REVIEW | Employment under pressure: Inclusive strategies are in everybody's interest

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2010 saw one of the most protracted and highly charged public service strikes since this country's transition to democracy, with an estimated one million workers taking to the streets. Negotiations started in April and were concluded only in October, culminating in Resolution 4 of 2010 in the Public Service Co-ordinating Bargaining Council (PSCBC). Amongst its provisions were a 7.5 per cent salary hike and an R800 per month housing allowance.[1]

On 16 August 2011, another agreement was struck between the single employer, the state, and unions in the PSCBC, this time without any strike activity. Apart from the wage offer of 6.8 per cent, backdated to 1 May 2011, the remainder of the new agreement was about the need to negotiate numerous outstanding and new demands.[2]

The outstanding issues included medical aid, housing allowances, a minimum service agreement and a remuneration policy, each with different processes and proposed dates for resolution. The new demands covered time off for shop stewards, overtime, review of a previous agreement on pensions, performance management and development systems, compliance with the Occupational Health and Safety Act 85 of 1993, and the delinking of housing allowances from spouses. Importantly, the issue of outsourcing, which has become a standard item on the agendas of unions across all sectors, was included.

The document also stated an intention to reach a long-term agreement for the period 2012–2015, but several factors may delay its adoption. These include the large number of unresolved issues, their complexity, union members' mounting dissatisfaction with the approach of and offers from the state over the past two years, and the number of unions involved in the public sector. Gauging from the number of other negotiations that started early in 2011 and are still to be concluded, all indications are that settlements will be difficult to attain. In the case of municipalities, the employer, the South African Local Government Association (SALGA), implemented a unilateral decision on wage increases that led to protests and strike action. At this stage, therefore, the eventual outcome of the process remains anybody's guess.

However, in the interest of forward planning and projection, informed guesses are better than mere speculation. This article reviews labour market indicators and industrial action patterns of the recent past, in search for clues of discernible trends. It concludes that recent trends in the context of economic stagnation lean towards an approach by all social partners that focuses on self-interest with short-term gain. Social dialogue, therefore, needs to be prioritised in order to prevent a scenario where the cost of stagnation is borne by the poor, and, conversely, to ensure that benefits are distributed evenly where gains have been made. Failure would result in the battle of redistribution spilling over into the streets once again – this time in growing numbers and intensity.

Striking a bargain

It is often assumed that there are too many strikes in South Africa, and from an economic point of view one strike is always one too many. Companies lose profits and employees lose wages. Leslie Owen, from the University of KwaZulu-Natal, believes that the incidence of strikes in South Africa is comparatively much lower than elsewhere, when measured in terms of the number of days lost per one million of the population. He shows, for example, that in 2008 South Africa trailed countries like Denmark, France and Italy in Europe; Brazil, Peru and Argentina in Latin America; India and Korea in the East; and Canada in North America in terms of strike activity.[3] All these states are vibrant democracies, and collective bargaining is a function of democratic labour relations. Freedom of association, the right to collective bargaining and the right to strike, despite short-term economic consequences, build stable democracies with more predictable and sustainable economies.

Owen's contention is supported by the Department of Labour's *Annual Industrial Action Report 2010*, which notes that strike activity has been low over the past three years, when compared to the 99 stoppages in 2006.[4]

Yet, an assessment of stoppages alone can create a false impression of the actual impact of strikes. It is also important to take sector and union size into consideration when making such an assessment, as is demonstrated in Figure 2.1.1. Industrial action by one large union, therefore, may have as much impact on the economy as action by a large number of small unions. The 99 stoppages in 2006, for example, resulted in the loss of 4.1 million working days, and the 75 stoppages in 2007 amounted in 9.5 million working days. When looking at the comparable figures for 2010, the full extent of last year's strike is put in perspective: 74 work stoppages resulted in 20.6 million working days lost. This is more than double the number recorded in 2007. For both of these years, the high number of days lost can be attributed to public sector strikes. Indeed, the 2010 figure represents the highest ever number of working days lost in one year. Public service action accounts for 90 per cent of this. It is estimated that 18 million working days were lost when approximately one million employees went on strike for 18 working days each.

