

THE EFFECTIVENESS OF LESOTHO'S INDUSTRIAL POLICY IN POVERTY REDUCTION

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Abstract

Poverty has remained the subject of intense debate to the extent that it has inhibited consistency in policies, resulting in less substantial success. Where there is a shared vision, views on the causes of poverty and conflicting goals and priorities often result in compromises and inconsistencies. Therefore the link between policy and poverty reduction becomes important and influential since whichever strategy is applied and followed will have direct results and bearing on the policies. Lesotho is faced with serious challenges of unemployment, poverty, HIV/AIDS and other development deficiencies due to the increasing closure of mines in the Republic of South Africa, high retrenchment rates, declining prices of both gold and other commodities on the world market and the changing faces and demands of the world. This study investigated and evaluated whether the Lesotho's Industrial Policy had been effective in poverty reduction. The study focuses on the manufacturing sector in Lesotho to establish the effectiveness of the policy on workers in this sector. These people are often characterized by low education, lack of skills and poverty among other things. The study revealed that the current Industrial policy in Lesotho is no longer appropriate, relevant or responsive to the needs of Lesotho and Basotho people. It is not reducing or addressing the poverty situation but rather, it promotes and paves the way for activities that increase poverty in Lesotho.

Keywords: Poverty, poverty alleviation, unemployment, sustainability industrial policy, poverty reduction

INTRODUCTION

Nowhere else in Sub-Saharan Africa has the growth trajectory been more dramatic than in the areas of trade and industrialization. For two decades between the 1960s and early 1980s, Africa tried the Import Substitution Industrialization Strategy (ISI) and, since the mid-1980s, the liberal regime of trade liberalization without an “industrial policy”, making no discernible difference to growth in both areas (Soludo, Ogbu and Chang, 2004:1). Rather than diversification, Africa has witnessed an increased concentration on a few primary commodities with highly volatile terms of trade and an annual income loss due to the terms of this trade [ibid].

There is an assertion that trade and industrialization outcomes in Africa are mostly the result of bad policy choices. This includes amongst others import substitution industrialization, the state’s command and control policy regimes, overvalued exchange rates, restrictive trade policy or lack of openness, investment climate and poor public service delivery and infrastructure (Soludo *et al.*, 2004:7).

Cloete, Wissink and de Coning (2006:3) define policy as a statement of intent. They further indicate that policy specifies the basic principles to be pursued in attaining specific goals and also interprets the values of the society. It is also employed in the management of some projects and programmes. As a process, policy has several phases that include; initiation, design, analysis, formulation, dialogue and advocacy, implementation and evaluation.

Industrial policy may be described as basically any type of selective intervention or government policy that attempts to alter the sectorial structure of production towards sectors that are expected to offer better prospects for economic growth (World Bank Policy Research Working Paper, 2006:2).

This chapter contextualises the effectiveness of the Poverty Reduction Strategy Paper (PRSP) policy as an industrial policy for poverty reduction. The focus of the study is on textile workers in the two industrial areas of Nyenye in Leribe and Thetsane in Maseru areas of Lesotho.

Research Context and Background to the Study

Since the advent of industrialization in the 18th Century, the Republic of South Africa has made decisive progress in the world economic spheres. The growing economy and systematic increase in product diversification resulted in an increased demand for labour. The response to this demand led to the mining industry in South Africa resorting to negotiations with countries surrounding the Republic in terms of labour supply. As a result the recruiting agency or company by the name of “The Employment Bureau of Africa Limited”, commonly known as TEBA, was born.

The Employment Bureau of Africa (TEBA) therefore became the largest recruiter of young Basotho men to work in the mining sector of South Africa. At first very few of these young men would go to work in other sectors of the economy such as manufacturing, farming and some form of clerical work.

Due to the organization and transparent operational way of TEBA, it was possible for the government of Lesotho to develop policies and taxes for the benefit of the country and its people. Amongst the policies introduced was the so called, "Deferred Payment System" where the government negotiated with the mining sector that a certain percentage or proportion of salary or wage be deducted from every Mosotho in the mines or formal sector of the economy in South Africa and be sent home (to Lesotho), where at a later stage such a person could withdraw it for use in Lesotho. The initial idea was simply to ensure that even those who were careless and could not save money would at least have something to present to their families. The practice became economically important for Lesotho as it formed the basis and foundation through which Lesotho's economy was established and the government could function and provide service delivery. Penny in Barker (2007:27-28) estimated that migrants in the gold mining industry send more than half their wages to their home area in cash or in kind, of which the biggest part is remittances sent home informally by the miners. The remittances constitute more than 80% of the rural household's total annual income. Rural economic production forms only about 10% of annual income.

Barker (2007:28) further pointed out that one country that is particularly dependent on migrant labour is Lesotho. In support of his argument he cited Whiteside (1986:25) who calculated that migrant labour could comprise about a quarter of the country's (Lesotho) labour force, and migrant remittances could contribute up to 50% of the gross national product and about 75% of foreign earnings (Barker, 2007:28).

It proved important for Lesotho's economy and development that the migrant labour system be viewed as the way forward, hence not much was done to look beyond this and to supplement or find alternatives for economic growth. Therefore for decades, Lesotho relied on the migrant labour system for the purposes of economic and development growth and for its advancement.

With the increasing closure of mines in the Republic of South Africa, high retrenchment rates, declining prices of both gold and other resources on the world market, the changing faces and demands of the world, Lesotho is faced with the serious challenges of unemployment, poverty, HIV/AIDS and other development deficiencies.

In this difficulty however, the manufacturing sector in Lesotho, which was often regarded as an add-on in terms of economic development in Lesotho, has remained and could be

regarded as the largest current employer and the basis and engine for industrial development and growth in Lesotho.

The purpose of this study is to investigate the effectiveness of Lesotho's industrial policy in reducing poverty.

Research Problem

Lesotho has since 2002/3 – 2005/6 identified the Poverty Reduction Strategic Paper (PRSP) as its own industrial policy and a vehicle through which poverty would be reduced and sustainable development and economic growth would be realized. However to date (2015) it is not known whether the policy has helped in reducing poverty or not. The greatest challenges facing Lesotho and its people as identified by the PRSP included the following amongst others:

- Sustained increase in job creation in view of the significant reduction in the number of Basotho migrant labourers employed in South Africa,
- The growing integration of Lesotho into the globalized world economy,
- An increase in the incidence of poverty and inequality over the past twenty years,
- The rapid spread of HIV and AIDS.

