

**Globalisation and Development in Zambia:
Challenges and Prospects.
Report of Zambia National Workshop.**

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1. INTRODUCTION

The OSSREA Zambia Chapter held its third one-day local workshop on 10th May 2001 at the Taj Pamodzi Hotel, in Lusaka. The theme of the workshop was *Globalisation and Development in Zambia*. An important departure from the previous two workshops which were an almost University of Zambia affair, the 2001 workshop was attended by participants from two other colleges in Lusaka. Participants also came from the Evelyn Hone College of Applied Arts and Commerce and from the National Institute of Public Administration. The workshop was attended by a total of 34 out of the 45 persons invited to attend, and close to 50% (16) of these came from the two colleges. The Deputy Vice- Chancellor of the University of Zambia, Prof. Elizabeth Mumba, officially opened the workshop. The workshop was immediately followed by the business meeting at which the By-laws were explained to the participants and a new national executive committee was elected.

2. PAPERS PRESENTED

In all, eight papers were presented by six lecturers from the University of Zambia and two from the Evelyn Hone College of Applied Arts and Commerce. The first paper, *Globalisation and Emerging Political Contradictions in Zambia: The Challenges of the New Millennium*, by Prof. Jotham C. Momba, looks at the political contradictions that are emerging in Africa and that are linked to the phenomenon of globalisation. The paper takes as its central argument that while many positive aspects of globalisation exist there are also serious contradictions that have been brought about by this phenomenon. Among such contradictions are the shrinking role of the state in the face of increasing poverty and other negative social consequences of globalisation itself against the backdrop of increasing demands for the African state to be more accountable to the electorate; and the inability by the state to cope with increasing demands brought about by the expansion of the political space created by the increased struggle for liberal democracy.

The second paper, *Assuring National Welfare in the Age of Globalisation: Problems and Prospects for Zambia*, by Dr. Laurent C. W. Kaela, analyses the way in which globalisation has affected the welfare of the Zambian people. It examines the performance of the Zambian economy under structural adjustment and the state of national welfare. The paper explores the ways in which the Zambian state has been transformed under the impact of globalisation and the effect of the transformation on the provision of social services. The central argument of the paper is that Zambia's position in the world market has been a marginal one since the mid-1970s, and to the extent that globalisation has positive effects on national welfare, the country has not been positioned to reap this. Instead, the liberalisation of the economy in the 1990s and the switch to pro-market economic policies under SAP has been accompanied by deteriorating social conditions and has not yielded sustainable economic growth.

The third paper by Mr Fidelis Cheelo, *The Impact of globalisation on Trade and Industry in Zambia*, examines the impact that globalisation has had on Zambia's trade and industrial development. The central argument of the paper is that globalisation generally tends to produce major gains for the powerful at the expense of the poor. In the specific case of Zambia, except

for the increase in communication services, the benefits of globalisation have not been felt to the fullest.

The fourth paper, *Perceiving a Path for Sustainable Socio-economic Development in Africa in the Post-Cold War Period*, is by Mr. Gear M. Kajoba. The paper's central argument is that the search for a development path for Africa in the post-Cold War period should be within the context of achieving a transition from centrally planned/commandist to liberalised market economies. This transition will require mobilising and motivating all the stakeholders, who include the private sector and the various social groups and institutions. This process has to be done in a peaceful and democratic manner and should be spearheaded by the middle class or the national bourgeoisie as the new vanguard, in alliance with other stakeholders within and outside Africa in what may be perceived and categorised as a National Democratic Revolution.

The fifth paper, *Preparing for Zambia's Urban Future: Global Pressures and Local Forces*, by Mrs. Wilma Nchito, looks at the role of the city within the global milieu. She argues that as globalisation sweeps the world economy, it becomes imperative to look at the key players in this economic era and one such key player needing attention is the city. Urban centres in the developing world especially have to play their global role with cumbersome internal problems. High poverty levels, unemployment and inequality are some of these pressing problems.

The sixth paper, by Dr. Darlington M. Kalabula, *United Nations Standard Rules on the Equalisation of Opportunities for Persons with Disabilities: How Well Are They Known and Implemented in Zambia?* examines the extent to which the UN rules are known and implemented in Zambia. The central argument of the paper is that although small efforts are being made in assisting persons with disabilities in Zambia, the Standard Rules as discussed above are not known by employers. The line ministries, namely, Ministries of Health, Education, Labour and Social Security, and Community Development and Social Services, which employ persons with disabilities, are not aware of these rules.

The seventh paper, *The Impact of Globalisation on Human Resource Management in Zambia*, is by Ms. Thecra Milambo. The argument of the paper is that globalisation is expected to accelerate growth in developing countries. It specifically examines the aspects of globalisation in relation to the management of human resources. It tries to look at the effects of globalisation in terms of increased competition and how Zambia can achieve competitive advantage through proper utilisation of the human resources.

The eighth paper is by Mr. Charles M. Subulwa. The paper, entitled *The Impact of Cost-sharing on Demands for Basic Education in Zambia*, argues that beneficiaries of primary education should not be required to pay cost-sharing and user fees. He points out that analysis of the role government should play in the provision of education indicates that basic education must be provided by the state. It is in this regard that the policy changes regarding lifting of cost-sharing measures in Zambia's primary schools that was announced by the then Minister of Education in December 2000 are welcome and may reduce the drop-out and low participation rate in basic education.

3. BUSINESS MEETING

At the business meeting, which took place towards the end of the day, a National Executive Committee was elected to assist the Liaison Officer as per the by-laws. The members of the Committee were Prof. Jotham C. Momba and Ms. Wilma Nchito from the University of Zambia; Mr Fidelis Cheelo and Ms. Thecra Milambo from the Evelyn Hone College of Applied Arts and Commerce; and Mr. E. Nkandela from the National Institute of Public Administration (NIPA).

4. SUMMARY OF PAPERS PRESENTED

4.1 Globalisation and Emerging Political Contradictions: The Challenges of the New Millennium

(Jotham C. Momba)

Introduction

The last twenty years or so have witnessed an increasing role of the multinational economic institutions and, in part because of this restructuring of the global economy, there were massive developments in technology and communications. All these factors meant that by the 1990s the hegemony of capital had reached its peak. These rapid developments taking place mostly in the mid-1980s to the present have been labelled as 'globalisation', a term that is rapidly gaining currency in describing the current global economic, social, political and technological structure.

Positive aspects of the economic globalisation have included the increasing transfer of technology and capital to poorer countries and improvements in overall productivity. At the political level there has been the globalisation of issues such as democracy, respect for human rights and good governance in general. As a result of the communications revolution, citizens in individual countries are now able to get information directly from international sources via the electronic media.

There are, however, a number of critical observations that have been made about economic globalisation, particularly the role that has been played by the multinational corporations. One such criticism is that globalisation has led to increased unemployment in both developed and poor countries, and these countries have been forced to lower wages, taxes, welfare benefits, etc., particularly the poor countries by multinational institutions in order to make them competitive.