In 2009, the transport industry topped the list with the highest number of industrial action incidents, but in 2010 it was overtaken by the mining industry (see Figure 2.1.2). The number of incidents in the manufacturing industry doubled, due largely to the fact that prior agreements in the sector had reached their termination date and had to be renegotiated in 2010. The long-term agreement of 2008–2010 within the Metal and Engineering Industries Bargaining Council, for example, came to an end and, as a result, new negotiations had to commence.

The lowest number of strike incidents occurred in agriculture, construction and energy. Fewer incidents in the first two can be attributed, by and large, to lower levels of unionisation and the precarious forms of employment in these sectors; in the case of energy, Eskom's monopoly and regulations around its status as an essential service account for the relative lack of strike activity in this sphere. It is important to note, however, that in 2010 over 3 000 workers in the sector embarked on a strike, because of frustration with the offer of a 5 per cent wage increase at a time when Eskom executives were being paid salaries regarded as excessive and not in line with their actual performance.

Due to the first-ever nationwide strike in the construction industry, it also recorded unusually high levels of working days lost in 2009 (see Figure 2.1.3). The strike action was the result of greater co-operation between trade unions affiliated to different federations that began working together in 2007 around the infrastructure development for the 2010 World Cup.[5] The campaign for decent work in this sector raised awareness among union members and developed a sufficiently strong and co-operative relationship to mobilise and co-ordinate a national strike.

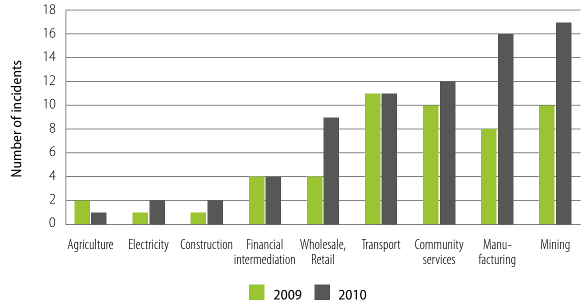
It was in the mining industry that most industrial action incidents occurred during 2010. The number of incidents does not necessarily correspond with the number of working days lost; as shown in Figure 2.1.3, the number of working days lost in the mining industry was surpassed by the manufacturing, wholesale and retail, transport, and community services industries in that year.

The significant year-on-year increase in the retail and wholesale industry between 2009 and 2010 was due to the September 2010 strike at Pick n Pay, which has a total staff

Figure 2.1.1: Number of work stoppages and number of working days lost, 2006–2010

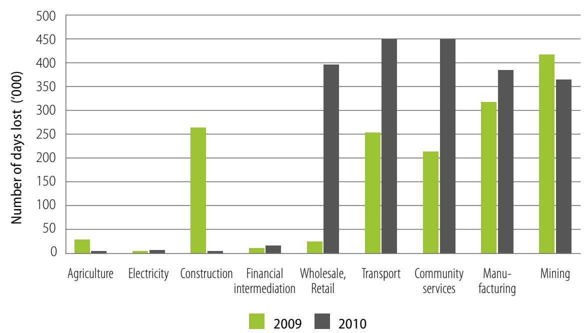
Source: DoL (2011)

Figure 2.1.2: Number of incidents by industry, 2009–2010



Source: DoL (2011)

Figure 2.1.3: Working days lost by industry, 2009–2010



Source: DoL (2011)

> Wage increases in South Africa (in contrast to demands) have been alarmingly timid over the past decade.

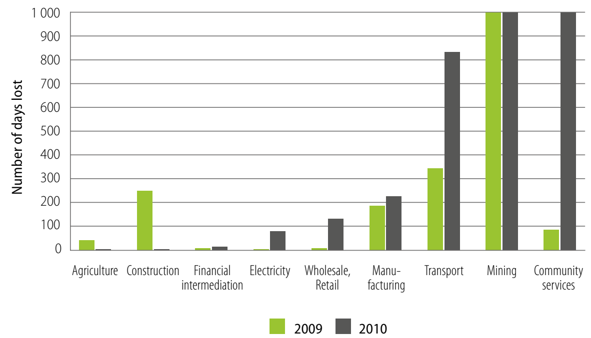
complement of 50 000 employees. Other notable action within this industry included the South African Commercial, Catering and Allied Workers Union (SACCAWU) protest in May 2010 against the DisChem chain's refusal to recognise the union. This was not the first time that the union has had to fight for recognition; in 2008, another major retailer, Woolworths, refused to respect its status as a representative of workers. This industry is not amenable to unionisation, and, to date, SACCAWU's longstanding demand for a bargaining council has fallen on deaf ears.