According to Bureau of Statistics Lesotho (2010:27), the manufacturing sector in Lesotho experienced a decline of about 10,000 people in employment from approximately 50,000 workers to a little below 40,000 workers during the period 2004 to 2005, followed by a steady growth until 2008 when there was another decline from 40,000 workers to nearly 30,000 workers.

The UN Annual Report (2014:65), indicates that in 2011, 397 million people of ages 15 and older were estimated to be employed but living in households with less than \$1.25 per person a day. The regions with the highest rate of these working poor as share of total employment are South Asia (25.7%) and Sub-Saharan Africa (41.7%), of which Lesotho is a part.

The lack of a decent job can have serious consequences beyond the loss in income. The stress of lay-offs and episodes of unemployment can reduce life expectancy as a result of health problems such as strokes or heart attacks. Bouts of unemployment are also associated with high rates of depression and alcoholism and there is a gender bias as well (UN Annual Report, 2014:65).

The core problem which this study addresses revolves around the lack of feedback on the effectiveness of the PRSP policy in addressing poverty reduction in Lesotho.

Aim and Purpose of the Study

The aim and purpose of the study is to investigate and evaluate the effectiveness of Lesotho's industrial policy in addressing poverty reduction. The following research objectives were formulated in order to achieve the aims and purpose of this study. These include the following:

1. To determine the appropriateness of the current industrial policy in Lesotho;
2. To establish how much the policy has contributed towards poverty reduction and sustainable development;
3. To assess the extent to which the policy is responsive to the needs and demands of Lesotho;
4. To find out the extent to which the issue of skills transfer and local capabilities have been achieved;
5. To identify the challenges faced by the industrial policy in Lesotho and to recommend possible actions that could be taken to overcome them.

BRIEF LITERATURE REVIEW

According to Kingsbury, McKay, Clarke, McGillivray and Hunt (2012:219), about 1 billion of the world's population live in poverty, existing on less than US\$1.25 a day. The situation is worse in the Sub-Saharan African (SSA) region where, according to the Global Monitoring Report 2014, the region (SSA) was more strongly affected, together with South Asia, than any other developing region and accounted for 80% of the global poor.

Understanding the phenomenon of poverty

According to Nafziger (2012:207), poverty is multidimensional, referring not only to low income but also to hunger, illiteracy, poor health, inadequate infrastructure, and lack of power and voice. For Sen (1981:27), the concept of poverty focused on abilities rather than achievements, meaning that a high-income person who squandered his resources so that he lived miserably would not be considered poor. He argued that policy makers need to apply the following measures to poverty: headcount or poverty percentage, income gap or the additional income needed to bring the poor up to the level of poverty line and Gini coefficient or concentration of income among the poor.

Sen's focus (1981:27) was on several little things and performances that were important to well-being such as being adequately nourished, avoiding premature mortality, appearing in public without shame, being happy and being free. To Sen, ability did not correlate closely to achievements such as income. Further, that living in poverty denied people the opportunity and chance to improve their lot through situations such as employment, better education, good

health programmes, economic growth and others to mention a few, with the result that people became more exposed to diseases and other unpleasant situations.

Schoeman, in Fox and Van Rooyen (2004:16), showed that several factors contributed to and increased the poverty conditions of developing countries. These factors ranged from economic, social, political, developmental and institutional. Rist (2008:229) believed that poverty emerges within a social relation that both links and separates the rich and the poor, a reality that the international agencies cannot altogether ignore. The United Nations Development Programme (UNDP) did not presume, but calculated very minutely the national and international inequalities, and deplored the fact that they were increasing, yet the underlying reasons for this were never really investigated. Poverty was thus made to appear linked to destitution where the poor were seen to be those who lacked the necessities.

Causes of Poverty

Caranti (2010:43) indicated that there are local factors that either cause or contribute to poverty. These included human capital, dominant political and economic culture, position in the international economy and geographical position, undemocratic regimes, abundant natural resources and others. Yet for Van Heerde and Hudson (2010:394), the effects of poverty are recognized through four categories namely, through individual behaviour or attributes, national environment, global or structural factors and causes. The following factors are classified as causes of poverty:

- ***Human capital or social causes of poverty***

Social causes of poverty are influenced by various factors such as the lack of education and knowledge, poor health conditions, lack of employment opportunities, and oppression of human rights and lack of a voice. However, Niemela (2008:26) indicated that understandings and feelings about the causes of poverty differ systematically with the respondents' subjective assessments of the adequacy of their own income in terms of their needs.

Regarding the determinants of poverty attributions, studies suggested that perceptions of poverty are influenced by and associated with certain socio-demographic characteristics, individual experience, other values and attitudes towards the welfare state.

- ***International economic causes of poverty***

According to Pressend and Ruiters (2008:41), poverty is the result of the failure to identify the type of growth that is being pursued, where identifying such sectors and forms of production that have shown the characteristics of reducing poverty will enable a move away from a limited base of primary commodities that had already been shown to have growth retarding and poverty producing tendencies and gaining access to the markets of rich countries.

Poverty can be classified as both absolute poverty and relative poverty. Absolute poverty can be described as living below the income level that secures the basic essentials of food, clothing and shelter, while relative poverty may be described as income that is significantly less than the average income of the population.

- **Consequences of Poverty**

Van Heerde and Hudson (2010:405) showed that poverty resulted in damage to the earth's environment, affecting world jobs and exports, conflict and wars, increase in tropical diseases, increased risk in foreign travel, financial costs of providing aid and cancelling debt, immigration, migration, refugees, asylum, trade, leap imports, global effects and others to mention but a few.

- **Poverty and Policy Correlation (the Link)**

Schiller (2008:75) indicated that global poverty was so extensive that no policy approach offered a quick or even substantial solution. This happens however despite organizations such as United Nations through Millennium Development Goals (MDGs) have set themselves targets of cutting or halving the incidence of global poverty by 2015.

Pressend and Ruiters (2008:38) asserted that poverty can be reduced, meaning that the numbers of those who are poor decline, or that the extent to which they are poor declines; or eliminated, usually meaning that absolute deprivation is abolished. Achieving economic growth and ensuring that the distribution of the benefits of this growth reach the poor, are critical issues in the design of public policy that aspires to achieve a reduction in poverty. The common understanding among many development economists suggested that poverty reduction was mainly the result of economic growth, which was in turn the result of good economic policies.