Globalisation and the declining role of the state in Africa

Globalisation has had a great impact on the position and role of the state in Africa. Perhaps more than anywhere else, the state in Africa has been adversely affected by this phenomenon. The ever-growing role of the global economic institutions in the world economy has greatly undermined the African State, particularly in the eyes of the African population whose perception of the state is rapidly changing for the worse.

A full appreciation of the crises facing the African state as a result of the changes that have taken place in the past twenty years can only be made by looking at the changing role of the state from the time African countries got political independence. On assumption of independence, almost all African governments that replaced the colonial governments adopted some form of socialism which provided the ideological framework for the development strategies that they embarked upon on coming to power. Thus on achieving political independence, the populations in the individual African countries looked to the state to provide jobs, education and other social services and the African State took it upon itself to provide such services. It was in part because of this commitment that the African state in several African countries actively and directly participated in the economic affairs of the country, largely through state-owned parastatal organisations.

However, this African socialism began to face some challenges, particularly in the beginning of the 1970s. The biggest challenge was directly linked to the economic crises that confronted African countries in the 1970s. For the first time, it became clear that African economies were in serious difficulties. They began to borrow heavily, particularly after the 1970s and going into the 1980s. One consequence of the crises of the African economies and the increasing debt crises was the increasing role of the international financial institutions in directing the economic affairs of these countries. In almost all cases, economic restructuring programmes were introduced, which included among others the halting or reduction of a number of state welfare programmes. This brought about great hardships to many people, resulting in riots in protest against steep rises in prices of essential commodities in some countries.

With the diminishing role of the state, African leaders find themselves helpless in resolving a number of socio-economic problems existing in their respective countries, and which are directly linked to globalisation itself. The state in several African countries is for example unable to solve problems of unemployment, increasing poverty levels for the majority of ordinary citizens, growing inequalities between these countries and those of the North. The problem of unemployment is becoming endemic in Africa. In Zambia, among some of the negative social effects of the economic liberalisation arising from the new economic arrangement, have been massive unemployment and retrenchments. This is largely because most of the companies are not generating any new employment. A number of companies that are in the process of being privatised have also undergone major restructuring, leading to massive layoffs. Despite the argument to the contrary, globalisation has increased poverty levels in Africa and in part this has been a result of high unemployment levels and the increasing low wages given to the Africans. Also clearly emerging from globalisation is the widening gap between the industrialised countries of Western Europe and North America and the poor countries of the South. As has been variously observed capital accumulation and circulation is confined to the countries of the North.

The pressure for liberal democracy in Africa

As earlier indicated, an important and positive aspect of the 'globalisation' process has been the globalisation of issues such as democracy, respect for human rights and good governance in general. With the collapse of the Soviet Union and, with it, the end of the Cold War, Western countries embarked on a democratisation crusade in Africa as they had done in Eastern Europe.

African governments have come under increasing pressure to democratise, and their human rights records have come under very close scrutiny. The result of these pressures has been that since the beginning of the 1990s, almost all the one-party and military regimes have given way to multi-party systems. Multi-party elections have taken place in almost all these countries with various degrees of success. Furthermore, ideas such as the creation of strong civil societies are gaining world currency, and Africa's current multi-party regimes are under increasing pressure to create a conducive environment for the growth and free operation of civil society groups. Indeed, donors have taken a leading role in helping the development of such groups through funding their operations.

Furthermore, there is a growing global opinion against absolute sovereignty of individual state in the face of widespread abuse of human rights in many countries, particularly African countries. For example, when presenting his Report in 1991, the then Secretary General of the United Nations, J. Perez de Cuellar, underlined the need to balance this sovereignty with international concerns.

In essence, therefore, the globalisation of issues of human rights and related matters are no longer the exclusive concerns of individual governments. The activities of a number of international human rights organisations such as *Amnesty International* and *Human Rights Watch* have supplemented the efforts of local human rights civic organisations in internationalising human rights issues in individual African countries. As a result of all these factors, the African state cannot, therefore, easily suppress dissent and with the kind of impunity that characterised the behaviour of the state some thirty or so years ago.

With these seemingly positive developments have come some serious contradictions. First, as several observers have noted, the African state has in several cases not been able to cope with the kind of demands that have come with the democratisation crusade, in many cases leading to a "crisis of confidence between society and the state". Secondly, positive as some of the developments towards the steady erosion of the concept of sovereignty of the state may be, the African leaders are at times finding it increasingly difficult to deal decisively with the crises emerging in their respective countries. The rapid expansion in both the number and role of the civil society in Africa has presented its own problems to the state. Although the civil societies have played a pivotal role in the introduction and sustenance of liberal democratic culture, their consistent opposition to the state has at times played a negative role. Also gaining global attention as part of human rights issue in Africa has been the issue of the rights of minority groups, which in some cases has come to challenge the premises on which the African leaders based their attempts to build Africa's new nations.

The impact of globalisation in the next millennium

In conclusion, we can postulate that globalisation is going to intensify, and with it the continuous pressure on African countries to consolidate the democratisation process. The globalisation process may also see the increased inequality among nations and peoples. The international division of labour between the raw material producing poor countries and the industrialised countries is likely to intensify rather than diminish as is sometimes hinted. Unemployment and poverty for the majority of the African people are likely to intensify.

These developments may lead to increased contradictions and conflicts in Africa. The state is currently not in a strong position to respond positively to the increased demands for more employment and increased wages. Even more importantly, the African state is under international pressure to be accountable and to be able to deliver, and yet vital decisions that concern the social and economic welfare of African countries are made elsewhere. The paradox of all this is that it could pose serious dangers to some of the democratic gains that may be acquired from the globalisation process.

4.2 Assuring National Welfare in the Age of Globalisation: Prospects for Zambia

(Laurent C. W. Kaela)

Introduction

Globalisation is a multi-dimensional process involving fundamental economic, political, and cultural transformations. The global economy has increasingly been restructured to conform to neo-liberal economic ideals of the free market and dominance of the private sector over the public domain. The end of the cold war and the collapse of communism in Eastern Europe and the former Soviet Union have created ample space for the global implementation of the neo-liberal agenda of privatisation, deregulation, reduction of government's role and their expenditures, and liberalisation of the global market. This agenda has eclipsed the economic regime of the previous era based on Keynesian economic doctrines of state intervention and welfare capitalism.

What then is the impact of neo-liberal capitalism on welfare? Adam Smith, the author of the classic text, *The Wealth of Nations*, believed that the "invisible hand" of the free competitive market, combined with specialisation, would inject efficiency in the production of goods and services, thereby leading to increased production and improved quality of products. The abundant wealth created, according to Adam Smith, would then spread (trickle down) within nations. Of course, the nature of capitalism has changed considerably since Adam Smith's time. However, the assumptions about the benefits of laissez faire capitalism have been retained by neo-liberals whose doctrine undergirds the globalisation project.

