and have accumulated years of service, making them eligible for significant retirement packages and severance pay. Quitting would mean losing all the years of service and the benefits that they should receive. After committing so much time to the company, they did not want to walk away with nothing.

**Loss of housing.** Workers in the agriculture sector noted that if they had to leave their employment they would also have to leave their homes. They cannot afford to lose their homes as well as their jobs.

**Looking for a job.** Some workers noted that it was easier to get a new job while one is on another job. With employers requiring reference, they were forced to retain their current jobs while seeking other work. Some workers also noted that they are able to use the office facilities for doing their own side business.

**Lack of alternatives.** With the job market shrinking and the only other source of employment being highly uncertain informal employment, workers opted to stay in their current jobs rather than risk being unemployed. With new laws making survival in the informal sector more difficult, few workers saw that as a viable economic alternative.

**The sense of being employed.** Some workers noted that being employed, in a nation where unemployment and underemployment are rife, gave them a sense of dignity. Rather than spending the whole day at home doing nothing, going to work contributed to their sense of self-worth.

# CONCLUSION

**T**he more disposable income people have, the more they spend, and this spending drives the economy. When people go to work, the aim is to earn an income, which is then spent on goods and services. Wage theft both blocks the workers' motive for going to work and stops the cycle of economic growth. The country is experiencing very low aggregate demand, which has resulted in low levels of industrial capacity utilization and negative inflation. Yet the government is doing nothing to address the issue of wage non-payment, allowing employers to steal from workers with impunity.

The most direct impact is on the victims of wage non-payment and their families. Employers failing to deliver on their contractual agreements to pay wages due has severely harmed low-wage workers who depend on monthly earnings to survive. Families have been forced to cope by changing schools for their children, forgoing basic necessities or relocating family members. This has placed particular burdens on the wives of male workers and on women workers, who are the primary caregivers for immediate families and relatives, and the chief household managers.

This failure to pay what workers are legally entitled to is **wage theft**, with employers taking money that belongs to their employees and keeping it for themselves. This is a clear violation of international labor standards, as well as national labor law.

Employers are taking advantage of the non-enforcement of wage payment by the government, using it as a tool to reduce their workforce without the obligation of paying termination benefits. Workers who fail to show up for work for five days are fired without payment of normal benefits, which are part of the prescribed procedures for terminating employment contracts. Workers who do decide to leave due to the hardships of non-payment suffer the same fate.

Workers who do stay on the job are motivated primarily by the absence of alternatives and by the hope of retaining some opportunities for wages or benefits, while enduring the hardships of working without wages and finding cheaper ways to survive and make a bad situation work.

Finally, the public at large is affected by wage non-payment because the practice reduces tax revenue used for public services. Wage non-payment imposes penalties both through the reduction of economic growth and through the reduction of public services.

The indifference to the rights of workers by top officials in the government and in both state and private companies is particularly glaring given the extravagant wages and benefits they continue to allocate to themselves. The time has come to reverse priorities, for the sake of workers and for the sake of the nation.



# RECOMMENDATIONS

**N**on-payment of wages, in both the public and the private sectors, devastates not only the more than 80,000 workers whose wages are stolen for months or years but also their immediate families and other relatives who depend on them for survival. A comprehensive solution for this problem requires addressing the broader economic and political crises in Zimbabwe. But government and unions can and should prioritize immediate actions to counter wage theft and ensure that workers are paid fully and on time for their work.

In particular, the following recommendations should be implemented.

- The Ministry of Labor, together with representatives of employers and unions, should review the status of companies that are not paying their workers and assist in developing plans to rectify the injustice. If companies are truly not in a position to continue to function and pay wages, the government should assist with financial restructuring that prioritizes clearing obligations to currently employed and laid-off workers.
- Unions representing workers in companies not paying salaries—in full and on time—should demand that the government bring criminal proceedings under the relevant provisions of the Labor Act against employers.
- The government should set an example by reviewing the wage structure in government agencies and parastatals to limit benefits to top managers, institute a more just pay scale and prioritize payments to ordinary workers through collective bargaining or social dialogue.
- In particular, the government should immediately implement, with binding effect, the measure announced by the Minister of Finance in March 2014, namely that CEOs

of state-owned enterprises, parastatals and local authorities should receive a total pay package of no more than \$6,000 per month, while the lowest paid employee should not fall below the poverty line of about \$515.