Policies that are considered appropriate and relevant to reducing poverty and income inequality include credit for the poor, universal primary education, employment programmes, rural development schemes, food subsidies and health programs to mention a few.

Reducing inequality and increasing absolute incomes is only possible through the total mobilization of government policies towards programmes to help the poor directly. Addressing poverty needs more than knowing the policies that can reduce poverty, it needs citizens who are determined and willing to reduce poverty and a government with the political will to attack poverty.

Unemployment

Dapkus (2009:45) defined unemployment as a phenomenon in the society when a part of its civil members of working age does not participate in creating the national economic product; in other words, they do not have jobs and consequently a source of income. This is the lost human

capital that could have been used in the production of goods or services with the aim to satisfy the needs of the society.

According to Nafziger (2012:296), the unemployment problem is a great concern for Least Developed Countries (LDCs), as providing decent and well-paid jobs that are also productive for the very poor people, can be looked upon as a major way of improving their lives as well as reducing poverty and inequality. High unemployment rates indicated the vast underutilization of human resource; leading to a situation where the unemployed, who happened to be mostly the young people, are often the source of social unrest, tensions and political dissatisfactions. He further indicated that causes of unemployment may vary and may range from technology or social, economic and political orientation.

Unemployment not only affects the individual's physical ability, but also adds to his or her psychological imbalances or instabilities. It has bad outcomes on both the communities and the individuals as it results in distortions in the societal set-ups (such as crimes, drugs, drunkenness and others to mention a few).

The problem and challenge of unemployment is that it is one of the major root causes of poverty at both an individual and a household level. Unemployment is also seen to be the result of a lack of education and adequate skills. The market economy does not provide jobs for all people who want to work. Joblessness is strongly correlated with poverty.

There is a relationship between education and unemployment. Schooling is more than acquiring skills for production as education is both an investment and consumer good. Education helps individuals to apply their talents. It increases productivity, improves health and nutrition, and helps in reducing the family size. Schooling presents specific knowledge, develops general reasoning skills, causes values to change, increases receptivity to new ideas, and changes attitudes toward work and society, and above all, it helps in increasing income and reducing poverty.

Nafziger (2012:198) pointed out that policies to reduce unemployment may include the following amongst others: faster industrial expansion, public employment schemes, more labour-intensive industrial production, reduced factor price distortion, greater rural economic development and social services, greater consistency between educational policy and economic planning, and others.

Sustainability

Deriving its meaning from the concept of Sustainable Development, which means development or progress that enables the present generation to meet their needs without compromising the

ability for the future generation to meet their needs (United Nations World Commission on Environment and Development [WCED], 1987:43)?

Sustainability means not only survival of the human species but also maintaining the productivity of natural, produced and human assets from generation to generation. For Yotov (2013:1867), even the most passionate supporters of free trade would admit that trade liberalization is mostly followed by considerable costs in terms of unemployment and relocation of workers who have lost their jobs. Therefore the developing countries should seek strategic integration which will enable them to integrate up to the point where it is in their interests to do so in order to ensure sustainability.

Bailey, Lenihan and Arauzo-Carod (2011:307) believed that extending the under-conceptualized economic theories of industrial policy to account for the role of state and public-private nexus, and developing a generic national economic strategy, within which industrial policy can be embedded leaves several challenges, limitations and space for extension. Therefore given such emphasis, the issue of sustainable global value creation was advanced, with a more and a particular emphasis on competitiveness and with regard to the sustainability of value and wealth creation at all levels in order to achieve long-term viable solutions, and supra-national governance for economic sustainability.

Industrial policy

Szalavetz (2015:71) indicated that industrial policy is defined as policies aimed at altering the structure of the economic activity. This included policies toward sectors, technologies or tasks that are expected to offer good prospects for national economic performance and for societal welfare. Therefore in this case macroeconomic policy instruments such as interest rate or exchange rate manipulation, are not considered or regarded irrespective of the contingent potential to influence competitiveness.

While Korres (2007:104) defines industrial policy as a wide range of government actions designed to promote growth and increase the competitiveness of a particular sector or sectors in an economy.

Szalavetz (2015:75) further demonstrated that legitimate industrial policies are formulated by the state in a broad, horizontal and systematic manner. According to Szalavetz, broadness refers here to the scope of interventions; firm-level interventions, strongly related to the often –used concept of “picking the winners” (or to the promotion of national champions) are excluded. Horizontal approaches referred to the requirement that interventions target general areas, such as innovation or rural and development, sustainability, small and medium-sized enterprises and lagging regions.

Bianchi and Labory (2011:430) indicated that, when defined in a broad manner, industrial policy may be referred to as all actions aimed at favouring the restructuring of industry and the development of new industry. It can be seen not only as a state aid or rural and development policy; but as a set of actions supported by instruments that aim at favouring particular development path.

Industrial policy is dynamic and holistic in the sense of considering both demand and supply factors and both micro and macroeconomic factors. It is pro-active as, through this policy, the policy-makers try to anticipate changes in order to favour adaptation without sacrificing or substituting private decision-makers.

Bianchi and Labory (2011:430) further illustrate that the discussion of industrial policy has a tendency to focus on the availability of instruments and their possible mix in different policy fields (such as research and innovation, competition and regulation etc.). Therefore its definition and discussion should take into account all parameters influencing development, ensuring sustainability of the development path induced by policy choice, and ensuring the complementarity or coherence of actions taken at different levels of government.

Promotional programmes are considered effective if they are not directed only towards established firms, but are instead formulated to encourage entry and thereby enhance established firms' innovation activities.

According to David and Robin (1998:735), the role of industrial policy is to strengthen the environment in which production takes place. Therefore programmes and instruments are required that seek to work with rather than against productivity. Industrial policy should devise programmes and instruments that purposefully seek to provide an environment for potential investors.

Nahtigal (2014:180) points to the term industrial policy as being used in its amplified form to refer to any form of deliberate public activity that is, at the local, regional, national or supra-national level, and that contributes to productive capabilities and improved competitiveness. The distinction between the old and new type of industrial policy is predominantly that the former provides a form of state intervention in the markets, while the latter takes the form of stimulating the creation of firms and promoting innovation and competitiveness.