Globalisation without welfare?

Some analysts of contemporary global capitalism have cast doubt on its ability to make positive contributions to the welfare of the inhabitants of the "global village". Studies have shown that there are wide income disparities in the globalised world economy. In 1997, the income of the lowest fifth of the world population dropped from 2.3% to 1.4% over the previous year, while that of the top fifth increased from 70% to 85%.

Employment is one of the major problem areas. As transnationals move all over the global village seeking cheap labour, countries with relatively high labour costs are bound to experience high levels of unemployment. Furthermore, technological advances have meant that machines increasingly displace human labour. The outcome is unemployment. In addition to these trends,

the market has eclipsed production because of the phenomenon of consumerism. The result of this, they state, is that:

...the factory and the workshop, far from secure centres of fabrication and family income, are increasingly experienced by virtue of their closure: either by their removal to somewhere else - where labour is cheaper, less assertive, less taxed, more feminised, less protected by states and unions - or by their replacement by non-human means of manufacture, which, in turn, has left behind, fore ever more people, a legacy of part-time piece work, menial make work, relatively insecure gainless occupation.

Under globalisation the capacity of the state to deliver services is undermined by reduction of expenditure. Competition to attract investment using tax incentives has also undermined the capacity of the state to perform its functions due to reduced income. The neo-liberal doctrine assumes that the private sector will move into areas where the state pulls out or reduces its role. This substitution of the state by the private sector does not always occur smoothly.

Zambia's marginalisation

The 1991 political transition from a one-party state to a multi-party dispensation was accompanied by a fundamental shift in the country's economic policies. The hitherto state-dominated economy was to be transformed into a private-sector dominated one. The role of the state was mainly to be one of "providing an enabling environment" for private enterprises. This entailed privatisation of state enterprises. Furthermore, the new policy involved attracting foreign investment.

However, Zambia has not yet experienced sustained economic growth. In the period 1990 to 1999, real gross domestic product averaged only 1% per year. Agricultural growth averaged -4.4% and industrial growth, -4.3%. In 1996 and 1997, real gross domestic product grew by 6.5% and 3.5%, respectively. In 1998, it registered negative growth of -2%. Finally in 1999, it registered 1.3% growth. Declining copper output has contributed to overall poor economic performance. According to the IMF and IDA (2000), this fell from 400,000 metric tonnes in 1992 to 240,000 metric tonnes in 1999.

For the greater part of the 1990s, Zambia's position in the global economy can generally be described as marginal. In the period 1988 to 1999, real export growth per annum averaged only 1.8% and import growth -0.4%, while terms of trade deteriorated. The value of exports declined from US \$1billion in 1992 to \$467 million in 1999. Foreign investment of \$207million, \$219 million and \$150 million was attracted in the years 1997, 1998 and 1999, respectively. The FDI figures indicate that the country has not yet attracted high levels of investment (GCA 2000/2001, 60).

4.3 The Impact of Globalisation on Trade and Industry in Zambia

(Fidelis Cheelo Evelyn Hone)

Introduction

The world is in a dynamic state of transition and transformation. The whole world is now moving toward an integrated global market, often referred to as the *Global Village* in which everyone is free to live, sell and buy. This process of transition and transformation is what is called Globalisation. At the heart of this process is the role of technological development, particularly in electronics and computers for its acceleration. In recent years, the creation of a global village has been seen as the engine of development for both the poor and already rich nations of the world. The concept of development could be perceived not only as a condition of life but also as a goal to be attained, and as the capacity to grow, change and develop.

It can also be understood in terms of satisfaction of basic needs, redress of inequalities, reduction in unemployment levels, reduction in poverty levels and so on. However, the initial enthusiasm with which globalisation has been promoted has not been justified by the concrete results on the ground in Zambia. The economy remains crisis laden, showing little or no signs of stability. The industrial sector has remained stagnant and closures are most frequent. Nevertheless, a limited benefit has been registered in terms of the development of information technology. The Zambian market has seen the development and launching of a number of Internet service providers, which is a positive development for a young economy like ours. Most of these have been able to provide e-mail services as well as Internet-based business to business and business to customer applications. This has facilitated business efficiency among local businesses as well as between those overseas.

Globalisation and the Zambian economy

Although it may be argued that globalisation creates room for free access to the world market, the truth seems to lie in the assertion that only developed countries benefit from the deal because they put in place protective measures or standards to discriminate the quality and quantity of developing countries' goods and services entering the world market. It may as well be argued that the benefits of globalisation will remain a mirage for Zambia in so far as the UNCTAD and WTO do not act to harmonise and level the playing field.

In Zambia, globalisation has left local industries in an unfair competition with the foreign sophisticated technology which has made them either close or restructure in one way or another and yet still registering stagnation. Furthermore, the unfair competition has resulted in the undermining of local production and growth in the incidence of dumping mainly for goods from South African and the developed world which are heavily subsidised in their countries of origin. The Zambian government has a Herculean task to offer attractive and meaningful tax exemptions to local industries in order for them to compete favourably with these "foreign dumping giants". This can be addressed through a fully integrated package of microeconomic reforms. The local industry is unable to compete favourably due to high production costs emanating from high fuel, electricity and transport costs. This is further compounded by the unavailability of most raw materials within the local market, thus paying much for importation of these through excise duty. Given this situation, the government needs to review and further rationalise the domestic tax structure. In addition to these measures, the government should facilitate the development of financial markets for the local manufacturing sector to access long term finance.

Liberalisation and globalisation in Zambia

In an attempt to be part of the global village, the Zambian government, under the MMD leadership, embarked on a programme in the early 1990s to alter the domestic economic environment to make it more attractive to investors, curb inflation and reduce budgetary deficit as well as redirect the real sectors of the economy to the path of growth. This was to be achieved in a framework which has at its centre the market mechanism and which seeks to roll back the frontiers of the state. This saw the introduction of the free market economy. As a result, Zambia became a source of raw materials and market for various manufactured items from neighbouring and developed countries.

The placing of parastatals into private hands through the privatisation programme has not always been a success story. Time and again these privatised industries have closed up citing high production costs and liquidity problems. The latest being the case of Amanita and Roan Antelope Mining Corporation (RAMCOZ). Though the open market operations and trading in government securities have been carried out, the inflation rate has not responded positively. Given this scenario, production costs have remained high, thereby increasing the end product costs and reducing the demand for the locally manufactured products. The Kwacha depreciated by over 10% against the US dollar just between November and December 2000 and this negatively impacted on the general level of prices. The monthly inflation rate for December 2000 was recorded at 2.6 %, representing a 0.6 % point increase on the November rate of 2.0 %.