- Parliament should begin a systematic review of the Labor Act, with a view to bringing it into compliance with the Constitution and all relevant international conventions.
- Zimbabwe should ratify the international conventions relevant to wages and working conditions, as specified by the ILO.<sup>18</sup>
- Trade unions should vigilantly monitor non-payment of wages and other worker rights abuses, making use of works councils and education of workers about their rights and the danger of unilateral actions by employers infringing on those rights. Such infringements include non-remittance of deducted dues, payment of wages to casual workers while not paying permanent workers, and arbitrary reductions in wages and benefits.
- Trade unions should advocate for payment of interest on late payment of wages, at prevailing bank rates.
- Both government and unions should take measures for additional support, psychological well as material, for workers and their families who have been subjected to the impact of non-payment of wages and benefits.

A long-term solution will only be possible if the government develops sustainable policies that bring Zimbabwe out of the current economic crisis. These policies must include a national employment policy that ensures decent work for all workers in Zimbabwe.


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18. See <http://www.ilo.org/global/standards/subjects-covered-by-international-labour-standards/wages/lang--en/index.htm>.

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Ennie Marufu, 90, works at her granddaughter's project, Dovi World, selecting peanuts suitable for making peanut butter. Her granddaughter, Nyaradzo Tavarwisa, a member of the Zimbabwe Chamber of Informal Economy Associations (ZCIEA), a Solidarity Center ally, assists other women and ZCIEA members in setting up their own peanut butter businesses.



# APPENDIX 1: OBJECTIVES OF THE STUDY

The overall objective of this study was to discover the extent of non-payment of wages in the public and private sectors and its effect on workers and the economy at large.

The specific objectives of the study included:

1. To investigate and undertake an in-depth analysis of the various types of wage non-payments, including:
  - Workers in employment not getting their wages
  - Workers who have been laid off but have not received their wages (for months they worked) and employment termination packages; and
  - Workers who have been laid off and received the wages but not employment termination packages.
2. To analyze the extent of wage gaps in both the public and private sectors.
3. To assess the actions taken by workers regarding this issue and the results and impact of such actions;
4. To assess the coping mechanism adopted by the families of the workers; and,
5. To make recommendations to address the situation of non-payment of wages in Zimbabwe.





## APPENDIX 2: RESEARCH METHODOLOGY

The study relied on a triangulation of methods. These included interviews with key stakeholders (trade union officials, trade union members and wives of trade union members), as well as other primary and secondary sources of data.

The study included field visits to consult with ZCTU and affiliate trade union regional offices, trade union members and affected trade union members' wives. The field visits took place in two two-week missions in 2014, the first in August and the second in October. The visits covered all six regions of the ZCTU, namely Northeastern, Southern, Western, Central, Northern and Eastern. Each mission used both quantitative and qualitative methods, including interviews, questionnaires, focus group discussions, key informants and stories of change.

Primary research data came from:

- *Interviews:* To solicit inputs on the various aspects of non-wage payment and its impact, interviews were carried out with union leadership, union members and wives of affected male workers.
- *Focus Group Discussions:* Two sets of focus group discussions were held, one with affected workers and the other with their wives.
- *Questionnaires:* During the field visits, questionnaires were administered and filled in by affected workers. The workers were asked to meet at the ZCTU regional offices where they filled in the questionnaires. This was done to ensure that the majority of the questionnaires were returned. A total of 30 questionnaires were given to members who could not come to the regional offices.
- *Key Informants:* Key informant interviews were carried out with ZCTU regional officers and affiliate regional organizers, who are the people who interact with workers on the ground and collect information on working conditions. They provided firsthand knowledge about the state of workers and companies and gave insight on the nature of problems and recommendations for solutions.
- *Data on companies and workers affected by non-payment:* This was provided by the key informants mentioned, who maintain regular contact with workers in the different sectors of the economy and monitor the status of workers in companies.
- *Stories:* Wives of affected male workers provided additional stories of the economic, physical, social and mental effects on families of non-payment of wages.

