

# Causes of Unfair Labour Practices in Chinese Owned Firms in the Mining Sector in Zimbabwe

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## Abstract

The issue of unfair labour practices in Chinese-owned companies in Zimbabwe has been topical and problematic. Hence, this study investigates the causes of unfair labour practices in Chinese-owned mining companies. By identifying the causes of unfair labour practices, solutions to this problem are automatically brought up. Because the aim of the study was to have a thorough understanding of the causes of unfair labour practices, the study was qualitative in nature, and data saturation was reached at the 10<sup>th</sup> interview. Pertaining to the first objective, the study found that violence, lower remuneration, poor health and safety and long working hours are unfair labour practices in Chinese-owned mining companies. On the second objective, the study found that a high unemployment rate, lack of education, weak labour laws and weak legislative bodies as causes of unfair labour practices in Chinese-owned mining firms in Zimbabwe. With regard to the final objective, the study found that educating Chinese investors, and strengthening labour laws and legislative bodies as solutions to unfair labour practices in Chinese-owned mining companies. The study recommends the government and labour stakeholders educate Chinese investors on labour laws, and strengthen labour laws and legislative bodies such as national employment councils to avoid unfair labour practices.

Keywords: Unfair labour practices, Fair labour practices, mining sector, Foreign company ownership

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## 1. Introduction

Unfair labour practices in the workplace have been there since time immemorial dating back to the Industrial Revolution in the 17<sup>th</sup> century. Of interest is that a lot of firms have shunned these practices, while a majority of Chinese firms have continued to cling to these primitive practices (John, 2018). World leaders have added their voices in publicizing these draconian and primitive treatments by Chinese employers, particularly in the mining sector. Of particular note, is that the world leaders on separate occasions also commend Chinese companies in the mining sector in their respective countries for high levels of employee performance in the form of output and profitability (Smith, 2019). In Zimbabwe, the situation is similar to the one faced by the world on these Chinese mining conglomerates. There is gross negligence on employee welfare and treatment, and on the other hand profitability and high levels of employee performance and efficiency (Sibanda, 2017). Of key to note is that this debate has roped in legislators, who have castigated Chinese firms for having double standards, enjoying supernormal profits at the expense of suffering

employees. It is against this background that the proposed study will investigate the causes of unfair labour practices in Chinese-owned mines.

### 1.1 Background to the Study

The main thrust of the study is to establish the causes of unfair labour practices in Chinese-owned mining firms in Zimbabwe. According to Mavhunga (2019), China is the world's second-largest economy behind the United States, with agross national product worth US\$25.3 trillion in 2019. Amongst chief contributors to the gross national product are Chinese mining investments globally. Chinese mining investments both in China and abroad like other Chinese activities are not immune to its unique communist ideology, which manifests as both state-sanctioned and unsanctioned harsh treatment of labour. In China, the mining sector is the biggest contributor to the Chinese economy and worldwide commanding of producing 90% of the world's rarest minerals. However, Chang and Lee (2018) claim that despite the performance of the mining sector in China, there are a lot of grey areas, especially in the treatment of labourers. Jiang (2013) mentions that big companies have heard litigations on unfair labour practices such as poor remuneration and substandard health and safety. Zijin (2019) adds and says this irony of unfair labour practices and high employee performance on the other hand requires further studies.

In the US, Roberts (2019) asserts that Chinese firms are among the worst employers in terms of employment conditions. However, Roberts (2019) further states that regardless of these deteriorating workplace conditions, Chinese firms are top performers in the mining industry in the US. Deeny and George (2019) support Roberts (2019) claims and recommend researchers closely investigate this issue. In Australia, the Australian Strategic Policy Institute (ASPI) in March (2020) also noted that Chinese firms in the mining sector are top performers in the industry, but at the same time they are committing unfair labour practices such as forced labour and sexual harassment, and they recommend research institutes and independent researchers to dig deeper on the issue. In Europe, Borg (2017) spells out that Chinese mining firms in Germany in terms of output and profits are large, and at the time index on work, conditions showed that it had low scores, and studies on this issue are highly encouraged..