Another apparent feature noted in Figure 2.1.3 is the smaller year-on-year variance in the number of working days lost in the mining and manufacturing industries during 2009 and 2010, compared to that of other industries during the same period. This is due to the number of negotiations that unions are involved in annually in these industries, albeit with different employers from year to year.

The number of working days lost between 2009 and 2010 increased exponentially from 1.5 million to 20.6 million. As noted above, this was due to the duration of, and the number of employees involved in, the 2010 public sector strike. Given this dramatic increase, the obvious question to ask is what impact it has had on the economy. Figure 2.1.4 shows that 7 045 days were lost for every 1 000 employees in the community and social services industry for 2010, an average of 7 days lost per employee. This is the same number of public holidays we have on an annual basis, without counting the religious holidays also regarded as public holidays. In 2009, the number of days lost per employee in the same industry was a miniscule 82 days per 1 000 employees, or an average of 40 minutes lost per employee for the entire year. Over the two years, the average would come down to 3.5 days lost per employee per annum. This year, an agreement was reached in the public sector without a nationwide strike, which would lower even further the average number of days lost per annum in the industry over three years. In short, the level of strike activity in the industry that recorded the highest number of days lost in 2010 is not as high, and its impact more muted, than one might have expected.

Figure 2.1.4 shows that the mining industry lost just over a day per employee per year to strike action in both 2009 and 2010. While the transport industry came close to this level in 2010, the average in 2009 was lower, at one-third of a day lost per employee per annum. The numbers are very low in the agriculture, construction, financial, and retail and wholesale industries, although there are variations from one year to the other.

Figure 2.1.4: Number of days lost per thousand employees, 2009–2010



Source: DoL (2011)

Table 2.1.1: Average minimum wage (AMW) across all bargaining units, 2003–2010

	Year	Wage (R)	AMW increase (R)	AMW increase (%)	Inflation (%)	Real increase (%)	Real wage (R)	Real increase/ decrease (R)
	2003	1 940			5.8			
	2004	2 015	75	3.9	1.4	2.4	1 987	47
	2005	2 236	221	11.0	3.3	7.6	2 169	154
	2006	2 429	193	8.6	4.6	4.0	2 336	90
	2007	2 639	210	8.6	7.1	1.5	2 466	37
	2008	2 819	180	6.8	11.5	-4.7	2 514	-125
	2009	2 939	120	4.3	6.6	-2.3	2 754	-65
	2010	3 305	366	12.5	4.3	8.2	3 179	240
Estimate	2011	3 569	264	8.0	5.0	3.0	3 404	99
9 years	2003–2011		1 629	84.0	55.3	28.7	2 497	261
8 years	2003–2010		1 365	70.4	47.9	22.5	2 375.7	436
5 years	2006–2010		876	36.1	38.0	-1.9	2 382.0	-47
3 years	2008–2010		486	17.2	19.2	-2.0	2 763.8	-55

Source: Actual Wage Rates Database (AWARD) of the Labour Research Service (LRS) [6]
Note: Inflation calculated from the Statistics South Africa (Stats SA) Consumer Price Index (CPI) [7]

Demanding a strategy

Wage demands on employers have been growing by between 15 and 20 per cent in recent years. When compared to the low rate of inflation over the past two years, this appears to be excessively high. During this period, unions have also put increased emphasis on non-wage demands, which range from housing and medical allowances to job security and the use of labour brokers. However, an analysis of these settlements suggests that this is more part of union strategy to start high and leave room for downward negotiation. Employers, in turn, use the same strategy in reverse, and place counter-demands of retrenchments, reducing wages and cutting benefits on the table.

Wage increases in South Africa (in contrast to demands) have been alarmingly timid over the past decade. Contrary to the notion that demands are driven by high wage expectations, it appears that the demands are being led by growing fears of reduced real income. Table 2.1.1 is revealing on a number of levels.