Research in secondary sources through a desk review covered all relevant reports and documents available to the researchers. These included the Labor Act and other government documents, collective bargaining agreements, economic reports and newspaper articles. Specific sources are cited in footnotes or included in the list of references.

**TABLE 3: SUMMARY OF PRIMARY RESEARCH DATA SOURCES**

Tool	Quantity	Comment (s)
Field Missions	2	
Interviews	76	Challenges were faced in the Southern Region, where <b>18</b> affected workers refused to come for interviews, fearing being fired. This is the only region where no interviews with spouses were carried out.
Focus Group Discussions	12	The FGDs for workers averaged eight participants, while the FGDs for the spouses of affected workers averaged five participants.
Questionnaires	136	150 were distributed, with a return ratio of 90.7 percent.
Key Informants	10	
Interviews with spouses	8	These interviews, all with wives of male workers, were very helpful, as those interviewed spoke very openly, noting that having the opportunity to speak about these issues was therapeutic.





## APPENDIX 3: BACKGROUND

### Economic and Social Context

The year 2008 marked 12 consecutive years of economic decline in Zimbabwe. The severe crisis produced a cumulative economic decline in excess of 51 percent from 1999–2008.<sup>19</sup> Hyperinflation skyrocketed to 231.2 million percent in July 2008, while chronic shortages of foreign currency, water, electricity, fuel and basic commodities prevailed. The year saw low capacity utilization in industry; poverty wages and declining levels of employment for workers; informalization of the economy; and wrongheaded policies, policy reversals and contradictions. Furthermore, the year 2008 was particularly challenging as the social sectors, especially health and education collapsed. The outbreak of cholera in nine of the 10 provinces was a final indication that Zimbabwe was becoming a “failed state.”

The adoption of a multicurrency regime and cash budgeting, along with discontinuation of the quasi-fiscal operations of the Reserve Bank of Zimbabwe in 2009, killed off hyperinflation and helped restore price stability. The national inflation rate fell from 231 million percent in July 2008 to -7.7 percent by the end of December 2009. Other improvements included improved capacity utilization and re-opening of industries and mines, e.g., Zimbabwe’s largest gold mine, Metallon Gold, which accounts for more than 50 percent of gold output, re-opened two of its five mines after securing credit lines of \$15 million and the removal of foreign currency surrender requirements. Hospitals that had closed or scaled down operations re-opened: The occupancy rate at Harare Hospital rose from 180 patients in March to 576 patients by May 2009, among other improvements.

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19. Sources for this summary include Zimbabwe Ministry of Finance and Economic Development, 2014 and 2015. Additional updates can be found in the annual country-specific reports from *African Economic Outlook* (<http://www.africaneconomicoutlook.org/>).

But the economic rebound was short-lived. Economic growth, having averaged 9.8 percent between 2009–2012, declined to an estimated 4.5 percent in 2013 and 3.5 percent in 2014, due to election-year uncertainties, weakening demand for key exports, tighter liquidity conditions, low domestic savings and investment inflows, power supply shortages, lack of competitiveness and adverse weather. The growth estimate for 2015 of only 1.5 percent is much lower than the projected averages of 4.4 percent for sub-Saharan Africa and 3.8 percent for the Southern African Development Community (SADC). Without policy reforms, the growth rate is projected to remain below 5 percent in the medium term (until 2018). Table 4 shows the sectoral composition of real gross domestic product (GDP) for the 2013–2015 period.

Instead of the anticipated movement of resources, including labor, from low-productivity to high-productivity sectors, Zimbabwe is experiencing a persistent de-industrialization, heightened informalization of the economy and an increasing dependence on natural resources. The economy has been characterized by stronger growth in mining than in manufactured goods, and export recovery is driven by primary commodities. Real growth recovery to positive rates in the post-2009 era was anchored by mining and agriculture, which recorded cumulative growth rates of 57.2 percent and 49.8 percent, respectively.