Bianchi and Labory (2011:435) point out that sustainable industrial policy should aim at extending support to industrial development. This support comes in the form of entitlements which determine the rights or capabilities of individuals who are to take part in development as well as in productive and competitive processes; provisions that determine the resources available for these processes to develop; innovation, which is the ability to create and maintain

learning mechanisms that that can be applied to production processes, and lastly territory, due to fact that such productive exercises will be happening in a specific territory. These should be seen as complementary and not as substitution. Sustainable industrial policy also requires coherent actions at the different levels of government; from regional, national and supranational.

Further, industrial policy should be strategic in nature, that is, it should target market-shaping activities instead of being market-reacting. This can be possible and successful through the creation and development of various new forms of cooperation and competition in the same segments of production.

Industrial policy can also serve as a way of establishing some form of strategic coordination between governments and firms, with the aim of helping to make the conditions and instruments of advanced production available to larger segments of the economy and the society.

However, according to Williams (2010: 614), most of the neo-classical economists are of the opinion that industrial policy should be discouraged as it distorts and falsifies the market, impinges on the competition and leads to inefficiencies. It encourages rent seeking- the practice of companies or individuals extracting income from others without providing commensurate benefits in return. It is difficult, if not impossible, for governments to choose the right industries or firms to support (picking the winners).

RESEARCH METHODOLOGY

Henning, van Rensburg and Smit (2004;36) defined methodology as a coherent group of methods that complement one another and that have the goodness of fit to deliver data and findings that will reflect the research question and suit the research purpose. Therefore methodology is more than a collection of methods as Babbie and Mouton (2001;75), in Henning *et al.*, (2004:36), state that research methodology focused on the process and the kinds of tools and procedures used, while research design focused the interest towards what the end result would be. Methods were the techniques or procedures used to collect and analyse data (King and Horrocks, 2010:6).

Research approach

Ensuring the credibility of collected data is not an easy task, hence no one method is better than another (O'Leary, 2004:150). Data collection methods differ from one researcher to the other depending on the objectives of the research and what the researcher seeks to achieve through that research. Primary data was utilized in this case. Brynard and Hanekom (2006:36) explained primary data as the information that is collected by the researcher straight from the field.

Sampling design

According to Bryan & Hannekom (2006:54), sampling is a strategy that is used to select a small group with the hope and an understanding of determining the characteristics of a large group, that is, the population. Therefore a good sample presupposes a good judgement, for displaying the same characteristics as the large group.

This study used non-probability based sampling. According to Matthews and Ross (2010:167), these types of approaches are generally associated with small, in-depth studies with research designs and are based on the gathering of qualitative data and focused on the exploration and interpretation of experiences and perceptions.

The target sample for this study was 12 people from Nyenye area in Leribe and another 12 people from Thetsane area in Maseru, thus making a total of 24 participants. The sampling for this study was made up of 10 individuals who were ordinary factory workers and 2 shop stewards from each of the two selected areas of Leribe and Maseru in Lesotho. The selection of these individuals was done randomly in these two areas. No specific area or individual were chosen or given preferences over the others.

Research design

According to de Vaus (2001:9), research design is not just a work plan that stipulates what should be covered in order to complete the task or the given project. The function of the research design is to ensure that the evidence obtained enables us to answer the initial question as unambiguously as possible. Thus, obtaining relevant evidence entails specifying the type of evidence needed to answer the research question, to test theory, to evaluate programme or to accurately describe the phenomenon. Research design deals with a logical problem not a logistical problem. Research design further involves the intersection of philosophy, strategies of inquiry and specific methods (Creswell, 2009:5).

The research design ensured that communities from the two targeted areas were inclusive based on their different ages, education, gender, status and income. This ensured that experiences and opinions from different groups were collected.

The research was qualitative in nature and therefore data collected was also qualitative, as it was mainly about interpreting and obtaining a good understanding of words, accounts, stories and explanations from our research participants and their experiences. Matthews and Ross (2010:373) stated that working with qualitative data is a process that moves between gathering, working and reflecting upon social data throughout the research. They further pointed out that the analysis of qualitative data depended largely on the interpretation of the raw data.

Qualitative research was used for this research as the purpose was to investigate and evaluate the effectiveness of Lesotho's industrial policy in addressing poverty reduction. According to Creswell (2009:4), qualitative research was a means for exploring and understanding the meaning individuals or groups ascribe or give to a social or human problem. While for McIntyre (2005:127), qualitative research was concerned with individuals' own accounts of their attitudes, motivations and behaviour. It offered a rich report of individuals' perceptions, attitudes, beliefs, views and feelings, the meanings and interpretations given to events and things, as well their behaviour. It displayed how these are put together, more or less coherently and consciously into frameworks which make sense of their experiences. Qualitative research reports generally devote more space to people's descriptive accounts of their own experiences than to numbers that quantify these experiences. According to Henning *et al.* (2004:5), a qualitative inquiry was a research form, approach or strategy that allowed for a different view of the theme that is being studied and in which participants have a more open-ended way of giving their views and demonstrating their actions.

In this case the researcher was to find out from the participants how much the Lesotho's industrial policy have helped them or have contributed in reducing their poverty. This was done through engaging several methods, as Babbie and Mouton (2001:270) indicated that qualitative research collects data through several methods that included amongst others participation, observation, interviews, personal and documents. Therefore the qualitative research method helped the researcher gain in-depth information, understanding and knowledge through acquiring descriptions and explanations. Marvasti (2003:7) indicated that qualitative research provided a detailed description and analysis of the quality, or the substance, of the human experience.

RESEARCH FINDINGS

The study reflected on the situation in Nyenye Industrial Area in Leribe and Thetsane Industrial Area in Maseru Lesotho, where the main research question that the study sought to address was: "Has Lesotho's Industrial Policy been effective in reducing poverty?" The following themes emerged in answering the sub-questions that emanated from the main research question in order to meet the objectives of the study, namely:

People's perceptions and influences for working and their expectations

Perceptions and understanding of poverty through life situations and circumstances

Knowledge and understanding of Laws and Policies

Importance of laws and challenges facing laws in Lesotho

The Policy Dilemma in Lesotho.

People's perceptions and Influences for working and their expectations

According to the participants there are several things that could influence the life of an individual or family. These factors range from social, economic to political.

