

# Trade unions in Malawi

**T**he advent of political pluralism in Malawi after the demise of the one-party state in 1994 has created space for 'free political and trade union activities'. It has also brought about increased hope for millions of people who are unemployed and underemployed – hope that jobs will be created and poverty eradicated. However, the country is still characterised by low economic growth, high unemployment and high underemployment.

Economic growth has been negative despite the country's low wage strategy, which was implemented to promote economic growth. Workers have also been subjected to retrenchments, especially in the parastatals that have privatised since 1994. The price of basic commodities has skyrocketed. The increasing rate of retrenchments, low economic growth together with lack of internal resources and capacity are some of the challenges that confront the labour movement in Malawi.

## **Economic indicators**

Malawi has some of the most fertile areas in southern Africa. Yet, it remains one of the poorest countries in the world. This is despite the ruling party's promise of economic reform and poverty alleviation in its 1994 and 1999 election manifestos. Malawi like many developing countries depends on agriculture's contribution to

*Sabata Nakanyane reports on the labour movement in Malawi.*

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the GDP. According to the World Development Report 1999/2000, agriculture:

- generates close to 40% of Malawi's GDP,
  - accounts for 90% in export earnings;
  - supports about 90% of the population.
- Agriculture has thus occupied a primary position in employment creation in the country from the pre-colonial period to the present day.

The 1999/2000 report ranks Malawi 144 in terms of its GNP (US\$ 2,1-billion in 1998). Malawi's average income is low as compared to neighbouring countries. It has an average income (GDP per capita) of US\$775, which is low compared to Mozambique (US\$995), Zambia (US\$986) and Zimbabwe (US\$2 135) (UNDP 1999).

In 1998, the World Bank estimated the population of Malawi to be 10,5 million with an annual growth rate of 3,1% between 1990 and 1998. The labour force of Malawi is estimated to be around 5 million and about 12% (estimated to be 558 000) of the labour force is engaged in formal sector employment. A large majority of the population survives from

## Structure of the economy

(World Development Report 1999/2000:252)

% of GDP	1977	1987	1997	1998
Agriculture	41,8	49,0	36,3	38,3
Industry	18,7	24,9	17,5	19,0
Services	39,6	26,1	46,1	42,7

income generated through participating in agriculture, either subsistence farming, small holding, casual labour for cash or food (ganyu) or tenant labour. The public sector dominates the formal labour market as the largest single employer. In 1992, about 117 000 people worked for the public sector, with an additional 18 000 employed in parastatals.

A 1997 survey conducted indicates that about 25% of the population is unemployed. Unemployment is higher amongst women than men, and higher in the urban areas than in the rural areas. The low unemployment rate may be explained by the fact that most subsistence and informal activities are already included in the employment figures.

## Labour law

Prior to 1991 industrial relations in Malawi was characterised by conflict, lack of trust and lack of communication between employers and employees. On top of this, the legislation did not provide workers with the right to collective bargaining. This meant that communication between employers and employees assumed a top-down approach in most industries. Since 1991 the Malawian government consolidated different labour laws into the Labour Relations Act (LRA) of 1996.

The LRA of 1996 came into effect in December 1997. It marked a shift from the previous legislation by providing fundamental rights to workers and their unions. In line with the Constitution of Malawi, which provides for freedom of association and freedom of assembly, the LRA grants similar rights to employees and their unions. To complement this provision, section 6 of the Act protects employees who choose to join or not to



*The public sector is the largest single employer in the formal labour market*

join a trade union. According to the Act, no worker organisation is allowed to discriminate or refuse membership on the grounds of race, colour, nationality, religion, ethnic or social origin. The Act also provides for freedom of association for both workers and employers to organise members, elect officers and form federations.

The Act provides trade unions with the right to bargain collectively with employers on issues relating to conditions of service. A trade union will be legally recognised to be the representative of employees in collective bargaining forums if it has 20% or more members in a workplace. Collective bargaining takes place at enterprise and sectoral level. All bargaining agreements have to be registered with the Registrar. The agreements are binding on all employees and employers who are members of the trade unions and employers' organisation,

respectively, which were party to the agreement. Presently, bargaining is weak in Malawi because it is voluntary and unions are often too weak to pressurise employers to bargain.

The Act provides employers with the right to lock-out and workers with the right to strike. The provision excludes employers and employees providing 'essential services'. The law requires that parties exhaust dispute settlement procedures and serve notice to the Principal Secretary for Labour seven days before embarking on industrial action or locking workers out.

