

Institution: Middlesex University
Unit of Assessment: 19 Business and Management Studies
Title of case study: Improving Labour Market Outcomes in South Africa
<p>1. Summary of the impact</p> <p>Research on the post-apartheid South African labour market showed high levels of economic inactivity among black people concentrated in certain areas and high employee turnover among these groups. An integrated development programme was developed in and around Port Elizabeth tailored to address specific failings in labour market supply and demand identified by the research findings. This brought greatly improved employment rates for over 3,000 participating job seekers, with more than 80% achieving a positive outcome in terms of employment or further training. Furthermore, the programme reduced turnover rates for those employers involved in the project, and built the capacity of Union workforce representatives. The development programme comprising integrated training workshops and employer support is now being rolled out across South Africa.</p>
<p>2. Underpinning research</p> <p>Since 2001, Brookes and colleagues at Middlesex University Business School have developed a stream of international research on labour markets and industrial relations focussed on southern Africa. Funding from the Confederation of South African Trade Unions (COSATU) was secured in 2001 to undertake a detailed survey of industrial relations within the democratic South Africa, as well as produce a report for policy purposes. This initiative was followed by securing funding from the Department of Labour in Mozambique to undertake data collection and analysis of industrial relations (Brookes et al, 2004) and a follow up survey and report commissioned by COSATU in 2005 (Buhlungu et al, 2008). Brookes secured competitive funding for a series of research visits to institutions in South Africa which resulted in collaborations with the National Institute for Economic Planning, the University of Witwatersrand and Nelson Mandela Metropolitan University (NMMU). This funded research enabled detailed data collection and analysis to be undertaken at both national and local labour market levels.</p> <p>The findings showed two key constraints upon the effective functioning of labour markets for South Africa in the democratic era. First, the role of social capital became increasingly important in achieving positive labour market outcomes. Brookes and Hinks (2004) research into the functioning of the South African labour market found that those vested with high levels of social capital were significantly more likely to be (a) employed, and (b) employed in a high paying position. The research revealed an ‘insider-outsider’ effect in employment and highlighted the consequences for outsiders of being excluded from this system. Second, it found that coordination problems existed at many levels within South African labour markets. Initiatives from national government, such as strategic investments or the national training framework, rarely met the needs of employers and labour at the local level.</p> <p>The research also demonstrated the key role played by wage bargaining and the powerful trade unions. Results showed the positive rhetorical motivation of the unions and the considerable constraints facing those working in the ‘informal’ sector and the economically inactive (Brookes et al, 2004; Buhlungu et al 2008). Findings indicated that it was crucial to involve the unions in addressing these key issues but also demonstrated the strict limits to the extent to which they could impact upon the problems. Building on these labour market studies, subsequent investigation focused on the specific constraints being faced by job seekers and employees. A British Council funded project found that interaction between employers and job seekers through the recruitment and selection processes was often problematic, leading to higher turnover rates for the former and long periods of unemployment for the latter. The same analysis found that interventions from local government, employers’ groups and trade unions had achieved very limited impact.</p> <p>The resulting empirical analysis identified a number of failings both on the supply side and the demand side of the local labour market and set out a series of interventions to address these</p>

failings. On the supply side major weaknesses within the typical job search activities of unemployed workers were identified and a response identified in the form of development workshops focused specifically upon job search and employability skills. The empirical analysis also revealed that there was widespread evidence of poor performance within the HR function of many employers, indicated by a failure to respond to problems in recruitment and retention.

