South African Labor Crisis And Steps Taken for Labor Reforms

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Executive summary

The evaluation paper is aimed at studying the labor crisis in southern Africa. This highlighted the issues and challenges the institutions and government faced in mitigating the crisis that arose during 2008-2009. This was the era of economic and labor crises for the South Africans. Many of the labor industries experience severe crises. A evaluation theme revolves around the roles and contributions of industrial relations and bargaining institutions. Bargaining institutions and industrial relations raised some programs and initiatives to cope with the uprising issues related to labor. Those programs were launched in retaliation to the economic crisis. This evaluation paper will analyze the performance of those initiatives and programs.

Furthermore, the role of all the institutions that were raised to mitigate the economic crisis will be discussed. To what extent did the organizations of bargaining and institutional relations hamper or potentially contribute toward recovering those problems? It also focused on the programs undertaken and steps considered by the organizations to achieve their goals. The political and social problems and obstacles before the organizations and bargaining institutions reached their goal. The primary focus of the institutions and government was how to achieve their goals amid those challenges. The responsibility lies hardly on the shoulders of industrial relations and other collaborative institutions. With the passage of time, some challenges arose due to reshuffling in the political scenarios. Those were among the few challenges that somehow originated from internal conflicts, but we cannot ignore the international community's role in the destabilizing situation. International labor organization (ILO) plays a pivotal role in labor management. The Global Jobs Pact, proposed in 2009, identifies many issues relating to the economic crisis. Its more focused area was to identify the reasons behind unemployment and job loss. Solutions were drafted in the form of pacts, which were to create social protection and stability, income generation, and balance employment.

Without performing any activity on the practical ground, we cannot expect its rewards. To what extent have those drafted pacts and resolutions hampered the situations, and how do they create stability and recover themselves? This is the prime goal of evaluation. The discussion will go on from organization to organization by identifying the role and contribution toward recovering the South African community from severe economic crises. We touch on some of the reasons behind these financial falls to clarify the idea. The reason may lie in good governance or unequal distribution of income. However, step-by-step problems with their solutions will be discussed.

The involvement of the international community in the scene is appreciated. China is investing in various projects in southern Africa. Those investments are at the policy level as well as at project levels (Lee, C. K. (2018). The role of the international community in mitigating the problem of labor and economic disturbance in South Africa is off the mark. China's intervention in the banking and metrological industry contributes significantly to the recovery. The Chinese government has taken these steps in recent, past years.

Apart from international contribution, the response from the collective institutions of industrial cooperation and bargaining institutions to the economic crisis in southern Africa amid the financial crisis is discussed in detail. Institutions that have played a pivotal role in the upliftment of the South African community during the economic crisis are CCMA and NEDLAC. The investigation will revolve around the performance and contributions of these organizations. How they sort out problems, and what their significant steps were to take regarding the issues.

Methodology

The method of evaluation of the case study is straightforward. The task of the evaluation was executed through direct interviews and phone calls. Data were gathered from articles and previous work done in this regard. Reliable sources were selected for the study. Data collection was to up to confident. Further, more following tools and methods were considered during the whole study.

- Chief union negotiators and employers party to the bargaining council were interviewed.
- Bargaining council officials.
- Directors of NEDLAC and CMMA were interviewed.
- Government representatives.
- A senior representative from the social partners.

Reason for the crisis

An economic crisis in Africa may be traced back to their initial socio-economic background and setup. Africa is among the countries where financial crisis and social imbalance prevailed from the earlier stages of their colonization. The problem is also with the awareness amongst the people regarding their current situations. Because they mostly have the perception that the same is the case worldwide. They didn't blame their policies and government setup, which brought up the issue. The second thing is the vicious circle of poverty in southern Africa. They are facing the same problem over many decades, yet they have not broken up the vicious circle. Their poverty and economic instability trace back to the vulnerabilities they have been facing. Loopholes in policy formation and law and order are also the cause of their crisis. Policy structuring, drafting, and implementation are the keys to fighting a crisis like the one aroused in South Africa. South Africa is a country where unemployment, labor crisis, poverty, and lack of opportunities prevail. Their crisis may be traced back to their conventional barriers, which impede them from taking steps to break up the vicious cycle. The obsolete methods of farming and other businesses exist among the people. Political leaders and policymakers have an important role in putting the country into an economic crisis. In 2014, the ANC was reelected with a bigger margin but failed to create a balance in resource management. Because society was involved in the mismanagement of vast minerals (wealthBond, P. (2014). Monthly Review, 65(11), 1).