A key structural change is the emergence of the mining sector as the engine of growth and recovery. This has huge negative implications for employment creation and poverty eradication, given its capital intensity and enclave nature. With this increased dependence on primary commodities and weakening of the manufacturing sector, the structure of the Zimbabwean economy has become more typical of other sub-Saharan African economies whose

**TABLE 4: SECTORAL COMPOSITION OF REAL GDP (2013–2015)**

	2013	2014	2015	
			Original	Revised
Agriculture, Hunting and Fishing	-2.6	26.3	3.4	-8.2
Mining and Quarrying	11.7	-2.9	3.1	3.5
Manufacturing	-0.6	-5.1	1.2	1.6
Electricity and Water	5	5	2.5	-4.2
Construction	3.9	5.5	2.9	3.9
Finance and Insurance	11.3	7.2	3.7	4.4
Real Estate	0.7	-1.7	2.5	-1
Distribution, Hotels and Restaurants	3.9	3.6	4.7	5.1
Transport and Communication	7	0.9	4.1	3
Public Administration	3.4	4.4	1.9	1.5
Education	2.9	3	2.1	2.3
Health	0.5	5.9	2.1	3.2
Domestic Services	6	1.5	2	2
Other Services	-4.7	1	3	3
GDP at Market Price	4.5	3.5	3.2	1.5

Source: Zimbabwe, Ministry of Finance and Economic Development, 2015.

fortunes are primarily dependent on the vagaries of external primary commodity markets and weather conditions. Weakening primary commodity prices have adversely affected export earnings since the last quarter of 2013, although they have also reduced the import bill (e.g., grain and oil).


The share of manufacturing in GDP, which peaked at 26.9 percent in 1992, now stands at around 15 percent. Capacity utilization in the sector declined from 39.6 percent in 2013 to 36.3 percent in 2014, prompting the Confederation of Zimbabwe Industries (CZI), in its “State of the Manufacturing Survey,” to observe that: “Industries in Zimbabwe are under serious threat. The annual Confederation of Zimbabwe Industries (CZI) Manufacturing Sector Surveys suggest that industrial capacity utilization declined 33 percent in 2009, 43.7 percent in 2010, 57.2 percent in 2011, 39.6 percent in 2012, 36.9 percent in 2013 and 34.6 percent in 2014. As of 2014, the major capacity constraints in the manufacturing sector were as shown in Table 5.

According to the 2014 Labor Force Survey, 94.5 percent of employment in the country is informal, up from 84.2 percent in 2011 and 80 percent in 2004. Tellingly, 98 percent of currently employed youth aged 15–24 years and 96 percent of cur-

**TABLE 5: MAJOR CAPACITY CONSTRAINTS, 2014**

Major Capacity Constraints	Percentage of Responses
Low local demand	28.8
Working capital constraints	26.5
Competition from imports	14.2
Antiquated machinery and machinery breakdowns	7.3
Drawbacks from current environment	7.0
High cost of doing business	6.2
Shortage of raw materials	6.2
Power and water shortages	3.8

Source: Confederation of Zimbabwe Industries, 2014.



rently employed youth aged 15–34 years were in informal employment. While the Medium Term Plan<sup>20</sup> (MTP) (2011–2015) notes that the micro, small and medium enterprises (MSME) sector accounts for an estimated 60 percent of GDP and approximately 50 percent of employment, the FinScope MSME Survey of 2012<sup>21</sup> found that of the 3.4 million MSME businesses in the sector with an estimated turnover of at least \$7.4 billion in 2012 (63.5 percent of nominal GDP), as many as 85 percent of them were not registered/licensed. Hence, a significant proportion of the economy was operating underground, does not contribute to government revenues and other levies, and is outside the domain of formal arrangements, including credit.

