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**REPORT ON MISSION TO ZAMBIA**

**10-13 April 1996**

**by**

**M. J. Balogun**  
Executive Secretary  
Economic Commission  
for Africa / United Nations

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**UNITED NATIONS  
ECONOMIC COMMISSION FOR AFRICA**

**Public Administration, Human Resources  
and Social Development Division**

**Report of Mission to Zambia  
16-13 April 1996**

**by**

**M. J. Balogun & A. Beyene  
Senior Regional Advisors  
ECA**

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## I. Introduction

1. The mission to Zambia took place between 10 and 13 April 1996. It was undertaken by two regional advisers, Messrs M J Balogun and Asmelash Beyene, at the request of the Department of Productivity Development, Ministry of Labour and Social Security, Republic of Zambia. As required by its terms of reference, the mission assembled data on the philosophy underlying the establishment of the Department, the Department's role and objectives, the problems facing it in implementing its programmes, and the efforts being made to tackle the problems and to provide it with a new strategic vision within a new institutional framework.
2. The mission's findings and recommendations are outlined in the subsequent paragraphs and sections.

### Mission Terms of Reference

3. The mission's long-term objective is to assist the Department of Productivity Development in its efforts to enhance its human and institutional capacity to effectively monitor and promote productivity in Zambia. In pursuance of this objective, a fact-finding mission was fielded between the 10th and the 13th of April to enable the ECA regional advisers to hold preliminary discussions with the Department, representatives of stake-holders (or social partners), and other interested parties.

### Method of Proceeding

4. In addition to the discussions held with key officials in the Ministry of Labour and Social Security, the regional advisers met and exchanged views with the Principal and senior staff of the National Institute of Public Administration (hereafter referred to as NIPA), the Director of the Lusaka office of the International Labour Organization (ILO), the Head of the Organisation Design (Management Development Division) Cabinet Office, the Executive Director, (Zambia Federation of Employers), and the Assistant Secretary-General, Zambia Congress of Trade Union). Annex A is the list of persons who assisted the mission in the discharge of its functions. Their contributions are gratefully acknowledged.

## **II. THE PRODUCTIVITY DEPARTMENT: AN OVERVIEW OF ITS ORIGIN, OBJECTIVES AND OPERATIONAL PROBLEMS**

5. In response to the concerns expressed over declines in productivity within the economy, the Government, in 1992, abolished the then Department of Industrial participation, and, in its place, established the Department of Productivity Development. While the majority of officers who served in the former Department were either relieved of their posts or transferred, two (the present Director and the Senior Research Officer) were retained to form the nucleus of the new Department.

6. The new Department became operational on 1 June 1993. Its objectives are to:

- (i) promote productivity consciousness in the country in general, and in management/employers, workers and union leaders and government officials, in particular;
- (ii) carry out research in productivity improvement methods and techniques, measurement, analysis, and planning, motivation and incentive schemes and to encourage their adoption in work organization, and to generally monitor productivity trends in the economy;
- (iii) carry out education and training programmes on various productivity improvement schemes or programmes;
- (iv) serve as a methodology centre for the country assisting sectoral, industry or organizational productivity improvement units or branches in their activities; and
- (v) provide consultancy and advisory services in productivity improvement methods and techniques, measurement, analysis, and planning.

## **Institutional Framework**

7. The Department operates within the Ministry of Labour and Social Security. This means that, to all intents and purposes, it is bound by civil service rules, operational procedures, and chain of command. This has also created an image problem - particularly within the business community which rightly or wrongly associates the civil service with lethargy, re-tape, and declining productivity. Not surprisingly, moves towards reconstituting the Department into an autonomous agency have gathered momentum in recent months - a subject that we shall return to later.

8. In the meantime, it is necessary to add that since its inception, the Department has worked as the secretariat of a tripartite body, the National Steering Committee on Productivity comprising representatives of Government, employers and workers (See Annex B for the membership of the Committee).

## **Achievements and Problems**

9. Since its inception, the Productivity Department has, within the limit of its resources, undertaken a number of activities. These include the conduct of a research survey focusing on productivity constraints in Zambia, the organization, in collaboration with the print and electronic media, of national productivity improvement campaigns, liaison and networking with institutions performing similar productivity monitoring and improvement functions within Zambia and without, and training of staff.