It shows that, on average, nominal monthly wage increases since 2003 have been below 10 per cent per annum, except for 2005 when it was 11 per cent and 2010 when it was 12.5 per cent. In real terms (percentage increase minus inflation), annual increases of the monthly wage were less and there was an actual reduction in wages of 4.7 per cent and 2.3 per cent in 2008 and 2009 respectively. This has seriously affected the long-term pattern for improvements to minimum wages, and has had equally severe short-term implications for incomes.

Over the period 2003–2010, there was a nominal increase of 70.4 per cent in the average minimum monthly wage, but when inflation is factored in, this drops significantly to a real increase of 22.5 per cent or R436 over the entire period of 8 years – an annual average increase of R54 per annum or R4.50 per month.

Between 2006 and 2010, the average minimum monthly wage actually declined by R47 in real terms for the entire period, or on average by R9.40 each year. The annual real loss grows to an average of R18.33 a year over a three-year period between 2008 and 2010. In this time, the average minimum monthly wage decreased by 2 per cent or R55 in real terms.

It is estimated that the average minimum monthly wage will increase by about 8 per cent in 2011, as a result of the most recent settlements. If we assume an inflation rate of around 5 per cent for 2011, then the losses experienced in 2008 and 2009 will be overcome. The average minimum monthly wage would increase by R99 from the previous year and by an average of R9 per annum over the period 2006–2011.

A closer look at Table 2.1.1 reveals the tyranny of percentages, and how low wages for the majority of South African workers really are. This fact is borne out in successive household surveys by Stats SA. The latest results at the time of writing, released in August 2011, show that the expenditure of two-thirds of South Africa's households is R2 500 or less. This differs by racial group, with 80 per cent of African households, 50 per cent of coloured households, 30 per cent of Indian households and 13 per cent of white households falling in this category.[8]

The approach to cushion the real wage losses of workers by adding non-wage demands has not been successful. Employers have used strategies, such as outsourcing or threats of retrenchment, to curtail any real improvement to benefits and conditions of work. In fact, numerous negotiation rounds have been bedevilled by employers attempting to convert what is regarded as overtime work into normal hours. When taken to its logical conclusion, it amounts to reduced remuneration for workers working overtime, and a lower wage bill for the company.

Such measures remain highly contested, and both sides are working tirelessly towards an improvement in their bargaining position by legalistic means. Trade unions and employers alike are campaigning strongly for amendments to the labour laws. Unions have been calling for legislation to ban or restrict labour broking, thereby extending the wage and non-wage benefits of the main company or contractor to employees who currently work for labour brokers. Employers, on the other hand, are campaigning for a relaxation of labour laws that would allow for lower retrenchment costs, which, if achieved, would make the practice of labour broking redundant.

Employment and unemployment

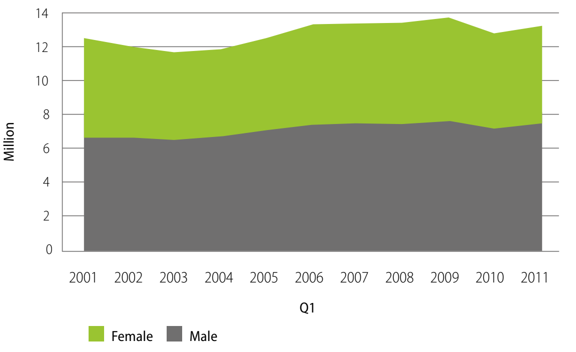
An assessment of the South African labour market cannot ignore the racial and gender dimensions inherited from apartheid. They remain intact and, arguably, much of the marginal gains that have been made since 2003 have been eroded by the brief recession of 2009. Before proceeding to look at these dimensions in more detail, we first consider the more general employment patterns of recent years.

The comparative data in Figure 2.1.5 show that there were 624 000 more jobs in the first quarter of 2011 than there were at the same time ten years ago in 2001. This is a growth of 62 000 jobs per annum. To put this annual figure in perspective, it is sobering to note that it amounts to only 10 per cent of the number of pupils who wrote the 2010 Grade 12 examinations. Another disconcerting fact is that today there are 139 000 fewer women in the labour market than ten years ago, while the number of men increased by about 760 000 during the same period.