In this study it was discovered that the majority of the respondents, about 72%, took the decision to look for work and of working in the manufacturing sector in the hope of changing their lives and improving towards better living conditions, while others saw working in the manufacturing sector as the only way that they could sustain and continue their lives while also building and attaining their future, (Interviews: 19th, 22nd and 23rd June, 2015). For others the goal was to improve the livelihoods of their dependents and families through the provision of something, as one respondent claimed: *"Man do you know how hard and difficult is it at the end of the month when you are told that there is mealie-meal or salt or sugar, yet you cannot provide for that? You even at times feel like you should not be there"* (Interview: 19th June, 2015).

The family forms the basic unit of the society. However, for the Basotho people the concept "family" goes far beyond this simple statement as the issue of the extended family contributes to some socio-economic situations. Thus, a relative working or believed to be working is often looked upon (burdened) by the entire family members as their redeemer. Therefore it is not exceptional that for some of the participants in this study, due to the practice and understanding that they are expected to extend the helping hand, are expected to contribute towards paying for children's education or supporting them with food and even clothing. This was indicated by a few respondents where one said, *"you see now I have to feed and clothe my brother's children as well as mine since their father died and their mother had left for domestic work in South Africa, because they are staying with my mother and she is old and she cannot work"* (Interview: 19th & 23rd June, 2015).

For some participants, working in the manufacturing sector was considered better than working as a hawker or street vendor or being employed by someone to do so. They had hopes for a better salary than that which they are getting from their previous employers. One respondent indicated, *"I was expecting more and better pay (salary) than what I used to get when selling on the streets, especially because I was selling for someone not for me, but the situation is different"* (Interview: 22nd June, 2015).

It became evident from this study that although some people are working at the manufacturing sector, their lives and those of their dependents and families have not changed much for the better nor have they moved out of poverty. About 72% indicated in their responses that their salaries do not meet even 25% of their family needs and is too little to sustain them for a period of a month and that they have to use other supplementary activities in order to ensure that their families survive.

Perceptions and Understanding of Poverty through Life Situations and Circumstances

The participants had varying understanding of poverty. Some of their criteria for poverty included: someone who has nothing; as part of being poor and destitute; being unable to do anything; inability to meet their needs and necessities; someone whose money does not meet his needs; lack of essentials for life; difficulty in meeting basic needs; difficulty in providing food; lack of employment; inability to think properly; inability to educate children or to see a doctor when sick; hunger and death.

The participants in this study also cited the following as the consequences of poverty: high crime rate; diseases, with particular reference to an increase in HIV and AIDS; prostitution and commercial sex (also commodification of sex); lack of employment; salary not meeting basic needs; lack of adequate food; inability to educate children; high crime rate; migration from rural to urban areas; family disputes and fights; leaving the country to neighbouring countries in search of jobs thereby risking lives and increasing the risk to their health; high birth rate and others (Interview 22nd June, 2015). One respondent expressed herself as follows “*sometimes we are human beings we do fall, but at other times, as a person you would be left without any choice but to fall to whatever situation that could help you to overcome your problems or situation*” (Interview 22nd June, 2015).

This means that the lives of these people are so difficult and hard that they are prone and vulnerable to circumstances that place their lives in danger.

Knowledge and understanding of Laws and Policies in Lesotho

Following interviews with the participants in this study, the majority of the participants indicated that their understanding of policy was that it is a set of people’s ambitions and plans that are being used by the people and governments to reach certain decisions, plans or goals (Interview 19th June, 2015). Also, according to others, policy represents an initiative and assistance to be made (Interview 19th June, 2015). It indicates the commitment and promise of what will be achieved while also setting up a way of operating or the specific route and the guidelines towards achieving a specific goal or objective. Lastly, for others policy represents and provides not only guidelines towards a goal but also the strategy towards achieving the goal or target (interview 19th June, 2015).

For some participants a policy meant everything that happened or that they experienced in their day-to-day work life. As one participant stated “*For me policy means I arrive at work in time, respect and adhere to everything that management says and wants, that I am fully committed to my work and reach the set or given daily target (score) so that my supervisors are*

happy, and again it means joining a workers movement at my work. Lastly policy means we should reach target while working” (Interview 19th June, 2015).

From these findings it became clear that the majority of the people were not aware of what a policy is or the importance of a policy. These findings also reflected not only ignorance on the side of the respondents and the entire nation, but also on the part of the government, our politicians and civic society as a whole.

Since the majority of the people working in the manufacturing sector in Lesotho have not gone past Grade 12 equivalent educationally, it shows that there is a need to teach Basotho people about policies and the laws that govern their day-to-day lives. This is reflected in the majority of responses indicating that people lacked knowledge making them vulnerable in terms of job security and subject to any malicious and dehumanizing actions that are often alleged to be perpetrated on some workers by some employers, supervisors and even managers. These alleged actions include sexual abuse and harassment, intimidation and threats, torture and punishment. In the words of one respondent *“If you can’t reach the score (target) you are punished, you are told to stand there to wait for lunch or knocking off, because that day you were just visiting the work not have come to work, and by month end that day’s money have been deducted by supervisors and managers, you can’t complain anywhere, imagine earning R864.00 a month now forfeiting R100.00, yet you are expected to come to work the following month, while you have to share that amount of money between transport to work, clothing for your family, food, children’s education and others” (Interview 19th June, 2015).*

‘In this sector there is no money, the government does not care or think about us, they don’t protect us, they rather support the foreigners to torture and treat us badly. We are slaves in our own country. The only time government listen to us is when elections time arrives, because they want our votes and there, they do listen and support us, but immediately after elections they forget again and none of our concerns get addressed or is attended’ continued the same respondent.

This lack of knowledge of laws and policies has created an opportunity for some people and companies, who often come under the guise of advocating for workers’ rights, better working conditions and salaries, to create an environment where workers are often victims of such scams and entities. The result for some of these movements is conversion into political parties although they started as workers’ movements. An existing example is the current Lesotho Workers Party (LWP) which started as a very strong labour movement that advocated for the rights of workers in Lesotho under the name of Lesotho Workers Union, and also the Batho Batho Party that started as a an organization looking at the interests and welfare of former mineworkers in Lesotho but also ended up as a political party.

This gap in knowledge among the workers (manufacturing workers in Lesotho) indicates the need to teach and train workers in Lesotho about the laws and policies that exist, what rights they have or can command as workers and the implications of delegating their power as workers to the trade unions or labour movements.