10. The main problems facing the Department are shortage of staff, financial and budget constraints, and a widening credibility gap. The last category of problem (credibility gap) is attributable to the Department's perception as another civil service bureaucratic outfit - one that is yet to gain the confidence of the bulk of its clients in the business community. In any case, its attachment to the regular civil service has worked against it in that it has to operate within the confines of the civil service staff recruitment and budgetary procedures. These are some of the problems brought to the attention of the ECA mission and discussed in greater detail in the subsequent paragraphs.

**III. ENHANCING THE CAPACITY FOR PRODUCTIVITY IMPROVEMENT:  
ECA MISSION'S FINDINGS**

**Briefing session with Mr. Ronex R. Mtonga**

11. The ECA mission started with a briefing session with Mr. Mtonga, the Director of the Productivity Development Department in the Ministry of Labour and Social Affairs. The Director informed the mission that the Department of Productivity was a successor to the Industrial Participatory Democracy Department, which existed until the last election which brought in a new government. It was at the time felt that the old department was highly politicised and irrelevant to the new circumstances.

12. It was then decided to abolish it and replace it with the new department of productivity development.

13. A study by Professor Cambridge of ILO had recommended the establishment of a productivity centre. The government gave the green light for its establishment provided that it would be financially self supporting. Mr. Mtonga reported, however, that the new department was not immediately in a position to assume the self-financing status. It was thus decided that the department remain, in the interim, within the Ministry of labour, and be financially supported by Government. The recommendation was approved in 1992 but the department did not become operational until 1993.

14. It was believed, as a start, that the department should initiate a study on the status of productivity at the macro/micro levels, select companies for in-depth study and look at existing productivity promotion programmes. However, there was difficulty in launching the project due to financial problems. An attempt to obtain assistance from the ILO to launch the project did not materialize.

15. As there was general lack of consensus on, and understanding of, the concept of productivity in Zambia, the organization of educational campaigns aimed at promoting productivity was accorded high priority. With a small grant from UNIDO, the Ministry launched a national productivity campaign in February 1994. It was expected to begin with a series of TV

programmes, but delays in payments to the T.V. station resulted in an initial hitch. Even after the sums due were paid, the TV campaign did not prove sustainable. It was discontinued after the T.V. producers concluded that the viewers were not interested in it. All the same, and between 1994-1995, two TV programmes and a radio programme which highlighted the basic issues on productivity were aired. With regard to the study on productivity, financial constraints prevented its being carried out on a scale initially envisaged. It was therefore decided to scale down the study and focus on a survey of the state of productivity in Lusaka Urban. The study sought merely to ascertain the understanding of the concept of productivity among senior executives in parastatals and private companies.

16. Mr. Motonga indicated that the department did not command respect and confidence of the private sector as the latter doubted that a government agency could spearhead productivity enhancement initiatives. The low salaries and unattractive working conditions have not made it easy to attract capable employees. As a result, many of the established posts remained vacant.

17. It was also pointed out that the well intentioned productivity campaigns based on TV and newspaper advertisements ran into difficulties as the initiative was misconstrued in some quarters as a political, rather than a problem-solving, operation. As a result it was found necessary to target the campaigns to industries and this is being done in collaboration with the social partners, under the existing tripartite arrangement. A one-day seminar, followed by a luncheon, was organized at the Bata shoe company which operates a Total Quality Management (TQM) programme. The Seminar brought together selected business executives and exposed them to the achievements of Bat in operating TQM, and the problems experienced. Another seminar is planned in an agency with a similarly innovative programme.

#### **Meeting with Permanent Secretary**

18. Following the briefing session with Mr. Mtonga, the ECA team paid a courtesy call on the Permanent Secretary (PS) of the Ministry of Labour and Social Security. The PS thanked ECA for responding to their request at short notice and observed that there were serious constraints on productivity in the country. In the permanent Secretary's view, it would be difficult to achieve economic development targets without productivity. He noted that serious reservations about the government's ability to spearhead productivity improvement had been expressed in different

quarters. There was therefore a plan to transform the productivity department into an autonomous centre. He emphasised that the productivity culture should be imbibed by both the public and private sectors.

### **Meeting with NIPA**

19. The team, together with Mr. Mtonga, called at the office of the Principal who met them with his senior staff, Mr. Mtonga briefed the group on the purpose of the visit and the NIPA principal, with the assistance of his senior staff, shared their experiences in transforming NIPA into an autonomous body. They outlined the tasks preceding the launching of the self-financing strategy, including the preparation of a strategic plan, asking clients in business and government agencies what was expected of NIPA, reviewing and redesigning programmes, exploring financing and resource mobilization options, and preparing the ground for effective financial management. It was reported that the focus of NIPA's activities would be on senior management training, business studies and research and consultancy.