In Africa, Chinese investment dominates in the mining sectors of the majority of African sovereign states (Atkinson, 2016). In DRC, Chinese Mining firms are marred by lack of personal protective clothing for employees, poorly ventilated underground shafts which are dusty and child labour which sits at 25% (Raid, 2013). Ulrike (2017) supports Raid's (2013) observations but further claims that despite the dark side of Chinese firms, they are the biggest performers in DRC, and propagates that a plethora of studies must be conducted on this issue. In SADC, Mozambique, Jaoa (2018) indicates that CITIC a Chinese mining firm is characterised by low pay and few benefits for its employees but it is part of the top ten performing company in Zimbabwe. Machatine (2018) lobbies for in-depth research on the relationship between unfair labour practices on employee performance.

In Zimbabwe, the look east policy adopted by the Zimbabwean government from 1980 to date, has ensured that there is more Chinese investment in the Mining sector in Zimbabwe. Mujuru (2019) states that Chinese mining firms have the poorest working conditions, which include low salaries and dilapidated working facilities, and they are not brought to book. Mujuru (2019) takes into consideration that quarry mining companies such as San He, have double standards in Zvimba, on one hand, they have high levels of employee performance and on the other unprecedented levels of unfair labour practices. Mujuru (2019) extends an invitation to human capital academics and practitioners to closely investigate this issue. It is against this background that the researchers investigated the causes of unfair labour on Chinese mining firms in Zimbabwe. Identifying the causes will enable the researchers to come up with lasting solutions.

## 1.2 Research objectives

- i. To understand the nature of unfair labour practices in Chinese-owned mining companies in Zimbabwe.
- ii. To examine the causes of unfair labour practices in Chinese-owned mining companies in Zimbabwe.
- iii. To come up with solutions for unfair labour practices in Chinese-owned mining companies in Zimbabwe.

## 2. Literature Review

### 2.0 Theoretical Framework

#### 2.1 Conflict Theory

The conflict theory posits that there are a plethora of groups in a society that are in conflict as espoused by Karl Marx (Gibbs, 2013). This theory postulates that the classes are always in competition for status and resources. The upper groups of the society are for the status quo whereas the lower class are against the prevailing conditions (Robson, 2012). In a workplace set up, the shareholders are the upper class represented by the management to make conditions hard for the employees who are the lower class. Conditions that may see the lower class gain status are improved salaries, organisations giving employees lower remunerations and other harsh conditions to frustrate employee efforts to accumulate wealth (Baines, 2015). The conflicts between the two cascade to the workplace, where the employers want to have the lion's share of profits as the employees want higher employment conditions for less work done.

This theory applies to the organisations under study. The Chinese investors and employees are two separate classes who are in conflict, and the upper class the Chinese try by all means to put harsh working conditions. Unfair labour practices such as poor remuneration, unhealthy workplaces and excessive working hours, at the same time, demand high productivity, market share, efficiency and growth. However, this theory has some limitations as it is too sociological in nature, and drawing it to the workplace is a result of conjecture and inferences.

#### 2.2 Unfair labour practices defined

Unfair labour practices are measures or acts by the employer that may affect how the employee dislodges duties and or how employees enjoy their rights to freedom of collective association at the workplace (Jones, 2017). DUBY (2017) views unfair labour practices as conditions that make employees suffer at work, some of

these may be applied to employees individually, to a particular group or to all employees. In this regard, these are unwarranted conditions at work that may be applied to Zimbabwean employees by Chinese employers. Literature on unfair labour practices is full of various types of unfair labour practices, however, some of these practices apply to developed countries for example refusal to be granted paternity leave. Zimbabwe is a developing country and the literature to be reviewed mainly has to do with issues to do with salaries, health and safety, and working hours.

## **2.3 Nature of unfair labour practices**

### **Poor Wages**

Poor wages and or salaries have been supported vastly in human capital, law and economics literature. Baines (2015) states that wages are what employees get in exchange for labour. Employees go to work in order to get paid, and this is simple in layman's terms. These wages become low when juxtaposed with what other employees from different companies are getting when they are lower than the prescribed minimum wage by the state and it is below the poverty datum line (Moxley, 2013). The poverty datum line in Zimbabwe is always shifting, so to assign a low wage the proposed study will use the set minimum wage which is ZWL 2 500. In a nutshell, employees getting salaries below these figures from Chinese employers are facing unfair labour practices.

### **Substandard Health and safety**

Health and safety are prerequisites in the workplace especially in mining areas (Thomas, 2014). In the Zimbabwean labour act, chapter 28:01 is the only condition where employees may engage in a collective job action instantly without following due process. This waiver in the labour act shows that health and safety conditions are far more important than other conditions. Health and safety issues start from issues to do with the provision of personal protective clothing, to good working conditions. For the purposes of the proposed study deficiency in the provision of personal protective clothing, equipment, poor lighting, poor ventilation and dilapidated equipment and working facilities will be viewed as an act of substandard health and safety.