Whilst the LRA signifies what can be regarded as a victory for workers, the government has also introduced the Export Processing Zones (EPZ) Act of 1995. The EPZ Act is aimed at attracting and promoting investment in Malawi. Even though the EPZ Act details incentives for companies with EPZ status, it is silent on

## Current breakdown membership of affiliates members of MCTU

(MCTU Newsletter 1999:2)

Trade union affiliates	actual membership
Building, Construction, Civil Engineering and Allied Workers' Union	2 000
Civil Servants' Union of Malawi	800
Customs Workers' Union of Malawi	380
Electronic and Print Media of Malawi	300
ESCOM Workers' Union	1 500
Hotel and Catering Workers' Union	5 000
Local Government Union of Malawi	1 100
Malawi Housing Co-operation Workers' Union	400
Malawi Posts and Telecommunication Workers' Union	1 000
National Union of Commercial and Industrial Workers	6 000
Plantation and Agricultural Workers' Union	2 000
Railways Workers' Union of Malawi	800
Sugar Plantation and Allied Workers' Union	6 000
Teachers Union of Malawi	35 000
Textile, Leather, Garments and Security Services Workers' Union	1 000
Tobacco Handlers Workers' Union	1 200
Tobacco Tenants and Allied Workers' Union	2 000
Transport and General Workers' Union	6 500
<b>Total membership</b>	<b>72 980</b>



*Most EPZ companies employ workers on short term contracts*

the application of labour laws in companies with EPZ status

### **Trade unions**

There is only one trade union federation in Malawi – the Malawi Congress of Trade Unions (MCTU). MCTU was established in 1995 to co-ordinate the activities of all the affiliates organising workers in all the sectors of the country's economy. The federation has an estimated membership (paid up members) of 72 980 from 18 affiliates. With a total of 558 000 workers in the formal sector, this represents a union density of about 14%. Malawi thus has one of the lowest union densities in the region. Most of the union members are from the public sector with more than 35 000 workers belonging to the Teachers Union of Malawi. This constitutes 48% of the total MCTU membership.

### **Challenges**

The unions in Malawi are relatively weak if we consider their membership figures. The weakness of unions has coincided with numerous challenges brought about by globalisation, the introduction of EPZ companies, the suspension of the Malawi-South Africa trade agreement, retrenchments, privatisation, company closures and hostile employers. Unions face the following challenges in Malawi:

#### *Legislation*

While a number of companies are moving to Malawi, EPZs from other parts of the region (especially from South Africa), many of them undermine the existing working conditions, labour laws and standards. This can be attributed to lack of enforcement agencies, especially from government, to ensure that regulations are adhered to.

Also, the silent nature of legislation towards EPZ companies creates space for companies to bypass labour laws

### *EPZ companies*

The labour movement is struggling to ensure that working conditions outlined in the LRA apply to companies with EPZ status. Sustaining jobs in the EPZ companies has become an added challenge for unions as most companies employ workers on short-term contracts. This has serious implications for union membership which tends to go up and down according to workers' contracts. Thus, the labour movement needs to engage in processes to ensure that labour laws are applied to EPZ companies

### *Trade agreement with SA*

The suspension of a trade agreement between Malawi and South Africa has become an added challenge for the union movement. It has led to a temporary closure and lack of access to the South African markets by Malawian companies. This has resulted in company closures and retrenchments. Unions have battled to save workers' jobs and thus membership figures have dropped.

### *Resources and capacity*

Unions also lack resources and capacity. The affiliates are experiencing shortages of administrative infrastructure and are forced to rely on office equipment provided by MCTU (which itself gets some external funding). Lack of resources and especially financial resources, has become a major constraint for affiliates as it affects their functions. Their recruitment drive and educational programmes have been hampered by lack of funds. Lack of financial resources has a negative impact on the affiliates' ability to have access to basic necessities for running an office. This

includes, telephones, fax machines, computers and photocopying machines.

The unions should devise ways and means of addressing these challenges in order to make hard-won gains (such as more favourable labour legislation) more meaningful. This requires deploying more organisers on the ground to recruit and service members. These points have been acknowledged by Francis Antonio (general secretary of MCTU): 'We have to work towards improving awareness levels of union matters among the majority of workers who still do not appreciate the significance of trade unions.' (Editorial comment in *MCTU Newsletter*, 2000:1) Simultaneously, unions should work towards influencing policy directions taken by government. These activities could help strengthen organisation and reduce the levels of unemployment and retrenchments. ★

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