### **Meeting with Mr. Adam Simbeye, Area Director, ILO**

20. The Director of the ILO Office in Lusaka, Mr. Simbeye, informed the ECA team of ILO's readiness to assist SADC members States. The ILO multi-disciplinary advisory group, as well as the enterprise development department at the ILO headquarters, are among units capable of extending assistance. He emphasised the importance of productivity to Zambia and mentioned that even though the Ministry of Labour had approached his office for assistance, he could not respond to that call favourably because of the current financial crisis faced system-wide in the UN.

21. Although the ILO had in the past supported member States in infrastructural development as well as in setting up productivity centres, its current financial situation had not made that possible any more. However, his area office would be able to assist in supporting seminars and studies. He added that the ILO was in the process of hiring a local consultant to undertake a productivity study in Zambia. He promised to extend assistance, within the limits of his resources, to strengthen the productivity centre. He also welcomed ECA's assistance to the department and remarked that the UN agencies should help in areas where they believed that they had comparative

advantage. he identified the Scandinavian countries as likely source of support to the productivity centre, i.e. once it was established as an autonomous body.

#### **Meeting with Mr. Chikuba, Cabinet Office**

22. Mr. Chikuba, the Head of Management and Organizational Development in the Cabinet Office briefed the team on the progress of the restructuring process under way in the Zambian public service. He reported that management audits had been undertaken, and strategic plans had been completed for all ministries. A number of ministries had also been restructured. According to him, new structures had been approved for ten ministries. he informed the group that the structure for the Ministry of Labour was currently under consideration, and that the Department of Productivity was most likely to be de-linked from its current parent ministry and established as an autonomous agency. He hoped that the remaining new ministerial structures would be ready by June and that more detailed studies would be undertaken regarding the nature of the autonomy of, and extent of support to be extended to, the department to be hived off from the ministries, including the department of productivity development.

#### **Meeting with the staff of the Department of Productivity Development**

23. The ECA mission met with the staff members of the department of productivity improvement at the office of the Director of the Department on 12 April 1996. The Director briefed the staff members about the objectives of the meeting and invited them to share with the ECA team their views on the strengths, weaknesses and future of the division.

24. The members of staff explained to the team their respective assignments and the problems facing the department. Among the problems they identified were: delays in filling vacancies at the senior level due to unattractive salaries, shortage of accommodation, slow advertisement process, and transport constraints.

25. The staff members were optimistic that the department could make significant contributions once it assumed an autonomous status. They believed that the department should in the future focus on the promotion of the concept and methods of productivity, training, consultancy and research. It was suggested that ECA could help identify countries whose experiences could provide

a learning experience to the staff members. They also indicated that they needed relevant literature in the area of productivity. The Director drew attention to the shortage of resources in the department.

**Meeting with the Executive Secretary of the Zambia Federation of Employers (ZFE)**

26. The Secretary-General briefed the mission on the mandate of his organization and reported that it was made up of 31 employer organizations plus individual enterprises in the parastatal and private sector. It was registered under an Act of parliament and dealt mainly with industrial relations and allied employment issues.

27. Even though productivity is considered a key issue at all times, it has come to be regarded as very critical following the implementation of SAPs and economic reform. Survival under such circumstances would depend on remaining competitive. Hence, the need for enhanced productivity.

28. The Secretary-General recognized the special efforts made by the Director of the Productivity Department. He noted that the director had to put up with a lot of frustration because of the department's location within a government ministry, and deprivation of badly needed resources. He indicated that the ZFE had been campaigning for the strengthening of the department of productivity by providing it with adequate resources and autonomy that would enable it to function effectively. He was optimistic that once the government extended substantial support to the department, donors would also be encouraged to do likewise.

29. He remarked that there was no coordination of productivity improvement efforts at the macro level, with most efforts focusing at plant level. He observed that the Zambian economy was until the recent liberalization moves, closed and state-dominated. He noted that if Zambia was to survive in the global economy, it had to remain fairly competitive. There was thus a need for manpower training in all sectors aimed at enhancing productivity. Productivity indices needed to be developed as much indices are lacking except in ZCMCO. He emphasised the need to develop productivity manuals at the plant level in all sectors. Work studies have to be undertaken to improve productivity. There is need for methods of identifying waste and developing techniques for reducing or eliminating it. The productivity centre should further develop a niche for itself by concentrating a practical application of productivity measures at the plant level. Vocational training

should be one of its major programme thrusts. Once the department secured the necessary tools and equipment, built its capacity and its services became easily accessible, it should be possible to gradually phase out government funding and subsidy, and eventually generate its own funds.

