

**CREATING MORE JOBS IN THE MANUFACTURING SECTOR IS MORE SUSTAINABLE,
SAYS JCTR**

The issue of job creation has become a critical development topic globally. This is more so in countries like Zambia experiencing low levels of formal employment. However, it is encouraging to note that there is a deliberate effort by the Government to attract investments into various sectors subsequently contributing to job creation.

For instance, the lead story of the Times paper of Wednesday, May 11, 2011 highlighted that the 20,000 jobs that have been created will be sustained. "While this should be applauded", says *JCTR*, "it must be cautioned that creating and sustaining jobs must be accompanied with Government's articulation of an industrial strategy that is supportive of sectors that are labour intensive". In this regard, focussing on creating jobs in the mining sector is risky as it is one of the most vulnerable sectors. This is mainly because it is heavily influenced by international market fundamentals mostly outside the control of the *Zambian* economy.

It has been well documented that the high and sustained economic growth and poverty reduction experience in East Asia was as a result of investing in labour intensive sectors such as manufacturing. Other labour intensive sectors include agriculture and tourism. Using the employment intensity evidence from Zambia's investment portfolio, in real terms, investments in manufacturing has created more jobs in comparison to the mining sector. The simple reason here is that mining is a very capital intensive sector while manufacturing and other sectors such as agriculture are labour intensive. According to *JCTR*, "if the aim is to increase and sustain formal jobs, the focus should be on boosting the manufacturing sector rather than the mining sector". Consequently, a vibrant industrial strategy where value addition is the driving factor should create more formal employment over a sustained period of time.

JCTR hopes that the Government will keep to its plan of increasing formal employment from the estimated 8.5% to 20% and reducing informal employment from 64.7% to 50% by end of 2015 as stipulated in the Sixth National Development Plan (SNDP). Since formal employment accounts for only about 10% of the country's workforce, the rest are in informal employment. Informal jobs are mostly precarious and characterised by low wages, which are inadequate to sustain oneself and their family.

With the prevailing high cost of living, it becomes imperative to find long lasting solutions to challenges faced in the labour market. For instance, according to the Jesuit Centre for Theological Reflection (*JCTR*) that conducts the *Basic Needs Basket (BNB)*, a tool that depicts the average cost of living for a family of six in a specific town, food costs in various towns showed a marginal increase. In Lusaka, the cost of food rose from K945,400 in March 2011 to K957,550 in April. The increase in the cost of food was influenced by rising prices in commodities such as Kapenta, Mealie meal and Vegetables. Similar patterns were observed in other towns such as Kitwe and Livingstone. The cost of living is much higher when the cost of essential non-food items is added. For Lusaka, the total cost of food and essential non-food items amounted to K3, 003,550. Currently, the *BNB* surveys are being conducted in eleven towns across the country.

Clearly, increasing the quantity and improving the quality of jobs is essential to enabling people meet their basic needs. It is therefore important to critically analyse employment creation in various sectors for purposes of informing industrial policy that will maximise job creation and ensure sustainability. Boosting the manufacturing sector can respond to the demand on the local market and where possible the international market. "With Zambia hosting the African Growth Opportunity Act (AGO) meeting in June 2011, it is hoped that Zambia's message and strategy will strongly favour concrete ways of developing partnerships through marketing value added products and strengthening the manufacturing sector rather than a heavy focus on the mining sector," says *JCTR*.

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2011-05-17

May 2011 Basic Needs and Nutrition Basket: Creating more Jobs in the Manufacturing Sector is more Sustainable, Says JCTR

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