The figure further shows that while 2001–2008 was characterised by higher employment growth, its benefits have since been eroded by the economic crisis that began in 2008 and impacted on employment in 2009. Employment peaked during the first quarter of 2009 at 13.64 million, but then dropped dramatically to 12.8 million in the first quarter of 2010 – over 800 000 jobs were wiped out in one year! By the first quarter of 2011, this figure had increased slightly again by 300 000 to 13.1 million, but it still remained 500 000 shy of the 2009 figure. As far as the gender profile of job shedding during this period is concerned, the data show that 360 000 fewer women were employed in the first quarter of 2011 than at the same time in 2009. The comparable figure for men is 140 000.

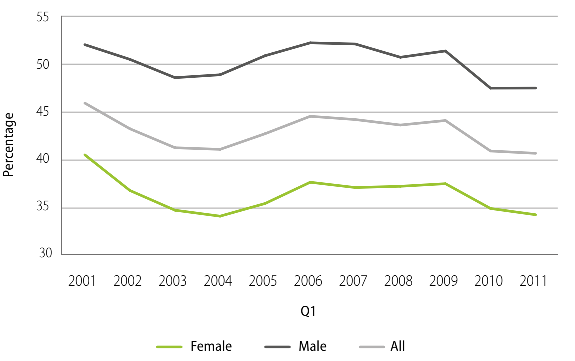
Another disturbing fact, which is brought to the fore in Figure 2.1.6, is that only 40.6 per cent of working-age South

Figure 2.1.5: Number of men and women employed, 2001–2011



Source: Stats SA, *Quarterly Labour Force Survey* (for 2008–11) and the *Labour Force Survey: Historical Revisions* (for 2001–2007)

Figure 2.1.6: Percentage employed of total working-age population, 2001–2011



Source: Stats SA, *Quarterly Labour Force Survey* (for 2008–11) and the *Labour Force Survey: Historical Revisions* (for 2001–2007)

Africans were employed during the first quarter of 2011. Ten years ago, in 2001, the comparable statistic was 45.8 per cent. This decline of 5 per cent is cause for serious concern, because it suggests that the economy is far from able to absorb greater numbers than those who annually enter the labour market.

When viewed from a gender perspective, the realities presented in Figure 2.1.6 are unambiguous. In South Africa, only 34.2 per cent of working-age women are employed, while the comparative figure for men is 47.4 per cent – a difference of 13 per cent in the first quarter of 2011. Another important dimension of the gendered nature of work emerges when we evaluate employment by occupation. In South Africa, 1 out of every 7 working women is a domestic worker, while 1 out of every 24 men finds himself in this occupation (Patel 2011). Many women remain trapped in low-paying occupations. In *Labour Market Dynamics 2010*, related data, which have been broken down in terms of sex and occupation, reveal that whereas 738 000 men were employed in a managerial position, less than half the number of women (312 000) found themselves in this category.[9]

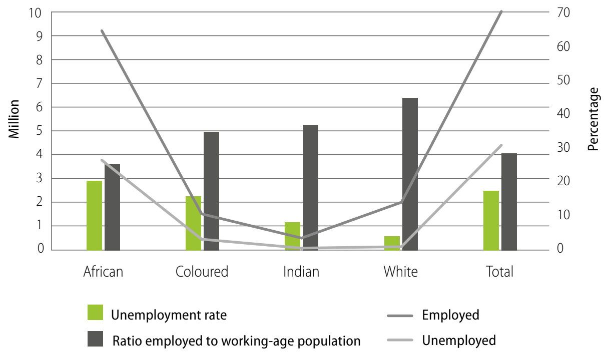
A demographic breakdown of the labour force shows that black Africans (78.2 per cent) make up the vast majority of employed workers, followed by white (9.6 per cent), coloured (9.3 per cent) and Indian (2.9 per cent) workers. However, as a proportion of the total working-age population, employed black Africans trail far behind the other groups. Only 36.2 per cent of this group find themselves in employment, compared to 49.5 per cent of the coloured, 52.5 per cent of the Indian and 63.8 per cent of the white groups.