30. The need for a vigorous campaign to gain acceptance was emphasised. It was also pointed out that acceptance by the ZFE would depend on demonstration of usefulness and relevance to clients of services provided by the centre. It would in particular help if case studies could be carried out to show productivity improvement as a way of attracting clients.

31. The Secretary-General believes that agriculture, tourism and manufacturing sectors could be targeted for productivity improvement given their importance to the economy. He also proposed that the mining sector, being the mainstay of the economy, should be given equal attention. He called for aggressive marketing to sell the products of the centre.

**Meeting with Assistant Secretary-General of Zambian  
Confederation of Trade Unions (ZCTU)**

32. Mr. Mtonga briefed the Assistant-Secretary, who is also a member of the steering committee on productivity, on the objectives of the meeting and asked him to share his views with the ECA team on the problems of productivity in Zambia.

33. The Secretary-General underscored the importance of productivity for economic growth but observed that the area faced many constraints. He noted that the trade unions believed in the enhancement of productivity to stimulate economic growth. He stressed the difficulty the steering committee faced under the present arrangements where the department of productivity lacked autonomy. If the steering committee was to function as an effective body, it should be transformed into an autonomous board. As it stands now the department is not getting adequate funding and attention. Relocating the department in the office of the President or Vice-President could enhance its funding prospects and visibility. It was suggested that the new functions of the autonomous body include:

- policy and strategy formulation on enhancing productivity in industry;
- advise government on productivity enhancement;

- provide in service training;
- formulate training policy;
- facilitate interface between business, government, trade unions and research institutes.

Once the productivity centre was endowed with the necessary autonomy and resources, and on condition that it operated efficiently, the Assistant Secretary-General strongly believed that the ZCTU would be one of its major clients.

#### **IV. Conclusions and Recommendations**

34. The ECA mission's examination of secondary sources and the field interviews carried out reveal, inter alia, that:

- (a) important as it is, the concept of productivity os yet to be widely understood, and measures for enhancing it are still at a rudimentary stage;
- (b) the implementation of structural adjustment reform has introduced a new sense of urgency to the debate on productivity in Zambia;
- (c) the Government of Zambia has demonstrated its commitment to productivity improvement through the establishment of productivity department;
- (d) the benefits of this token move towards productivity have, however, been emasculated by the location of the department within the civil service - an action which, besides limiting the operational flexibility of the department, portrays it as the least likely to succeed as a productivity-enhancing agent;
- (e) regardless of the constraints facing it, and within the limit of its resources, the existing Productivity Department has undertaken a number of activities worth building upon;
- (f) there is wide recognition of the need to confer substantial autonomy on the Productivity department, and endow it with adequate resources; and

- (g) external donors will be favourably disposed towards requests for assistance only when they are convinced of the genuine efforts being made within Zambia to launch and sustain a productivity improvement programme.

35. Taking the preceding conclusions into account, the ECA team recommends as follows i.e., that:

- (i) a clearly defined and well-coordinated productivity improvement and systems rationalization programme be introduced in Zambia;
- (ii) the support of institutions and individuals critical to the implementation of the programme be enlisted;
- (iii) the on-going plan at transforming the Productivity Department into an autonomous but well-endowed agency be vigorously pursued;
- (iv) the Department, in the interim, prepare a strategic plan outlining the new directions to be followed, clients to be served, the activities to be undertaken, the resources to be tapped, and the type of human and institutional capacities needed to accomplish the strategic objectives;
- (v) the Department simultaneously work on the preparation of a new legal instrument and draft staff regulations;
- (vi) staff development/capacity building be accorded high priority at this critical stage.

36. In support of the on-going efforts, the ECA Department, in collaboration with the ILO Office in Lusaka, will provide the technical assistance needed in:

- (a) reviewing and finalising the new strategic document as well as the legal instrument;
- (b) conducting seminars, and the capacity building programmes requested by the productivity department;

- (c) linking the productivity department/centre to comparable institutions and data sources outside Zambia.

37. It is expected that the first in the series of ECA's substantive interventions in Zambia's productivity improvement drive will commence at the end of July when a follow-up mission is scheduled to be fielded.