As pointed out in the 2015 National Budget Statement<sup>22</sup>, “...such levels of growth remain inadequate for us to begin making a dent at the prevailing levels of capacity utilization in the economy and high unemployment;” (paragraph 76, page 22). To attain ZimAsset targets of in excess of 6 percent growth rates would require addressing all key constraints to rapid economic growth, including improving ease and cost of doing business, guaranteeing uninterrupted supply of adequate power and beneficiation of minerals, among other reforms, including public enterprise reforms. Moreover, the economic rebound was not job-rich, with 4,610 companies closing between 2011 and 2014, and 55,443 employees losing their jobs. Following the Supreme Court judgement of July 17, 2015, giving employers the right to fire on notice, close to 30,000 jobs were lost, bringing total formal employment down to below the 1980 level.

The 2014 Labor Force Survey<sup>23</sup> highlighted the following indicators:

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20. Ministry of Economic Planning and Investment Promotion, Republic of Zimbabwe, 2011. Available at: <http://www.zimwhk.com/Files/MTP%20Printed%20FINAL.pdf>

21. Finmark Trust, “FinScope MSME Survey Zimbabwe 2012,” 2012. Available at: [http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2015/02/24/000470435\\_20150224131206/Rendered/PDF/945050WP0Box385442B0P12644800PUBLIC00ACS.pdf](http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2015/02/24/000470435_20150224131206/Rendered/PDF/945050WP0Box385442B0P12644800PUBLIC00ACS.pdf)

22. Republic of Zimbabwe. “2015 National Budget Statement.” Available at: <http://www.dpcorp.co.zw/assets/2015-national-budget.pdf>

23. Zimbabwe National Statistics Agency, “2014 Labor Force Survey.” Available at: [http://www.zimstat.co.zw/sites/default/files/img/publications/Labour\\_Labour\\_2014.pdf](http://www.zimstat.co.zw/sites/default/files/img/publications/Labour_Labour_2014.pdf)

(i) Of 227,369 ever-retrenched [laid-off] workers from June 2011 to May 2014, the highest percentage was in the agriculture, forestry and fishing sector (19.8 percent) followed by the manufacturing sector at 18 percent;

(ii) Among those retrenched, 19.9 percent were still unemployed at the time of the survey;

(iii) The unemployment rate increased to 11.3 percent from 10.7 percent in the 2011 survey; and

(iv) The underemployment rate (time related) rose to 16 percent from 12 percent in the 2011 survey.

Continuing with ‘business as usual’ is therefore a recipe for further deterioration and anemic growth.

Against the background of weak domestic demand, tight liquidity conditions and the appreciation of the U.S. dollar against the South African rand, inflation in Zimbabwe is projected to remain subdued at an average rate of -2 percent in 2015, significantly better than the SADC macroeconomic convergence target of 3 percent to 7 percent. Even in the context of deflation, high borrowing costs at an average of 20 percent per annum contribute significantly to the high cost of doing business and lack of competitiveness, with estimates of U.S. dollar prices in Zimbabwe being overvalued by 45 percent. Policy inconsistencies and lack of an enabling business environment has undermined the prospects for foreign direct investment. And limited access to foreign lines of credit have consigned the economy to rely on inefficient production technologies and antiquated equipment. Poor performance of public entities due to weak corporate governance and increasing defaults on external payment obligations by these entities has resulted in called-up guarantees accounting for 24 percent of the external debt. While the 2015 budget proposed to focus on reforms initially targeting 10 major parastatals, progress is painstakingly slow and unsatisfactory.

Regrettably, the expenditure mix in the budget remains tilted toward recurrent expenditures that account for 92 percent of expenditures, leaving only 8 percent for capital development programs. This expenditure mix remains unsustainable and hardly a

building block for implementing the four ZimAsset clusters, namely (1) food security and nutrition; (2) social services and poverty eradication; (3) infrastructure and utilities; and (4) value addition and beneficiation.