An analysis of employment in terms of racial representation at the level of occupations points out that apartheid characteristics are entrenched in the labour market. Lehohla (2011) notes that in 2010 there was a much higher percentage of white employees (60.6 per cent) in skilled positions, compared to any other racial group. For Indian employees, the figure stood at 47.1 per cent, while for coloured and African employees it was 23.1 per cent and 15.9 per cent respectively.[10]

During the first quarter of 2011, there were 3.7 million unemployed black Africans, which translates into 85.7 per cent of the total number of 4.36 million unemployed in the country. Other groups constitute much less of this total number, with coloured, Indian and white unemployed at 436 000, 64 000 and 124 000 respectively. The unemployment rate was 25 per cent early in 2011; however, a demographic analysis again highlights entrenched apartheid characteristics. Figure 2.1.7 shows that unemployment within race groups remains extremely high for both the African and coloured groups, at 29 per cent and 22.6 per cent respectively, and much lower for the Indian and white groups, at 11.5 per cent and 5 per cent respectively.

Unemployment is the major concern in the labour market and is regarded as the cause of numerous social ills. It stood at 25.2 per cent in the second quarter of 2010. Stats SA's

Figure 2.1.7: Employment and unemployment by racial group, 2011



Source: Stats SA (2011) *Quarterly Labour Force Survey*, July

TWO

South Africa remains unable to produce faster, cheaper and in greater volumes …

Quarterly Labour Force Survey of July 2011 shows that unemployment abated to 25 per cent in the first quarter of 2011; however, it again increased to 25.7 per cent in the second quarter, instead of abating as the economy grows.[11]

Productivity, unit labour cost and economic growth

Everybody is looking towards the transformation of the economy to stem unemployment and restructure apartheid employment patterns. However, low productivity, high unit labour cost and sluggish economic growth, especially in labour-intensive industries, give the impression that the cart is indeed before the horse. After so many years, South Africa remains unable to produce faster, cheaper and in greater volumes, while numerous other countries have done so.

As shown above, the levels of strike activity are muted and wage increases have barely kept up with inflation; hence, unions and their members can hardly be held responsible for this situation. Another indictor – the wage gap – reveals that a worker earning the minimum wage will have to work for 154 years to earn what the average director of a South African company earns in just one year. This worker will have to work an extra 100 years on top of that (255 years) in the case of the average remuneration of a CEO (see LRS 2011). Clearly, our economy lacks balance and equity, and it seems as if true transformation has been sacrificed for inflated bonuses.

Adrian Saville, investment officer at Canon Asset Managers argues that 'productivity is our best currency' and opposes the idea that the rand should be devalued to make South Africa more competitive. He views labour productivity as the key to global competitiveness, with the qualification that labour productivity does not necessarily have to be based on the Chinese model of low wages. On the contrary, he suggests that 'the focus should be on promoting productivity and sharing gains in productivity', and that those looking for quick fixes 'would be surprised to find that this world of higher productivity and higher incomes correlates with a stronger Rand, greater global competitiveness of South African firms and higher standards of living for South Africans generally' (Saville 2011).

The possibility of another recession so quickly after the previous one of 2008/09, and the grave consequences it will have especially for manufactured exports, unfortunately may push back long-term solutions in favour of quick fixes. The rand has devalued slightly over the past year and the debate continues with a slant towards the increasing cost of imports.

If productivity and shared productivity gains should be the focus, recent trends show the contrary. The Reserve Bank has indicated that the percentage growth of economy-wide labour productivity slowed down quarter on quarter throughout 2010 and that this trend continued in the first quarter of 2011. In addition, the rate of salary increases also receded faster than productivity growth, which resulted in slower growth in unit labour cost from 7.7 per cent in the fourth quarter of 2010 to 5.3 per cent in the first quarter of 2011. In manufacturing, however, productivity growth accelerated as a result of increased output at lower employment levels (see SARB 2011).