Given a context in which investment in local production is made singularly unattractive by unstable exchange rates, high interest rates and sharply depreciating Kwacha, globalisation by open market structure in Zambia has encouraged a trading economy based on cheap imported goods impacting further on locally made goods. The flow of Foreign Direct Investment that was expected to follow globalisation has not materialised meaningfully. Capital flight remains a major problem.

With the real sectors stagnant or declining as a result of stiff market competition, unemployment rates have remained higher than before in the face of employee retrenchments as industries close up or restructure further. This has meant further declines in the living standards of the majority of the people as real incomes collapse and the cost of living rise. Hence, the nutritional and health standards of most households have fallen sharply. Massive unemployment has had its social consequences manifested particularly in growing crime and the dislocation of households.

Responding to the effects of globalisation

Undeniably, it is inevitable and beneficial that the entire world integrates itself into one big global economy. However, this can only be beneficial to small economies like ours if the rules of the game are harmonised and the playing field levelled. As long as the super economies of the world continue to deter entry of goods into their markets through tariff barriers, globalisation will remain an elusive concept in the development of young economies.

The formation of the COMESA region, let alone the implementation of the Free Trade Area looks like a possible remedy to the effects of globalisation. Member states will now be able boost

production and promote one another's industry with the realisation that trade is more important than aid for long-term development. Nevertheless, COMESA has to face the challenges of the global economic order. Just as its Secretary General stated during the launch of the F.T.A, COMESA has to continue working toward a fully integrated and internationally competitive economy within which there is a complete flow of goods, services, capital and labour. In addition, problems relating to weak competition in the export sector and fragile markets need to be urgently addressed. High levels of concentration and market dominance by a few leading players also need attention. Only then will COMESA develop into a social, political and institutional atmosphere that promote trade, attract Foreign Direct Investment and reduce poverty.

Conclusion

The benefits of globalisation have not been felt to the fullest in Zambia except for the increase in the communication services. Too much emphasis has been on macro-economic sphere rather than on domestic production. The excessive openness of the market created a dumping ground for goods from South Africa, Zimbabwe and the developed world, killing the manufacturing industry. The inability by government to control the depreciation of the Kwacha has further worsened the position of the local industry whose production relies much on imported raw materials amidst the unstable exchange rates. This has gravely impacted on the manufacturing industry leaving it with no option but to further restructure, close up or scale down in production. Government is called upon to offer better tax exemption for the manufacturing industry to survive, as is the case with other countries. Furthermore, local products should be promoted and not be discriminated against in relation to foreign imported ones.

The call for the Ministry of Finance to recapitalise the Development Bank of Zambia would be more timely now than at any other moment. The local industry lacks stable financial markets from which to borrow on longer terms for their capital investments. Much more important, the United Nations Conference on Trade and Development (UNCTAD) and the World Trade Organisation (WTO) must ensure that the playing field is levelled in order that the concept of globalisation benefits all economies, big and small.

4.4 Perceiving a Path for Sustainable Socio-economic Development in Africa in the Post-Cold War Period

(Gear M. Kajoba)

Introduction

The aim of this paper is to attempt a construction of a perceptual/theoretical bridge between those social forces or groups in Africa that advocated centralised economic planning during the Cold War period, and those that have initiated and embraced economic restructuring in order to achieve a transition to market economies and liberal democracy in the post-Cold War era.

This bridge is centred on the argument that this development path has to be based on the theory of the National Democratic Revolution, in which the national bourgeoisie or the middle class and

their allies (the co-operating partners within and outside Africa), is the **new vanguard**. This new vanguard has to carry out its historic mission of democratising, modernising and industrialising the continent of Africa in order to empower all the stakeholders such as men and women, children, the private sector, civil society and the church for sustainable development to achieve sustainable livelihoods, in the context of market economies and a **new internationalism** that is part of globalisation.

The paper further attempts to contribute to the intellectual development debate that is underway in the sub-region and beyond in view of the economic restructuring programmes that have been instituted since the end of the Cold War, by contending that the theory of the National Democratic Revolution is the conceptual explanation of the process underway in Africa in the post-Cold War period.

The situation during the Cold War

During the Cold War, economic planning was perceived as a way of achieving accelerated economic growth in developing countries of the Third World. However, planning was a tool that had been perfected in the centrally planned economies of the former Soviet Union and Eastern Europe. Thus when developing countries adopted this strategy, together with other associated political structures such as the one-party or single-party mode of political organisation, they soon found themselves caught up in the East - West rivalry or Cold War which was extended to the new nations. Because of this, the many battle grounds to emerge concerned development assistance, and the need to choose the development path to be followed - whether to follow the western countries and adopt a market economy or embrace economic planning in the context of socialist orientation.

Those who emphasised the need for developing countries, including those in Africa, to adopt the road to a market economy presented the modernisation model through which it was assumed that societies could achieve a transition from a 'primitive' or traditional stage to a modern state, as a result of the diffusion of western capital and technology, as well as western political and cultural values that include liberal democracy.

On the other hand, it was generally contended from the dependence theory or 'radical' world view point that while the industrialised countries of the west had achieved genuine economic development that was accompanied by high living standards, the developing countries in the Third World were stagnating, as there was no sustained economic growth despite their close association with the west or the North especially during the colonial period.

Some of the countries which registered some measure of growth, especially in exports or in their Gross National Product (GNP), were said to be experiencing 'growth without development,' because there was simultaneous increase in poverty, unemployment and inequality. This entire scenario of 'arrested' development, which was mostly attributed to the impact of colonialism in the case of Africa, was term 'underdevelopment'.

This school of thought became even more radicalised during this period of the Cold War in the 1970s by the National Liberation Struggle against colonialism and apartheid, especially in

Southern Africa. During this period, there was close co-operation between the Liberation Movements and their supporters in the former Soviet Union, Eastern Europe, China and Cuba, in order to obtain arms, training of fighters and material for prosecuting the armed struggle.

It would appear that the thinking during that period was that the National Liberation Struggle would automatically lead to a natural transition from colonialism (and apartheid) to socialist-oriented and centrally-planned economies and societies in the countries concerned, and by extension, to the rest of Africa. At that time, the prevailing ideology perceived the National Liberation Movement and the proletariat as the vanguard that would spearhead the transition to socialist oriented societies, in which the state would control the 'commanding heights' of the economy.

The swing of the political pendulum

However, this perspective only came to an abrupt end with the global swing of the political pendulum to Economic Restructuring Programmes or Structural Adjustment Programmes (SAPs) and Economic Liberalisation with the end of the Cold War in the late 1980s. This dramatic change also saw the break up of the former Soviet Union and radical but largely peaceful transformations in Eastern Europe.

Thus, the post-Cold War period has witnessed a major shift in development thinking or strategy in many developing countries including those in Africa. The big international financial institutions, especially the International Monetary Fund (IMF) and the World Bank, together with the donor countries of the North, including Japan, have strongly argued that the causes of economic crisis in developing countries are structural and institutional. As a result, they introduced a strategy for economic recovery based on SAPs, and the need to adopt liberal democracy, in which good governance, democracy and the role of civil society are promoted.