There is no growth and sustainability programme in place for the textile and manufacturing sectors/industries that indicates that, after a certain period of time, the workers will take over the responsibility from expatriates in Lesotho. Hence none of the factories practices this approach. The principle appears to exist only as a verbal comment and wishful thinking as there is no legislation to enforce such a programme. Many expatriates are performing minor tasks that could have been left in the hands of the locals as most of these tasks do not require any special skill or some form of formal training, but the government is not doing anything about this due to the fear of the industry leaving Lesotho for other countries.

Again the study discovered that all critical areas of the manufacturing sector in Lesotho are worked and managed by foreigners. This makes it even more difficult for the workers to tap into any of the critical skills, leaving workers stranded during and after the closure of such industry as they are often left jobless without any skill to continue producing and sustaining both their lives and the economy as before.

Workers in the manufacturing sector in Lesotho receive no formal training. Skills that are present in the manufacturing sector seemed to be misplaced or mismatched as one participant stated, *"I was employed as electrician but I am working as a driver, I only attend electrical matters when the L.E.C (Lesotho Electricity Corporation) people are here"* (Interview 19th June, 2015) while another stated, *"I am a plumber but have not fixed even a single pipe or tap, that is done by these Chinese"* (Interview 22nd June, 2015).

Importance of Laws and challenges facing Laws in Lesotho

Importance of Labour Laws in Lesotho

According to participants in this study, laws and policies are very important as they direct and provide guidelines for some activities. They are only important if they are put into practice, as one respondent indicated *"If the government can make the laws that also protect us just like the ones they have made for foreigners and themselves"* (Interview 22nd June, 2015). *"These laws also help us to know what to do and when to do it. However, we do not know how the labour code helps us except only telling this people (factory owners) how to pay us and how much to pay us"*, added the respondent.

Challenges facing the Labour laws in Lesotho

The challenge facing labour legislation in Lesotho emanates from the inception of such laws between the government of Lesotho and the Lesotho Parliament, as neither are doing anything about them. This is due to the fact that in 1995 the government introduced the Public Service Act (number and date) as the law governing the hiring and firing of all public servants. This Act contained the structure for their salaries and remuneration which the government reviewed in 2013 when introducing new positions and pay grades.

However, people who are employed in the private sector (such as manufacturing, businesses, banks etc.) and non-governmental organizations did not enjoy the benefits of such a review because their organizations and companies do not fall under Public Service Act. Despite the country being more than twenty (20) years into democracy, these people are still subjected to Labour Code Order No.4 of 1986, which was made during the Military Regime in Lesotho. Therefore this subjects the law to several challenges that amongst others include its age, its scope of coverage and both the interpretation and application. It remains the only document that describes or represents the living wages of people who are not employed by the government in Lesotho.

Industrial Policy Dilemma in Lesotho

This study also made use of the discourse analysis to examine the role of related official documents and their input in reducing poverty.

The study discovered that the following related policy documents were established but, due to lack of political will and determination on the side of the government, were never implemented regardless of the amount of money and time spent on them. These documents include:

- Lesotho Growth Strategy
- Industrialization Master Plan (IMP) 2007-2010
- Investment Policy 2009
- SME White Paper 2002
- State of Small Enterprise 2008
- Industrial Policy [Draft] 2012

With the single exception of Vision 2020 that incorporated the PRSP policy 2002/3 – 2005/6 when it was formulated, the other documents that were meant to level the grounds and ensure effectiveness of the Industrial Policy have fallen out of favour with the government. The Industrial Policy is currently only implemented whenever the Minister or Senior Official in the

ministry or official behind the desk feels it is necessary. There is no guiding policy or legislation on what is to happen, the direction to be taken or how to go about it.

Part of the failure and weakness in implementation of the above policies and strategies is seen to be due to lack of coordination and cooperation as well as implementation mechanisms as indicated in chapter 2 of this study. This lack of coordination and poor planning in Lesotho has resulted in situations where key government stakeholder Ministries are working and operating independently of each other without any collaboration or integrated plan to follow that will guide their activities. The only existing mechanism is the Inter-Ministerial Task Team that comprises members of various ministries, parastatals and the private sector that was formed by the Prime Minister and is chaired by the Minister of Trade and Industry Cooperatives and Marketing (MTICM) and which reports to the Cabinet.

External and Foreign Influence

The study also revealed that the country's reliance on the South African economy posed or is posing a greater challenge and influence where some practices in the manufacturing sector in Lesotho are following South African laws and standards in processing their products. The owners of such businesses had opted to use the South African laws and standards in order to reach international markets and gain recognition since South Africa has a well-established Bureau of Standards. This also brought about some mixed feelings within the Ministry of Trade and Industry in Lesotho as there is a feeling that the Ministry should just adopt the South African Trade and Industrial Policies due to country's reliance on South African Economy and as well as due to the country's geographical position within South Africa. *"Every time we talk of policy this issue of us (Lesotho) and South Africa pops-up and we are always cautioned that whatever we do and say should not clash with South Africa and SADC are doing, one trade unionist indicated"* (Interview 25th June, 2015).

Coping Strategies

While the issue of poverty remains the main challenge facing Lesotho, workers in the manufacturing and textile sectors in Lesotho are not immune to the situation as their salaries range from R756 to R1, 030 per month. In an attempt to sustain their lives and that of their dependents, these workers resorted to several coping strategies which, according to them, are small but in the end made a difference in their lives. These workers had amongst other things resorted to forming stokvel groups where they contribute and borrow a certain amount of money on monthly basis and operate it in the form of revolving fund where a collected contribution is divided and shared by a certain number in a group who bring it back with some interest at the

end of the given or stipulated period. One participant pointed out “*It is not easy to live with this money that we get here, the only way to survive is to join hands with others, it is not much what we often get, but it makes difference at the end of the year, it is through this societies that we are able to survive and achieve bigger things such as building our own houses, paying school fees, buying children clothes and feeding our families amongst other things*” (Interview 25th June, 2015).

This information is further supported in the Lesotho Post Newspaper, Vol.1 issue 6 dated December 18 – January 7, 2015 where the newspaper held an interview with one FUMANE LEBAJOA working in the manufacturing sector in Lesotho. The paper had tried to present a breakdown of some common things that are believed to be involved in the everyday life of a factory worker in Lesotho, who earns R1, 030 (thus one of the highest earnings in the sector). Her monthly routine budget was as: R600 - Food, R200 – Transport, R400 – Rent, R200 – Gas and R300 from Money lender (loan sharks), this add up to a total of R1, 700.00

The irony is that for her to get the difference of R670 that is not covered by her salary she has to juggle around and find other means, but at the end of the day they are surviving.