In general, there are increasing concerns about the sustainability of South Africa's economic recovery. Although it was sustained throughout the four quarters of 2010, growth remained sluggish, resulting in GDP growth of 2.8 per cent for the year, after the economy shrank by 1.7 per cent in 2009. While growth for the first quarter of 2011 was 4.5 per cent, it declined to 1.4 per cent in the third quarter (Stats SA 2011). The Treasury revised its growth forecast downwards to 3.1 per cent from the initial 3.4 per cent for this year, with a caution that the continuing debt crisis in Europe could have severe repercussions locally.[12]

Skills and stimuli

When unemployment is a major feature of the labour market, it is expected that a political solution will be sought to increase the potential of job creation and to ensure that skills are acquired for employment. It is widely acknowledged that the level and quality of education present a major impediment to higher levels of employment in South Africa (see Stats SA 2011). Sufficient and appropriate economic stimuli by way of direct and indirect subsidies by the government to transform the labour market are also lacking. Unfortunately, an analysis of current data reveals unsatisfactory results.

Average education levels of the labour force are low, with 52 per cent having less than a full secondary education (there being substantial variations across racial groups) – 58.7 per cent of the employed black African population, 50.6 per cent of the employed coloured population, 25.6 per cent of the employed Indian population, and 14.5 per cent of the employed white population fall into this category. While 15.7 per cent of the employed population have a tertiary qualification, the racial variations are once again notable, with 11.5 per cent of the black African group, 10.7 per cent of the coloured group and 24.1 per cent of the Indian group having tertiary qualifications – far less than the 42.6 per cent of the white group with such a qualification (Stats SA 2011).

These figures reveal only the level of education attained by the employed, and this should not be confused with the quality of education attained. Over the past decade and a half, significant resource investments have been made in the country's education system. This is yet to bear fruit, and, as contributions elsewhere in this publication suggest, it will take much more than just monetary investment to turn the system around.

In recent years, much has changed in the thinking around government involvement in employment creation. Since the 1980s, policy-makers generally frowned on the idea of increasing state involvement in stimulating economic activity and employment. Today, the contrary is true and it is no longer a challenge to orthodoxy to suggest that the state is not doing enough in this regard.

Intervention in the form of bank bailouts, export subsidies, protection of vulnerable economic sectors, employment subsidies and even governments bailing out other governments have become increasingly commonplace since 2007. In South Africa, government subsidies have been provided for certain sectors, such as the motor industry and the government's expanded public works programme, to stymie unemployment. The onset of the economic crisis has resulted in broader and more targeted stimuli in the form of tax rebates for investment in strategic industries related to the New Growth Path strategy, as well as employment subsidies, such as the Jobs Fund for the creation of new jobs, and the training layoff scheme for reskilling and preventing large-scale retrenchments. In addition, the introduction of a youth subsidy will be targeted at skilling young people (aged 15–34 years), who make up 72 per cent of the unemployed (see Stats SA 2011). Finding the first job, and gaining job experience, appears to be a big challenge to employability (National Treasury 2011). Whether a lowering of the wage cost of young people will increase labour demand in the economy for this section of the population will be tested when the subsidy comes into effect next year. The government has allocated R5 billion over the next three years for its implementation.

The government's target for all these initiatives is the creation of 5 million jobs by 2020 – an average increase of 500 000 jobs per annum. This is 100 000 fewer than the number of pupils sitting for the Grade 12 examinations in 2011, and will be inadequate for bringing down the rate of unemployment even if these interventions are successful.

Accords and discord

The concluding paragraph of the declaration at the bargaining conference of the Southern African Clothing and Textile Workers Union (SACTWU) in March 2011 reads as follows: 'Conference called on all SACTWU members throughout the country to effectively prepare themselves for the upcoming round of substantive negotiations in our industry, and to be on high alert to confront employers head on, should they refuse to grant us our demands.'[13] Early in October, seven months later, newspaper headlines lauded a 'landmark' deal in the textile sector. The highlight of the agreement was that wages for new employees could be 30 per cent lower than for currently employed workers. The condition attached to this was that 5 000 jobs should be created by 2014. It was seen as a win-win agreement, as employers seeking to expand their workforce would pay less, the union would potentially benefit by more employment as it could increase its membership, and the development of the country, which is struggling to compete with cheaper imported goods, could be enhanced.[14] This agreement is significant, however, as its sets the precedent for other sectors to follow. An important concern remains that new workers will be bound by an agreement that they were not party to, and which would see them earning less than others at the same level.