### **Excessive Working Hours**

There is vast literature on working hours globally, and this is so because of the quest to balance work and life (Dubby, 2017). The standard working hours enshrined by the International Labour Organisation (ILO) and ratified by Zimbabwe is eight hours a day. This does not mean this is a casting stone or heaven and hell issue, there are provisions that allow employees to go beyond. This caters for emergencies and issues beyond both the employer and employee, and where such exist employees must be given overtime wages which are normally calculated at a rate that is slightly above the normal working hours. Where such does not happen this translates to excessive working hours and is deemed an unfair labour practice.

## 2.4 Causes of unfair labour practices

There are a plethora of causes of unfair labour practices. A high unemployment rate is the cause of unfair labour practices (Baines, 2015; Atkinson, 2016; Zijji, 2019). The employer will feel there is no need to improve employment conditions because due to high unemployment levels, the employee may not leave the organisation. Hence, Chinese-owned companies are taking advantage of high unemployment to conduct unfair labour practices. More so, lack of training on foreign investors. This is supported by Raid (2013) that foreign company owners are not trained on the country's labour laws, hence their organisations have unfair labour practices. Rigidity in their culture is another cause of unfair labour practices. This is substantiated by Banks (2020) and Chang & Lee (2018) that in China due to the high population labour is not held in high regard hence when they invest in other countries there will be unfair labour practices. Chiteke (2018) also observes that weaker labour laws are also a cause of unfair labour practices. Where the labour laws are weak it is at the discretion of the organisation to implement fair labour practices.

## 2.5 Empirical evidence

In the US, Banks (2020) investigated employer unfair labour practices and industrial harmony at IBM, New York offices. A mixed methodology research was used with a sample size of 70 respondents. The study established that unfair labour practices such as poor health and safety, poor remuneration, sexual harassment and long working hours have a negative relationship with industrial harmony. In Ethiopia, Loke (2015) studied the impact of unfair labour practices on organisational effectiveness in the aviation sector in Chinese firms. A quantitative research methodology with a sample size of 100 employees generated that, Chinese employers engaged in sexual harassment, unfair dismissals, and non-lethal approvals and this impacted negatively on the organisation's effectiveness. In Zambia, Phiri and Mwanza (2016) investigated the impact of unfair labour practices and labour retention in Chinese retail supermarkets in Lusaka, Zambia. The study used qualitative research with 15 respondents and found out that, unfair labour practices such as long working hours and low wages caused huge labour turnover. Chiteke (2018) investigated the relationship between labour practices and organisational conflict in the retail sector in Bulawayo, Zimbabwe. The study used qualitative research of a 15 sample size and generated that good labour practices such as good salaries, normal working hours and good health and safety foster reduced organisational conflict in Bulawayo retailers. There is a knowledge gap in what causes unfair labour practices in Zimbabwe and solutions to it, hence the need for this study.

## 3. Research Methodology

The main thrust of this investigation was to understand the causes of unfair labour practices in Chinese-owned mining firms in Zimbabwe. There was a need to gain a deeper understanding of the problem hence the need to conduct qualitative methodologies. The study was explorative in nature as it aimed to understand the problem. The population of this study was all employees in Chinese-owned companies in Zimbabwe. The sample size was not predetermined as the researcher used saturation sample method. Where the interview participants started to repeat answers already provided by interviews who were interviewed before the interviews were stopped. Data was saturated at the 10<sup>th</sup> interview. Telephone interviews were used because of their flexibility for the researcher and study participants. The snowball sampling technique was fundamental as each participant would link the researcher to someone who works for a Chinese-owned company.