This new strategy has therefore included policies of liberalisation of foreign and internal trade, deregulation of prices and investments; devaluation of local currencies; divestment or privatisation of state-owned enterprises; promotion of export production, and of course, the corresponding encouragement of political pluralism.

The great majority of African countries have adopted this development strategy since the end of the Cold War in the late 1980s. Although the consequences have proved to be painful for many working people due to the loss of jobs resulting from the closure of unprofitable companies and retrenchments, the swing of the political pendulum to the right and the transformations in the former Soviet Union and Eastern Europe have left many leaders in Africa without any meaningful alternative development strategies.

Conclusion

This paper argues that economic restructuring aimed at consolidating the market economy or the capitalist stage is not only necessary, but is a precondition for genuine industrialisation and agricultural development that can create the needed jobs for the majority of the working people. In order to consolidate this new development strategy, a new vanguard, the national bourgeoisie

and its local and international allies have to spearhead the reconstruction effort within the context of adopting liberal democracy.

In order to achieve a successful transition from centrally planned to liberalised market economies, this reconstruction or restructuring process has to be done in a peaceful and democratic manner, and it will require mobilising and motivating with incentives all the stakeholders so that they have a stake in the new society.

In addition, this new path will entail consolidating the market or capitalist stage to facilitate the diffusion of capital, technology, skills and know-how, so that the majority of the African peoples may have the hope of participating in the production and consumption of the products of industrialisation, modernisation and even globalisation in this new millennium.

4.5 Preparing for Zambia's Urban Future: Global Pressures and Local Forces

(Wilma S. Nchito)

Introduction

The new economic era (though one may argue that it is no longer new) has brought to the fore new opportunities. Globalisation can be defined as the rise of market capitalism around the world. Competition is no longer only at a local scale. One key player in the global market is the city.

Cities will vary in morphology and function and sometimes these differences may be seen as advantages to some and disadvantages to others. Cities do not exist in isolation but form part of the urban network called 'urban systems'. Urban systems are a network of towns and cities which are inter-linked in some way. In the global economy it is advantageous to have a flow of information, ideas and innovations influencing the productive sector of the system. If a system is able to make optimum use of these inflows, then it stands a better chance in the global economy. The world can now be likened to a village in terms of time taken for information to get around. The Internet provides a quick route for information flow and cities which will be able to make use of it to increase productivity will be a step ahead of the rest.

It is at this stage where we need to ask ourselves what role our cities are playing in the global economy. Can we afford to be onlookers as the global cake is being shared? Zambia is a developing nation, hence the need for increased levels of economic development. Development theorists have stipulated time and again that economic growth enhances national development.

The Zambian city

With reference to Zambia's major cities, our urban history is quite recent compared to many countries. Historical factors gave impetus to rapid urbanisation and the country now has at least 53% of the population living in urban areas. Population growth was at 3.2% in 1990. The urban areas have played various roles in National development. They have provided a forceful "pulling" factor to the rural masses, who have flocked to them in search of better lives. They

have been centres of both national and international trade and thus have turned into conduits, bringing much needed money into the economy.

Urban population sizes have continued to expand whilst resources have become fewer and fewer. The result is the same as in most developing nations. Urban authorities are struggling to provide services to their inhabitants. Poverty levels have increased as unplanned settlements mushroomed all over the cities. The World Bank (1994) reported that the percentage of urban people below the poverty line was 72.7% and the malnutrition rate was at 46%. Service providers have failed to provide adequate basic services such as potable water, and so ill health prevails. This has been compounded by the AIDS pandemic that continues to ravage our continent. Unemployment rates are alarmingly high and the production sector has shrunk. The poorest 25% of the poor in urban areas earned only 3.1% of all income in 1985 compared to 7.1% in 1975. It is obvious from the other indicators that the situation is worse today. Our cities are not functioning properly.

Cities as we all know have some sort of bodies who are charged with the management of the city. In Zambia, this role is in the hands of city councils who play the municipal role of running and governing the cities. Their management and governance roles are carried out in difficult circumstances in Zambia. The city councils are not yet autonomous and still depend on Central Government for funding in the form of grants. These grants are not enough to see the smooth running of these councils. There has been a total break down in the provision of services. Can these morphologically and functionally ailing urban areas deliver in the global economy?

Cities' roles

Cities are expected to be nodes of growth that affect the areas surrounding them by providing a market for goods if the surrounding regions are agricultural or industrial. They are also expected to provide employment to semi-skilled labourers from the hinterlands or to provide skilled labour to the industrial hinterlands. The handling and distribution of urban surplus require sophisticated urban structure of governance. The city managers must be aware of its potential. Cities must be seen as centres of growth and development and not merely centres of consumption. Governments must deliver political stability, sound economic management and an educated workforce before trade and foreign capital can translate into sustainable growth. These necessary conditions are mostly found in the urban areas.

In Zambia, local Government provides the leadership and management for urban areas. Municipalities are faced with financial difficulties and there are three major factors that contribute to their poor financial performance. The first is the limited revenue base. In the past, municipalities relied on the rents that were paid by their many tenants. The government policy of '*home ownership*' saw the sale of a major portion of the housing stock of most municipalities to sitting tenants. The council already had low rents and now the amount obtained from rents from the few houses they still own is very little. Other properties such as taverns were also sold off; Lusaka Water and Sewerage Company was formed while the responsibility for road licensing was removed from the councils, thereby reducing the revenue base even further. The third factor is population increase in urban areas.

Urban local government financing and economic development cannot be separated from the political and ideological framework of the whole country. The Zambian local government system at independence was one which did not allow the full participation of all the people in decision making and development activities. There was an attempt at independence to abolish structures that were construed as divisive and which had previously caused imbalances in development. The Government tried to establish appropriate structures for decision-making, resource mobilisation and utilisation at local levels. The formation of these new structures was made possible by the Local Government Act (Cap. 480) of 1965. Currently, the local Government act has been amended to allow local authorities to mobilise resources without seeking ministerial approval. The local government is still not totally autonomous, however, and the major hindrance is the continued reliance on grants from the central government.

Local governments face these internal forces as they strive to provide services to the public. These influences obviously affect the equitable and adequate delivery of urban services. The macro-economic policies will directly or indirectly affect local government finance. For instance, tax-free incentives have been used to woo investors; depending on which taxes the investor is exempted from paying, the local government is affected. Debt servicing also takes up a large portion of the fiscal budget, and money which could have been used to finance productive investment is diverted whilst interest rates increase, thereby contributing to inflation. Such policies will have a direct impact on urban services such as housing, health, water, education, as well as on the overall economic development of the urban areas. The political path that is being pursued by Zambia has provided the impetus for a 'new' thinking. The government has also undertaken economic reforms and the Structural Adjustment Programme (SAP) has been introduced in an attempt to achieve economic growth at the national level. Policy measures undertaken under SAP include liberalisation of domestic and foreign trade, exchange rates, downsizing of the public sector, privatisation and the reduction of the role of government in running business concerns. The current government believes a liberalised market economy is the best for the country's economic growth.