Africa's Growth Rate Analysis

The growth rate consists of two main areas. These are the employment in South Africa and the GDP growth. Time perspective involves the division of different stages. From 2008 to 2009, some mega changes were noticed. The take on of economic recession from the third quarter of 2008 to the first quarter of 2009 put the economy of South Africa into a severe crisis. The recession started in 2008 and prolonged till the first quarter of 2009. This economic depression gap is enough to put any economy into a severe financial crisis. Almost 900,000 jobs were lost due to this short-term shock in the economy of South Africa. In 2010, another blow to Africa's economy was when the soccer World Cup event happened there. The results were frustrating, as pre-assumption was made in favor of economic recovery, but the fact left the economy with a loss of almost one million jobs. The event hit the economy to some extent. Economy squeeze, where jobs were lost, economic imbalance was created, and social sector and private sectors lost confidence in institutions. The events that occurred around 2008 and 2009 squeezed the African economy to 1.8 percent. The blame for this contraction goes to the political situations happening in Africa around 2008-9 and the lack of expertise in policy formulation. The crisis was experienced strongly, and then laborers sort out their solution in the form of collective bargaining (their contribution and effectiveness will be discussed later on). Their political clashes and being ignorant of the crisis have put the economy of southern Africa into a fatal condition (Branch, D., & Cheeseman, N. (2008), and State failure in Africa: Lessons from Kenya. *African Affairs*, *108*(430), 1-26. The loss of jobs and mismanagement of mineral wealth started prevailing in Africa. Whoever was responsible for the crisis, that was the right time to retaliate against the challenges. Their response back to the economic crisis brought them up with few solutions. These solutions were the formulation of collective bargaining institutions and industrial relations.

Income inequality and employment in Africa

Income and employment rate fluctuating in Africa since 1995, at the earlier stages of 1995 income growth was better to some extent. This stage of the African economy is also known as the recovery face of the economy. The growth rate that has been observed in 1995 was little known for its impacts on poverty reduction and overall economic stability. Recent studies suggest that despite economic growth, there is little effect on poverty and financial security (M., Finn, A., & Oosthuizen, M. (2016). The equal distribution of resources and training for efficient economic growth is the most important area of economic growth. Also, the quality of national accounts and other statistics have been taken into account while assessing the performance of the economy. The poverty prevailing in South Africa can be judged from the country's per capita income. That is far below the desired per capita income. If people in a country rely on such a negligible amount per capita, then with no doubt, there is a severe crisis. The country's per capita income is $ 1.25, far below the poverty line. Income inequality in Africa is categorized into two groups, the one having more income in their hands and the other having less share of income. National income is unequally distributed amongst the peoples of Africa. This gap was minimized through social grants that were not in use. After the allocation of social grants, the desired results were not found. Thus, the government policy of raising charitable donations severely failed to achieve its targets. The same was the cause of the country's employment level. The initial political and institutional shocks in 2008-9 put the economy in the fatal condition of employment imbalance. The deprivation of 900,000 people from jobs in 2009 was a striking one for the entire economy. The Soccer World Cup in 2010 didn't fulfill the wishes of the people. The deprivation of one million people from jobs during the 2010 era may have been linked to the World Cup. The labor force participation rate consistently dropped. People lose their willingness for the jobs. The reluctance of people toward positions may lie deep in their frustrations. The political and institutional imbalance caused that.

The response to the crisis was quick and took the form of new legislation, collective bargaining, and industrial collaborations.

Legislative reforms and collective bargaining

The constitutional settlement in southern Africa has been disputed and controversial. Due to political sanctions and penalties, many workers have been deprived of their jobs. Labor mobility and irregular movements exist due to political sanctions (Dickinson, D. et al. (2017). Reforms in legislation bring up solutions in the form of collective bargaining. The labor relation act sorts out solutions to labor management. The sole concern of collective bargaining is to enhance social dialogues to boost the democratic system and functionalize institutions. In addition, this stable union formation and collaborative nature nurture the environment of collective working. Through its responsibilities, collective bargaining becomes the sole representative of socio-economic development. The creation of joint bargaining councils and CCMA has a strong impact on the crisis. The policies and solutions sorted under these two setups were productive in terms of results. Their strong response triggers the economy toward recovery.

Outcomes from CCMA and collective bargaining

In the initial stages, the bargaining council was affected by the crisis; these crises arose in the finances of the bargaining council. Bargaining councils were affected by the disaster, firstly regarding their funds. The high financial cost was bear at the initial stages of the organization due to many reasons, interference from outer bodies contribute toward higher cost and financial problems (Bruyn, A. J., & Sotshononda, N. (2017). CCMA and collective bargaining responses to the economic crisis were accurate and appreciable. As the economy embarks to recover itself. The primary objective of these organizations was to retaliate against the country's financial crisis. Formulation of institutions and regulation of authority was the sole objective of the organizations. Collective bargaining appreciates the dialogue amongst society to raise their issues with the government and policymakers. This attempt makes the democratic system strong and capable.

Conclusion

The role and responsiveness of the country toward the global crisis are off the mark. The formulation of councils like the Collective Bargaining Council and CCMA put the mess back to a greater extent. Collective bargaining played a pivotal role in mitigating the problems. The inequality that prevailed in Africa was somehow controlled by the institutions that were formed in response to the crisis. The equal treatment and safety of contractors were ensured through the union of collective bargaining, And the improvement of workers' skills and expertise and the implementation of new ideas were appreciated by collective bargaining councils. Improvisation in policies and legislation triggers economic recovery gains. The effectiveness of the collective bargaining councils and CCMA is that, despite political instability and resource constraints, these councils stand firm. Despite the resource scarcity, the response from the committee was positive, and they stuck to their responsibilities and tasks. The achievements of the boards were enough to mitigate the crisis in a better way.

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