RESEARCH OBSERVATIONS

During the interviews a situation often arose where a group of workers would want to come and listen to the interview and later demanded to also be included in the process of the interview. When asked why they wanted to be included, their response was that they wanted their situation in terms of their lives to be known and seen by the world as the government of Lesotho, according to them, is the one that is both allowing and perpetuating what is happening at the manufacturing sector in Lesotho. They would often talk or speak as a group not listening to each other every one sharing his and her experience at work. These were in most cases sad and painful stories of treatment and torture that happened to them. They often use words or phrases and comparisons like “*Our sweat evaporates in air like that of dogs*” meaning that they are working very hard without any rewards like dogs to the hunter.

Their facial expressions and the tone that was often used here was of people who are sad, hurtful, disappointed and angry. The emphasis about government neglecting their sector was very strong. What became clear about these workers through the language used, tone and mood that prevailed was a lot of anger, resentment and hatred that comes from a people who feel betrayed and sold out to foreigners (foreign investors) by their government. For them their government had turned against them by not doing anything to improve and change the structure under which they work, but rather supports the foreign investors in maltreating and exploiting them.

At that moment it became clear that the research and the researcher had provided a platform at which they could freely voice their feelings and experiences. This supports the researcher's assumption that language and other symbols of interaction present reality and do not represent it.

SUMMARY OF FINDINGS AND IMPLICATIONS

The study have revealed that although poverty is a general challenge facing Lesotho, its magnitude is felt by people who have low levels or no education at all. This reflects that certain practices and understanding are determined by the level of comprehension that in turn is based on people's education. While the study acknowledges the fact that in Lesotho unemployment remains a great challenge and the main driver or contributor to poverty even amongst people holding academic qualifications, it is believed that one's level of education plays a very significant role or impact in production as the level of education one possesses is likely to determine one's level of skill.

Further the level of education may also be seen as one of the major contributing factors to the maltreatment that workers in the manufacturing sector suffer, as they are not aware of their rights and obligations or the laws that protect them. Those who have insight often use it to their advantage to get closer to the management.

It can also be deduced from this study that, due to the nature of operations in the manufacturing sector in Lesotho, there is no sustainability and growth for either the business or the workers, resulting in economic stagnation or deterioration. The factories and firms often stay for a certain period of time, mostly while they enjoy some form of benefit and incentive from government such as tax holidays, free electricity and water amongst others, and when that time lapses they often shut down and leave the country leaving workers stranded for work. There is no skill transfer programme operational in the manufacturing sector in Lesotho and to make situation even worse, there is no formal training for people working in this sector in Lesotho. Those who are currently regarded as experts have achieved this status through hands-on training. The challenge is that where a need exists for such people these types of jobs are often awarded to expatriates or people who do not qualify. There is little or nothing in terms of human development or capabilities development occurring within the manufacturing sector of Lesotho.

The PRSP policy document itself is old and has been there for some time. There are areas where it did well at first but the country should not be referring to it as the main document, but rather as a back-up or founding document. The country should consider the fact that it is no longer appropriate and no longer contributes to the country's development. Currently the

country faces enormous challenges from all spheres of life and the PRSP policy document does not respond to the needs and demands of Lesotho.

Again the study has shown that there is a need for the government of Lesotho to establish structures that will continuously look at the matters of policies and laws within the economic and development sector. Industrial policy should be central to the country's economic and development initiatives. It should be monitored and reviewed from time to time to address the ever-changing economic and developmental demands of the people. There has to be a regulatory mechanism in place to ensure that competition of industries in Lesotho is healthy and that industries are sustainable. All stakeholders in the manufacturing sector should also ensure that the sector follows an integrated development approach which they will monitor and evaluate constantly and that they (stakeholders) stop competing amongst themselves and as well duplicating activities.

The labour laws of Lesotho need to be revised as they are also too old and the Government should look at means and ways of improving the "living wages" of factory workers perhaps through the introduction of certain incentives and packages if it is too difficult to find a way of increasing or improving on salaries.

Political instability and governance system of contracting and politicizing some key positions such as the Principal Secretaries, Directors and other senior positions in government proved to be a challenge as it promoted inconsistencies and redundancies in terms of policy application and evaluation. This therefore contributed to a lot of scepticism on the side of the investors about whether to come to Lesotho or not under such perceived conditions.

Finally the Lesotho Parliament and Government should lay foundations through which external influence in any form would be adaptive to the situation and demands of Lesotho. Bilateral treaties or concessions should be adopted and interpreted in the light of the Basotho people, their laws, demands, practices and understanding. The country's involvement in international spheres, whether in the form of trade or affiliation to a body, organization or forum, should not be seen or interpreted as a symbol or mechanism for subjecting the country and its people to a more subservient position in the international arena. The adoption of such laws and treaties that originate externally must be seen as supplementary where the country does not have any similar laws or treaties or where it lacks in application of such laws and treaties. Such external laws should form the basis or guiding factor, or even the platform to start from

The study made the following recommendations:

The PRSP document is too old and out-dated to guide or serve as the Industrial policy in Lesotho. The document (PRSP) as an Industrial Policy has not been effective in reducing poverty through employment and employment creation.

The Lesotho Industrial processes and practices are not only fragile but are also prone to both external and internal factors, thus subjecting the sector to a series of uncertainties.

While it becomes a sensitive issue to talk about and to discuss it, workers in the manufacturing sector in Lesotho remain and could be classified as cheap labour. They live with a minimum wage that ranges from R700 – R1500 per month as the highest paid person within the production sector. It is therefore hard for people working in the manufacturing sector in Lesotho to have a decent home, provide decent and quality education for their children. Providing decent food and way of life is a challenge that only those with a economically comfortable background or who have extra support can attain.

Despite the Manufacturing sector being the largest employer in Lesotho, it suffers in terms of skills resources as there are few or no people with special skills and qualifications in the sector. It is hard to find a graduate in some of the firms or factories. The sector had been given less priority, not only by the education system, but also by the government, in terms of nurturing and protecting it to grow and develop so that it could become independent and competitive. There is no growth and skill transfer in the manufacturing sector in Lesotho that could ensure the sustainability of the industry. The sector is mostly dominated and reliant on expatriates in terms of skills and expertise.