Another accord that has made headlines is an agreement between the government, labour and business on 31 October 2011, which seeks to save and protect jobs by setting a 75 per cent local procurement target for employers. This accord will be hard to monitor, given limited access to company and government procurement data.[15] The significance of the accord lies elsewhere, namely in the creation of a space to develop common ground around inclusive and coherent strategies to counter the adverse impact of global conditions on the local economy.

Results and prospects

The labour market indicators discussed above broadly reveal that post-apartheid legislation and policy have not effectively changed the gender and racial characteristics of the labour market as it was under apartheid. Nevertheless, it is not worse. Furthermore, the country has achieved less frequent, and reduced levels of, industrial action (with the exception of public sector strikes in 2007 and 2010). The higher wage demands, together with an increasing range of non-wage demands from unions across the federations, and the inability of management to address these adequately, raises the possibility of heightened levels of industrial action.

Economic prospects appear very uncertain, with continuing economic stagnation in industrial countries, which is underpinned by a financial crisis in the Euro zone. These countries are important trading partners of South Africa and our economy is highly dependent on exports to them. If the crisis

It is widely acknowledged that the level and quality of education present a major impediment to higher levels of employment in South Africa.

persists, a decline in exports will lead ultimately to retrenchments, which will put trade unions on the back foot, given that 50 per cent of the jobs lost in 2009 have not been regained, and wages have not improved in real terms over the past six years. When jobs are on the line, more violent forms of action can occur, even if unions condemn this.

At this stage, there is insufficient evidence to suggest that the government, business and labour have reached a new consensus on how to address the unequal gender and racial characteristics of the labour market, to reshape the economy to meet the needs of employment and social protection, and ultimately to reposition South Africa in the global economy. This, however, is a long-term agenda. A good start would be to ensure that immediate and narrow stakeholder interests, which are being squeezed by a flailing global economy, do not overshadow our longer-term developmental objectives.

Notes

1. Home page of the PSCBC web site (http://www.pscbc.org.za/) downloaded 28 August 2011.
2. The agreement, Resolution 2 of 2011, can be downloaded from the PSCBC web site.
3. Owen (2011). His sample includes the following countries (and strike days per million of the population): Denmark – 373 820; Uruguay – 292 166; Brazil – 75 095; Peru – 52 446; France – 40 179; Canada – 26 534; Argentina – 21 034; Korea – 17 285; India – 14 432; Italy – 12 460; South Africa – 10 151; Turkey – 9 985; USA – 6 365.
4. DoL (2011). See Chapter 4 for statistics on strike activity.
5. For more information on the dynamics and settlement of the construction sector strike, see Cottle (2011).
6. The AWARD was started by the LRS in the mid-1990s to capture wage and non-wage data from collective bargaining agreements. It captures information from agreements entered into between union/s and a company (bilateral agreements), bargaining council agreements (often made up of more than one union and more than one company) and sectoral determinations, which are legislated minimums for certain kinds of work rather than agreements between unions and companies. The database can be accessed online and data are updated continuously. AWARD can be accessed through the LRS web site – www.lrs.org.za.
7. CPI inflation is obtained from Stats SA, which releases monthly inflation data for the country. Inflation data prior to 2008 were revised by Stats SA; consequently, the revised CPI was used for that period. The information is available at www.statssa.gov.za.
8. Stats SA (2011) *General Household Survey*, 2010.
9. Lehohla (2011) – see Table 3.5 on page A-12 of the publication's appendix.
10. Lehohla (2011:11) – see Figure 4.9 in the publication.
11. Stats SA (2011). See table A on page vi.
12. See the speech by the minister of Finance to Parliament presenting the Medium-Term Budget Policy Statement, 25 October, at http://www.treasury.gov.za/documents/mtbps/2011/mtbps/speech.pdf [downloaded 28 October 2011].
13. See SACTWU web site – http://www.sactwu.org.za/pr-and-news/184-nbc2011 [downloaded 28 October 2011].
14. See *Business Day Online* – http://www.businessday.co.za/articles/Content.aspx?id=155236 [downloaded 28 October 2011].
15. See *Business Report*, 1 November 2011.