## 4. Discussion of Findings

### 4.1 Nature of unfair labour practices

The first objective of this study was to understand the nature of unfair labour practices. The most unfair labour practice identified by this study is violence. Study participants stressed that management staff of Chinese origins resort to violence when they have disagreements with Zimbabwean employees. This is not the case with other findings on similar problems in Europe and America (Baines, 2015; Chang & Lee, 2018; Gibs, 2013). This is thus a distinct form of unfair labour practice in Zimbabwe. More so the study found that lower remuneration is another form of high labour practice. The study participants showed that Chinese employers would apply for national employment councils to be exempted from paying minimum wages. This is also a new finding, as studies by Dube (2016) and Harnolds (2013) only showed that they only pay minimum wage, but this study shows that they pay below the minimum wage. The other unfair labour practice identified in this study is on poor health and safety. The respondents were at pains that Chinese employers do not want to provide personal protective clothing to their employees. Where they provide they provide long after the current personal protective clothing has expired. This is also new knowledge as various studies did not detect this unfair labour practice (Loke, 2015; Dubb, 2017; Jiang, 2013). Finally, this study found that long working hours are another unfair working practice. Chinese companies in the Zimbabwean mining sector applied to be exempted from the traditional 8-hour shift from their national employment council. Again this is new knowledge as it deviates from various studies (Mujuru, 2019; Mavhunga, 2019; Thomas, 2013; John, 2018). In a nutshell, the study found that violence, lower remuneration, poor health and safety and long working hours are unfair labour practices in Chinese-owned mining companies.

### Causes of unfair labour practices

The second objective of this study was to examine the causes of unfair labour practices in Chinese-owned mining companies in Zimbabwe. The study found that the high unemployment rate in Zimbabwe is the cause of unfair labour practices. The participants indicated that there are few companies in Zimbabwe, and those employed feel very lucky because the majority are either at home or are informal traders. This has resulted in the Chinese companies taking advantage of this and having unfair labour practices. This finding deviates from researchers from developed countries which do not have unprecedented unemployment levels (Deeney & George, 2019; Chang & Lee, 2018; Banks, 2020). In addition, lack of education on the part of Chinese investors on labour laws is another cause of unfair labour practices. Participants showed that Chinese investors are not informed about Zimbabwean labour laws and employee rights upon departing the country. Hence, they believe that what applies in China applies in Zimbabwe. Again, this finding differs from what has been unearthed in other countries where authorities educate Chinese investors (Harnolds, 2013; Loke, 2015; Atkinson, 2016). Furthermore, the study found that weak labour laws are another cause of unfair labour practices. The participants showed that our Zimbabwean labour laws are weak, complex and confusing and they allow the exploitation of employees. This is in line with Chiteke (2018) who suggests serious revamping of the labour laws. The two-tier-labour system allows employers to have unfair labour practices as there are conflicts between National Employment Council regulations and the Labour Act. Furthermore, the participants also identified weak legislative bodies as a cause of unfair labour practices. They cited national employment councils that easily grant exemptions on working hours and minimum wage to Chinese mining companies. They are actually facilitating the exploitation of Zimbabwean employees, and this is not the case with findings in other countries (Zijji, 2019; Jones, 2016; Phiri & Mwanza, 2019). In a nutshell, the study

found that the high unemployment rate, lack of education, weak labour laws and weak legislative bodies as causes of unfair labour practices in Chinese-owned mining firms in Zimbabwe.

### **Solutions on unfair labour practices**

The final objective of this study was to come up with solutions to unfair labour practices in Chinese-owned companies in the Zimbabwean mining sector. The major finding is that Chinese investors must be trained and educated on Zimbabwean labour laws and employee rights upon arrival. This is because some of the unfair labour practices are because of a lack of knowledge (Due, 2016). In addition, Zimbabwe labour laws need to be strengthened to curb on unfair labour practices in companies. Both the Labour Act and National Employment Council regulations must be aligned to avoid unfair labour practices (Chiteke, 2018). Finally, the study found that there is a need to strengthen national employment councils. These national employment councils must not be granting exemptions willy-nilly to companies, thereby facilitating unfair labour practices. Hence, the study found that educating Chinese investors, and strengthening labour laws and legislative bodies as solutions to unfair labour practices in Chinese-owned mining companies.

### **5. Conclusions and Recommendations**

Pertaining to the first objective, the study found that violence, lower remuneration, poor health and safety and long working hours are unfair labour practices in Chinese-owned mining companies. On the second objective, the study found that a high unemployment rate, lack of education, weak labour laws and weak legislative bodies as causes of unfair labour practices in Chinese-owned mining firms in Zimbabwe. With regard to the final objective, the study found that educating Chinese investors and strengthening labour laws and legislative bodies as solutions to unfair labour practices in Chinese-owned mining companies. Based on these findings the government and the labour stakeholders are recommended to:

- Educate foreign investors on labour laws before they set up their companies;
- Strengthen labour laws to avoid unfair labour practices; and
- Strengthen legislative bodies such as national employment councils to guard against unfair labour practices.

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