Urban local authorities in Zambia still have to rely on traditional sources of finance which are rates (which have been mentioned earlier), service charges, fees/licences and grants. Rates provide the most reliable source of revenue. The problem with this source is that it cannot be expanded and in some cases municipalities do not own land and can therefore not benefit from any new developments in terms of taxes. The other problem with this tax base is that some developments are not expected to pay.

All the factors mentioned above are amongst the local forces acting upon urban areas in Zambia today. Urban local authorities are finding it more and more difficult to discharge their duties. The rise of unplanned settlements has been a result of local governments' inability to provide adequate low-cost housing and these areas pose a threat to health and security. In Zambia, about 70% of the urban dwellers live in the shanties and an estimated 46% of the urban population is considered poor. These areas are congested and diseases such as cholera, malaria and tuberculosis spread easily.

The state of the Zambian City is not very encouraging. The internal forces are very strong and it is difficult for one to see an immediate solution to the problems being faced by our cities today.

The inadequate economic bases they rely upon have rendered them structurally weak. They can not finance capital expenditure and when they borrow they fail to keep up with the stringent requirements of lending institutions. The continued deficiency of services and amenities make the cities unattractive to potential investors both from outside and from within.

Global pressures

As the world adjusts to fit into this process of globalisation it is obvious that some countries will be laggards. There is an assumption that countries will benefit from integrating their economies into the global market place. Globalisation has brought about the expansion of foreign investment and East Asian and Latin American countries have been the main beneficiaries. Countries with weak economies usually have huge debt burdens and they tend to be marginalised in the global economy. The figure for Zambia is not getting any smaller. In an attempt to attract foreign investment the Zambian government took on the policy of privatisation as recommended by the World Bank. Other trade and financial barriers were also lifted. Expectations were high because government had seemingly done the right thing, but investment did not come flocking in as expected.

Pro-growth policies should aim at the following basics: solid macroeconomic management, good public education, a thriving private sector, a society with equitable wealth distribution and a legal system that protects property rights. There is also mounting pressure on multinationals to improve the working conditions of the workforce. Liberalisation policies also mean that only a small percentage of the profits remains within the country whilst the major part is remitted to the multinationals' home country. In order to attract outside investment the second action should be to improve the financial and technical capacity of urban authorities. Urban local authorities should seek to be truly autonomous and this can come about if they are financially self-sufficient. The third and final step is deregulation. This should bring about market efficiency which will increase output in the city. Cities in Zambia today need to improve their productivity.

Forward into the future

A realistic approach is needed if we are to push our cities and therefore our nation into the global economy successfully. Councils need to be managed by professionals who will understand the economic roles of the city. The goal should be efficient and effective management. A crucial area is the area of finances. Right now the excuse may be that they do not receive enough funding but this excuse may not be valid because often the little funding they receive is not put to good and profitable use.

It has been proposed that social service delivery is decentralised down to the district level. It is believed that bringing service delivery to the lower levels would create greater participation of civil society which is made up of grassroots, religious groups, community based organisations, the media and trade unions.

Local authorities need to attract skilled manpower in the managerial positions and key financial positions. The budget should be realistic and take into account the macroeconomic situation. Presently local authorities can not expect to balance expenditure with income and therefore this

calls for a serious review of our councils. The private sector is also not strong enough to reorganise the city structure and bring about improved facilities all round. The private sector is, however, being left with a bigger role to play under liberalisation.

Policies must be put in place to stimulate productivity of urban areas so that a larger sector of the urban society can participate in production rather than consumption. Poverty alleviation and environmental degradation must be addressed to make cities more productive. Government must display the political will to take the required measure for urban economic recovery if our cities are to take us into the global economy.

4.6 United Nations Standard Rules on the Equalisation of Opportunities for Persons with Disabilities: How Well Are They Known and Implemented in Zambia?

(Darlington M. Kalabula)

Introduction

There are persons with disabilities in all parts of the world and at all levels in every society. The number of persons with disabilities in the world is large and growing. Both the causes and the consequences of disability vary throughout the world. Those variations are the result of different socio-economic circumstances and of the different provisions that States make for the well being of their citizens.

Present disability policy is the result of developments over the past 200 years. In many ways it reflects the general living conditions and social and economic policies of different times. In the disability field, however, there are also many specific circumstances that have influenced the living conditions of persons with disabilities. Ignorance, neglect, superstition and fear are social factors that throughout the history of disability have isolated persons with disabilities and delayed their development.

Over the years, disability policy developed from elementary care at institutions to education for children with disabilities and rehabilitation for persons who became disabled during adult life. Through education and rehabilitation, persons with disabilities became more active and a driving force in the further development of disability policy. Organisations of persons with disabilities, their families and advocates were formed, which advocated better conditions for persons with disabilities. After the Second World War, the concepts of integration and normalisation were introduced, which reflected a growing awareness of the capabilities of persons with disabilities.

Towards the end of the 1960s, organisations of persons with disabilities in some countries started to formulate a new concept of disability. That new concept indicated the close connection between the limitation experienced by the individuals with disabilities, the design and structure of their environments and attitude of the general population. At the same time the problems of disability in countries of the South were more and more highlighted. In some of those countries the percentage of the population with disabilities was estimated to be very high and, for the most part, persons with disabilities were extremely poor.

The rights of persons with disabilities have been the subjects of much attention in the United Nations and other international organisations over a long period of time. The most important outcome of the International Year of Disabled Persons (IYDP) 1981 was the World Programme of Action concerning Disabled Persons, adopted by the General Assembly in its resolution 37/52 of 3rd December 1982. The Year and the World Programme of Action provided a strong impetus for progress in the field. They both emphasised the right of persons with disabilities to the same opportunities as other citizens and to an equal share in the improvements in living conditions resulting from economic and social development. For the first time, handicap was defined as a function of the relationship between persons with disabilities and their environment.

As a result of experience gained in the implementation of the World Programme of Action and the general discussion that took place during the United Nations Decade of Disabled Persons, there was a deepening of knowledge and extension of understanding concerning disability issues and the terminology recognises the necessity of addressing both the individual needs (such as rehabilitation and technical aids) and the shortcomings of the society (various obstacles for participation).

What are these rules?

The Standard Rules contain twenty-two (22) rules, divided into four chapters setting out the preconditions for equal participation; target for equal participation; implementation measures; and the monitoring mechanism. In this paper, only twelve (12) rules from the first three chapters will be considered as these most obviously concern individual disabled persons.

Rule 1. Awareness-raising: "States should take action to raise awareness in society about persons with disabilities, their rights, their needs, their potential and their contribution."