Shrinking fiscal space as the economy has slowed down resulted in total revenue for 2015 being revised downward from the original \$3.99 billion to \$3.6 billion. Yet expenditures for 2015 were only marginally revised downward from \$4.115 billion to \$4 billion. This created a financing gap of at least \$399.6 million, to be funded through a combination of domestic and external sources. Employment costs account for 83.4 percent of budgeted expenditures, the worst proportion in sub-Saharan Africa, leaving little for operations and capital expenditures. The target set is to bring down the share of the wage bill in the budget from more than 75 percent to below 40 percent. However, no clear approach has been outlined to achieve so large a reduction in the proportion of employment costs. The ministers of Public Service, Labor and Social Welfare and of Finance and Economic Development have simply been assigned to come up with an appropriate strategy.

## Political Context

Amid the economic meltdown in 2008, Zimbabwe held general elections in march to elect the president and parliament. Official results were released a month after voting finished, which was heavily criticized by the opposition Movement for Democratic Change, who unsuccessfully sought an order from the High Court to force their release. When the results were announced, after recounting and verification by the Zimbabwe Electoral Commission (ZEC), it was announced that Morgan Tsvangirai had won 47.9 percent and Robert Mugabe had 43.2 percent, necessitating a run-off.

As noted in a report<sup>24</sup> by the Human Rights Watch in April 2008, ZANU-PF members set up torture camps (locally called *mabase*) to systematically target, beat and torture people suspected of having voted for or

supported the MDC. The increase in violence, attack on opposition party supporters and displacement of families seemed designed to punish and pressure them into voting for Robert Mugabe in the run-off. Morgan Tsvangirai withdrew from the run-off. Mugabe, as the only remaining candidate, won the elections. Within three months of Mugabe being re-elected, however, the economic crisis accelerated. The ZANU-PF was forced to negotiate with the MDC-T for formation of a unity government. This led to the formation of the inclusive government under the global political agreement (GPA) of September 15, 2008. The new government was inaugurated in February 2009.


After five years of inclusive government, elections were held in July 2013. Though the environment leading into and during the elections was generally peaceful, the results were fiercely disputed, with even the most positive prognoses by SADC and African Union indicating a free but not necessarily fair election.

The overwhelming victory of ZANU-PF was largely unexpected as the situation on the ground suggested a fiercely contested election and a more balanced outcome. Mugabe won by 61.1 percent of the vote against Tsvangirai's 34.9 percent. Speculation as to what transpired before and during an election that produced such a crashing victory for ZANU-PF included: a stolen election through rigging and tampering with voter rolls; use of military and other extra-civil operations on the ground, including covert forms of intimidation; control by the ZANU-PF of the Zimbabwe Electoral Commission, the Registrar General's Office and other key institutions; lack of preparedness on the part of the opposition; and the snap announcement of an electoral date outside of the SADC roadmap that required media and electoral reforms, among other prerequisites.

Since the elections, inter-party competition and rivalry have been replaced by intra-party contestation in both major parties. For ZANU-PF, the post-election environment quickly degenerated into factional fights for succession among rival groupings, mainly around provincial elections, which have been characterized by chaotic scenes and allegations of vote-

24. Human Rights Watch, "Zimbabwe: Surge in State-Sponsored Violence," April 25, 2008. Available at: <https://www.hrw.org/news/2008/04/25/zimbabwe-surge-state-sponsored-violence>





buying and rigging. After the ZANU-PF Congress in December 2014, Vice President Joyce Mujuru was booted from the party and removed from office on allegations that she had plotted to kill the president. In April 2015, Mujuru formed another political party, People's First Party.

Within the MDC-T, disputes over whether Tsvangirai should continue leading the party or not were followed by formation of multiple factions. Members of the MDC-T National Executive launched a group dubbed the Renewal Team, led by Tendai Biti and Elton Mangoma, which aimed at ousting Tsvangirai as

the party's leader. After failing to topple Tsvangirai, the Renewal Team was transformed into a political party called MDC-Renewal, led by Sekai Holland. Within two months there followed a dispute between Biti and Mangoma over leadership, which led to Biti forming a new party, the People's Democratic Party.

As the social and economic situation for ordinary Zimbabweans continues to worsen, it seemed that politicians of all parties were far more interested in disputes among themselves than in seeking solutions for the nation.





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