There is too much reliance on external commodities or goods for use in the production sectors of the industry. Local market, talent and skills remain untapped in Lesotho or are not being fully utilized to their fullest potential. There is also too much reliance on external markets thus making the country more isolated, even for goods that are produced internally and that are in high demand locally.

The laws that relate to the manufacturing and production sectors in Lesotho need to be harmonized and become worker friendly. The structure or system of governance that is used in the manufacturing and production sectors need to be reviewed and reshaped to ensure proper monitoring, evaluation and coordination.

The sector is one of the highly affected areas in terms of the incidence of HIV and AIDS due its large composition of people with different life styles and practices, coupled with some of the coping mechanisms that are adopted.

The manufacturing sector is one of the highly fragile, sensitive and mobile business sectors and is easily affected when there are any forms of tensions, whether economic, political, social or cultural.

Some programmes are used as political tools by politicians in order to secure votes in order to remain in power.

LIMITATIONS OF THE STUDY

Time planned for the interviews was based on the understanding that workers are given a one (1) hour period for their lunch and it would be possible for the researcher to have more people during that time, but this was not the case as the lunch for workers turned out to be only forty-five (45) minutes. The researcher therefore had to be flexible to resort to an alternative plan, which was of waiting for workers during change of shifts, that is, talking to those who were waiting to resume work before they entered factory premises and to wait for others who were knocking-off. This led to a situation where the researcher had to leave home early in the morning to travel about 60km to make sure to meet with the 0600hrs shift before they started work and those who were knocking-off and as well wait for lunch and the 1800hrs or evening exchange shifts. Although it was a limitation in terms of time and planning it helped the researcher to have a feeling of how what it is like leaving home during those unusual times in the freezing Lesotho winter where some of these workers walk distances of about 18km to and from work on a daily basis all year round (because Sundays and public holidays are when they make additional money).

During the planning stages of the study, the researcher was not aware that Labour movements and associations in Lesotho were in negotiations to try and have one mother or umbrella union that would serve as a focal point for all, therefore the study had proposed to interview four (4) of the most influential or vocal labour movements in Lesotho. However, during the time of study the agreement had been reached by three of the four movements to work together under one body that they named the Independent Democratic Union of Lesotho (IDU), which comprised of FAWU (Factory Workers Union), LECAWU (Lesotho Clothing and Allied Workers Union) and NUWTEX (National Union Workers of Textile). The fourth movement that was targeted was NACTU (National Contractors and Transport Union) which however turned down a request for an interview due to the unavoidable office demands as per the response the researcher received from the person in their office.

Again at the time of interviews the researcher became aware that there were two newly established associations among the workers but it was difficult to reach any contact person from these associations as the people appearing on their registration file at Registrar of Company's office were not available through the listed contact numbers, and no specific (physical) office address was cited on the papers.

The other challenge that emerged was one of documentation. The researcher had an understanding that the research unit of the Lesotho National Development Corporation (LNDC), as the one mandated on matters pertaining to the promotion of industries in Lesotho, would provide the available literature and research on the industrial sector, inclusive of all the laws and

policies and other public documents that relate to industrial development and policies. But that was in vain, as the researcher was told that the librarian was not around and it is not even known when she will be back as she was attending to some family matters. It would also require the researcher about thirty or more days to present the interview protocols and research proposal to the office of Director, LNDC in order for them to be studied so that appropriate advice could be obtained on whether to allow such a study to use their library or resources. In this case the researcher reverted directly to the Ministry of Trade and Industry, Cooperatives and Marketing (MTICM) to access documents following which the office of Industrial Development took over and assisted the researcher with the relevant and available documents in the ministry, despite their role being limited to facilitating, monitoring and evaluating on the work of LNDC.

The other limitation came from the office of Principal Secretary who pointed out that the challenge he faces is that he is new in the office, the Minister is new and the office of Director Industrial Development is vacant and that this office had been vacant for the past two to three years, therefore, they are yet to learn about and try to find out what really is happening in the entire ministry (MTICM).

Lastly the newly elected government in Lesotho (2015 elections) posed another challenge through the expansion of its Cabinet by introducing new Ministries that, amongst others, included the Ministry of Small and Medium Entrepreneurships (SMEs) which was previously a department under Ministry of Trade and Industry, Cooperatives and Marketing (MTICM). These changes presented a major challenge in terms of policy scope and application as roles for the new ministry have not been clearly determined, set and communicated. It is currently operating on the basis of trial and error.

RECOMMENDATIONS

Following the discoveries and limitations perceived through the study, it is recommended that; The Lesotho labour laws are old and have many loop holes. They therefore need to be revisited and harmonized to also cater for workers.

The Lesotho government should establish a monitoring and evaluation unit within the Ministry of Trade and Industry, Cooperatives and Marketing to look at matters of policy, growth and sustainability of industries.

The Lesotho government should ensure that there is an Industrial Policy is established in the country as the current one is out-dated and is no longer appropriate to the needs and demands of Lesotho. The implementation of such a policy should be given first priority so that it sets the framework for development processes.

The government of Lesotho should try to find a stable system for its management system, so that changing Principal Secretaries, Directors or other senior government officials does not hamper the progress or work that is happening or is about to be happen.

The government of Lesotho should commit more resources both financially and technologically to the process in order for industries to be successful and should engage all stake holders in every negotiation or meeting.

The government of Lesotho must see to it that all arms or pillars of governance are stable so that industries can flourish and grow in a suitable environment.

CONCLUSION

Poverty can be subjected to different definitions as well as different circumstances, however its link to policy choices remains certain and real. Having good economic policies enhances economic growth, which will eventually result in creating employment. Employment provides the necessary security for families where enough income will be available in order to take them out of poverty.

Strong and effective institutional development that is able to produce sound economic policies and a stable environment coupled with skilled labour as the means of production are the most important ingredients in poverty reduction.

Lesotho as a country is facing the greatest challenge of all with its geographical position and size. As an enclave within the larger economy of South Africa it has to find a way of sustaining its people and their needs. The study indicated that the current Industrial Policy has not been effective in reducing poverty through the creation of employment, but rather that unemployment is still increasing while poverty remains high even amongst people who are working. The increasing incidence of HIV and AIDS are also a scourge to deal with. The country has not been able to achieve the Millennium Development Goal of eradicating poverty and hunger by 2015 as was set by United Nations in 2000, and as the situation stands, the country is not any closer to the goal or objective. Therefore there is a need for Lesotho to find an alternative solution to the prevailing situation.

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