Rule 2. Medical care: "States should ensure the provision of effective medical care to persons with disabilities."

Rule 3. Rehabilitation: "States should ensure the provision of rehabilitation services to persons with disabilities in order for them to reach and sustain their optimum level of independence and functioning."

Rule 4. Support services: "States should ensure the development and supply of support services, including assistive devices for persons with disabilities, to assist them to increase their level of independence in their daily living and to exercise their rights."

Rule 5. Accessibility: "States should recognise the overall importance of accessibility in the process of the equalisation of opportunities in all spheres of society. For persons with disabilities of any kind, states should (a) introduce programmes of action to make the physical environment possible; and (b) undertake measures to provide access to information and communication."

Rule 6. Education: "States should recognise the principle of equal primary, secondary, and tertiary educational opportunities for children, youth and adults with disabilities, in integrated

settings. They should ensure that the education of persons with disabilities is an integral part of the educational system."

Rule 7. Employment: "States should recognise the principle that persons with disabilities must be empowered to exercise their human rights, particularly in the field of employment. In both rural and urban areas they must have equal opportunities for productive and gainful employment in labour market."

Rule 8. Income maintenance and social security: "States are responsible for the provision of social security and income maintenance for persons with disabilities."

Rule 9. Family life and personal integrity: "States should promote the full participation of persons with disabilities in family life. They should promote their right to personal integrity and ensure that laws do not discriminate against persons with disabilities with respect to sexual relationships, marriage and parenthood."

Rule 10. Culture: "States will ensure that persons with disabilities are integrated into and can participate in cultural activities on an equal basis."

Rule 11. Recreation and sport: "States will take measures to ensure that persons with disabilities have equal opportunities for recreation and sports."

Rule 12. Religion: "States will encourage measures for equal participation by persons with disabilities in the religious life of their communities."

As far as the findings have revealed, not much from Rule 1 through 12 has been achieved by any Zambian government agencies, but the Disabled Persons Organisations (DPOs) themselves have organised some awareness workshops which have been sponsored by non-governmental organisations. Some efforts though, have been made in the direction of proposing disability policy.

Recommendations

- Zambia should ensure that responsible authorities such as Zambia Agency for Persons with Disabilities (ZAPD), Ministry of Education, the University of Zambia, Mass Media, and Disabled Persons Organisations (DPOs), should distribute up-to-date information on available programmes and services to persons with disabilities, their families, professionals in the field and the general public.
- The portrayal of persons with disabilities by the mass media in a positive way in consultation with the organisations for disabled persons should be made,
- Zambia should actively support the integration of persons with disabilities into open employment. This active support could occur through a variety of measures, such as vocational training, incentive-oriented quota schemes, reserved or designated employment, loans or grants for small business, exclusive contracts or priority production rights, tax concessions, contract

compliance or other technical or financial assistance to enterprises employing workers with disabilities. Employers should be encouraged by the State to make reasonable adjustments to accommodate persons with disabilities.

- The Zambian government must ensure that laws and regulations in the employment field must not discriminate against persons with disabilities and must raise the obstacles to their employment.

- Wherever possible, institutions that cater for persons with disabilities should be run by persons with disabilities, working in conjunction with able-bodied counterparts.

- The State must ensure that planning services for persons with disabilities must be done in conformity with the most modern disability philosophy of "NOTHING ABOUT US, WITHOUT US".

Conclusion

Although small efforts are being made in assisting persons with disabilities in Zambia the Standard Rules as discussed above, are not known by employers. 98% of the line ministries; i.e., Health, Education, Labour and Social Security and Community Development and Social Services, which employ a sizeable number of persons with disabilities, seem not to be aware of these rules. In August 2000 for example, the disabled persons confronted the Director of the Agency for Persons with Disabilities accusing him, among other things, of not being sensitive to the plight of the disabled and the requirements of the Standard Rules. Most senior personnel in the line ministries listed above indicated that they were not aware of the Standard Rules on the Equalisation of Opportunities for Persons with Disabilities.

The picture painted above is not a pleasant one. The State and all the persons concerned with the activities of the disabled in the areas of education, employment and training must reconsider their curricula to include disability issues.

4.7 The Impact of Globalisation on Human Resource Management in Zambia: Gaining Competitive Advantage through Effective Management of Human Resources

(Thecra Milambo)

Introduction

The concept of globalisation refers to an increasing flow of goods and resources across national borders and the emergence of a complementary set of organisational structures to manage the expanding network of international economic activity and transactions. Strictly speaking, a global economy is one where firms and financial institutions operate transnationally, i.e., beyond the confines of national boundaries. In such a world, goods, factors of production and financial assets would be almost perfect substitutes everywhere and would no longer be possible to consider national states as distinct economies. Globalisations is expected to accelerate growth in developing countries.

This paper tries to examine globalisation in relation to the management of human resources. It tries to look at the effects of globalisation in terms of increased competition and how we can achieve competitive advantage through people. This is done by analysing the major activities of human resource management and how they can be performed effectively.

Human resource management in Zambia

The management of human resources in Zambia has not been accorded the attention and seriousness it deserves. In most cases people appointed to man the human resource department are not trained or qualified to perform the functions.

The role of human resource management cannot be over emphasised. The internationalisation process has made it necessary now to consider ways we can effectively manage our human resources. The status of human resource management has changed with the enactment of the Zambia Institute of Human Resource management Act of No. 11 of 1997. This Act gives a legal backing to human resources management.

Another positive development is that most Zambian businesses and organisations are now adopting the human resource management approach to the management of people.

The impact of globalisation on human resource management

A consensus has emerged among scholars and practitioners alike that the business environment has become more competitive than in the past because of globalisation. In order to survive in this new era, businesses have to focus even harder on their competitive strengths so as to develop appropriate long-term strategies. Old practices and systems that have evolved over time are no longer appropriate.

Indeed development is achieved through people. Beardwell and Holden (1997) support this assertion by giving an example of Japan's success despite its lacking natural resources. These lessons are important for us if we have to move forward in terms of economic development.

Armstrong outlines three most important factors in achieving competitive advantage as Innovative, Quality and Cost Leadership, but all these depend on the quality of an organisation's human resources. What this entails is that the starting point should be with the human resource. Scholars have argued that the human resource satisfies four conditions necessary to achieve sustainable competitive advantage: human resource is valuable, rare, and imperfectly imitable and has no substitutes. Competitors can easily duplicate competitive advantage obtained via better technology and products, but it is hard to duplicate competitive advantage gained through better management of people.

The creation of these core competencies can be achieved through effective provision of the traditional services of the human resource management and dealing effectively with macro concerns such as corporate culture and management development.

Human resource planning (HRP)

Human resource planning is a critical management function in that it provides management with information on resources flow which is used to calculate, among other things, recruitment needs and succession and development plans.

There is a need in this new environment for human resource practitioners to take a detailed study of past and projected trends in employment loss and seek to minimise the shock of unexpected shortages of labour, increased and costly surpluses and needless redundancies.

When there is a proper human resource plan in place, we will be able to obtain and retain the number of people we need with the skills, expertise and competencies required. Of late, a lot of teachers, doctors and nurses have left the country for greener pastures. This would not have been the case if human resources were properly managed. HRP will also ensure that we develop a well-trained and flexible workforce, thus contributing to the nation's ability to adapt to uncertain and changing environments.

Recruitment and selection

In this environment, the importance of finding the right person for the job cannot be over emphasised and the decision to appoint an individual is one of the most crucial decisions an employer will ever take. Zambia has a lot to learn from this. Selection decisions should no longer be based on ethnic backgrounds or tribal lines. This new environment challenges the traditional approach to recruitment and selection.

Training and development

There is also a need to continuously train and develop the workforce to achieve competitive advantage. Training will ensure that the employees develop the right skills, attitudes and knowledge that will enable them to perform their jobs effectively and efficiently. Zambia has to invest a lot in education and training. We have to draw lessons from the success of Japan and Germany, which have relied so much on the development of the skills, aptitudes and efforts of their people.

Reward management

Wages do provide a source of motivation for employees to perform effectively. The Zambians leaving the country are doing so because of high wages offered by other countries. As a result of globalisation, there is now free mobility of labour. International companies can advertise through the Internet and recruit employees from across borders.

Management development

Managers should have a vision and should also understand what is expected of them. Managers now should be trained to think globally and act locally. Also there should be people succession plans for management. The capabilities of any organisation to achieve its business strategies in the light of critical success factors for the business (innovation, quality leadership, etc.) depend

largely on the capability of its managers as developed within the organisation to meet its particular demands and circumstances.

Employee participation

Employee participation will tend to enhance the employee's contribution. There are various methods of employee involvement, e.g., joint consultation, quality circles, and suggestion schemes. Japan is again cited as an example in terms of employee participation practices. The most emulated techniques have been quality circles.

Motivation

In order that we achieve sustained high levels of performance through people, they should be well motivated. This can be done through the provision of incentives, rewards, leadership and importantly, the work they do and the organisational context in which they carry out that work. In a study of work motivation in Zambia, Machungwa and Schmitt (1983) found that the most frequent demotivating factor mentioned by respondents related to unfair organisational practices. These practices involved favouritism along tribal lines, corruption and nepotism in employment decisions, unfair promises made to employees regarding promotion, pay rises, transfers and time off.

Quality management

The human resource practitioners should play a vital role in ensuring quality at all levels of the organisation. Quality is achieved through people and in accordance with a basic human resource principle: investment in people as a pre-requisite for achieving high quality standards.

Organisational culture

In order to survive in this uncertain environment there is a need to adopt a work culture that is sustainable to the environment.

Job design

Jobs have to be designed/redesigned in order to suit the environmental demands.

Conclusion

Human resource management should take a new approach in this new environment brought about by globalisation. People should not be seen as a cost to the organisation but as a valuable asset which should be trained and developed to get the best out of them.

4.8 Impact of Cost-sharing on Demand for and Supply of Basic Education in Zambia

(Charles M. Subulwa)

Introduction

In 1973 and 1979, oil producing countries (OPEC) hiked the price of petroleum products and accumulated a lot of excess dollars from oil proceeds which were deposited in Western Banks. The industrialised countries responded by reducing the world prices for all non-fuel exports which include copper, Zambia's main economic backbone. The price reduction of the world non-fuel raw materials such as copper translated into low export earnings and very high import bills of oil, machinery, equipment and spare parts for developing countries such as Zambia.

As a consequence of the worsening world economic situation, the economies of most Third World countries dependent on exports of one or two raw materials deteriorated very rapidly. Meanwhile, Zambia and other Third World countries with depressed economies and struggling to keep such economies afloat were encouraged to borrow heavily from Western banks through the IMF and World Bank at very high interest rates, which unfortunately they did, thus falling in a debt trap. The IMF/World Bank loans were given with conditionalities aimed at restructuring the economies of recipient countries.

At about the same time (1970s and '80s), many African countries including Zambia adopted socialist economic policies which, while attractive at face value, were quite costly to implement and soon became inefficient and wasteful.

The combination of pursuing inappropriate economic policies, low export earnings and high import and fuel bills conspired to worsen conditions of life for Zambians in the 1980s. In the education sector for example, the expanding eligible school population soon outstripped the governments' ability to meet the required services. Strategies to contain the situation at the primary school level such as double and triple sessions and over enrolling pupils soon reached their limit while the supply of learning materials in schools just dried up.

The role of government in the provision of basic education

It is generally recognised that government should finance all public goods which benefit all citizens because individuals and private enterprises are unwilling to finance such services and goods as they cannot stop others who do not pay from consuming such goods. Education is both a private and public good. The willingness of individuals to invest in it is usually in relation to the perceived private returns from the investment. In developing countries, private returns to investment in primary education are less than social returns. Government should finance and provide basic education on the following grounds:

- ∩ it has higher social returns in developing countries;
- ∩ it is the only education available to the majority, and the majority have a greater impact on a country's demographic, health, economic, political and social aspects of life;
- ∩ basic education is a critical factor or tool in equalising opportunities for citizens in all spheres of life. Democratic governments are obliged to equalise socio-economic and

political opportunities for all citizens and this is best done through provision of basic education by the state;

∪ basic education is a human right enshrined in the 1948 UN charter, and Government is obliged to protect this right by providing basic education;

Social and economic justice holds Government responsible for development and provision of all infrastructure in the country which includes basic schools. Therefore, it should finance or subsidise all educational institutions in the country.

Cost-sharing: Demand for and supply of education in Zambia

The underlying ideological objectives of SAP are to push for capitalist economic reorganisation in which the market forces are the determinants of the mode of production, distribution and consumption. In Zambia, economic difficulties and the population growth rate at 3.2% annually are some of the factors contributing to the deterioration in the education system. It is also equally true that SAP has acted as the dominant force that has significantly influenced the logic of the decision-making process in education throughout the 1980s and 1990s. The premise of the logic is for productive sectors of the economy to take a higher priority in investment while social sectors such as education should rely on the support of the users for resources. Since the 1980s, when cost-sharing measures were introduced in Zambia, primary schools, enrolments and completion rates have drastically dropped.

Conclusion

Should beneficiaries of primary education be required to pay cost-sharing and user fees? Analysis of the role Government should play in the provision of education conclusively indicates that basic education must be provided by the state. In this regard, the policy changes regarding the lifting of cost-sharing measures in Zambia's primary schools announced by former Education Minister Brigadier General Miyanda and the BESSIP initiative (*Times of Zambia*, 15th December 2000) are welcome and may reduce the drop-out and low participation rate in basic education

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