3. References to the research

- Brookes, M and Hinks, T. (2004) 'The Racial Employment Gap in South Africa.' *The South African Journal of Economics* 72 (3): 573-580. DOI: 10.1111/j.1813-6982.2004.tb00126.x
- Brookes, M., Hinks, T., Wood, G., Dibben, P. and Roper, I. (2004) 'Pulled Apart, Pushed Together: Diversity and Unity within the Congress of South African Trade Unions', *Industrial Relations/Relations Industrielles* 59 (4): 759-782. DOI: 10.7202/011338ar
- Webster, E., Wood, G., and Brookes, M.. (2006) 'International Homogenization or the Persistence of National Practices? The Remaking of Industrial Relations in Mozambique.' *Relations Industrielles/Industrial Relations* 61 (2) Spring 247-270. DOI: 10.7202/014170ar
- Webster, E., Wood, G., Mtyingizama, M., and Brookes, M.. (2006) 'Residual Unionism and Renewal: Organised Labour in Mozambique.' *Journal of Industrial Relations*, 48 (2) 257-278. DOI: 10.1177/0022185606062833
- Buhlungu, S., Brookes, M. and Wood G. (2008) 'Trade Unions and Democracy in South Africa: Union Organisational Challenges and Solidarities in a Time of Transformation.' *British Journal of Industrial Relations* 46 (3): 439-468. DOI: 10.1111/j.1467-8543.2008.00685.x

Outputs from the research effort have appeared in leading peer reviewed journals in their field. External research funding has been secured in open competition following rigorous peer review, including:

Dr Michael Brookes, Developing employability, improving entrepreneurship and delivering customised training solutions via employer engagement, British Council, July 2009 – February 2011, £60,000.

Dr Michael Brookes, Social and Labour Market Inequities in South Africa, British Academy, March 2011 – March 2012, £7500.

4. Details of the impact

The research undertaken on labour markets and the detailed studies of the local labour market of Port Elizabeth was, through the support of British Council funding, used to develop a set of development programmes for job seekers, a programme of support for employers and briefings for Trade Unions, NGOs and policy makers.

Development for job seekers

The main focus of activities was delivering development workshops to unemployed job seekers in the most disadvantaged areas, seeking to equip participants with job search, employability and entrepreneurial skills and enabling the job seekers to more effectively align themselves with the needs of employers. Development programmes were delivered by local NGOs working in close collaboration with Brookes for the development of the content. To address the supply-side failures identified in the research, the development programmes included a focus upon employer expectations, self-esteem, ethics in the workplace and alignment to employers' needs. The unemployed were supported to access the skills necessary to gain permanent employment, self-employment or further development. On completion of the workshop programme evaluation showed that each individual had an awareness of the institutional help available, the skills and understanding required to gain employment and an understanding of how to retain a job and develop a thriving career.

The development workshops started in 2009 following British Council funding for a pilot project. In the four years since over 3,000 unemployed people have graduated from these workshops (1). An independent evaluation found that over 80% of participants had progressed within 3 months either to employment, officially accredited training or had started their own business enterprise (2). The workshops were delivered to people from the most disadvantaged districts where unemployment rates were on average between 70 and 75% with around 20-25% being unemployed for more than 5 years. The evaluation found 53% of participants had never had a job and 25% had only held temporary posts. The programme was successful in reaching a large number of people who had very little prospect of finding a job without support.

A major element of the development programme focused upon advancing any employment opportunity into a career with an upward progression; hence the quality of the jobs was better than would have been expected in the absence of this intervention. The successes of the project have been widely publicised. In addition to the final report for the British Council (3), articles have appeared in the press in South Africa (4) and the project was selected as one of 5 out of 72 for a promotional brochure, produced by the Department for Business, Innovation and Skills (5) to showcase the impact of the Education Partnerships Africa funding initiative.

Supporting employers to recruit and retain

Prior research indicated a failure by employers, both large and small, to respond to problems in the recruitment and retention of those previously unemployed. In response to these issues the project fostered close links with 35 local employers, and worked with them to improve their policies in these areas, and sought new links with other local employers. As a result, employers have frequently refined their recruitment and selection procedures in accordance with our guidance. Independent evaluation of the programme, using a sample of 12 of these 35 employers, confirmed that all now recruit staff directly from the development workshops and, as a result, have seen an improvement in the quality of their recruited employees (2). In addition this evaluation also found that two nationwide retailers Shoprite/Checkers (6), Mr Price (7) as well as a multinational fast food chain (KFC) (8), have all integrated the guidance emanating from the project into their recruitment and selection procedures and regularly use the pool of job seekers resulting from the development programme as their first point of call when looking to fill their vacancies.

Influencing trade unions, NGOs, civil society and policy

Given the key role of trade unions in improving the functioning of the labour market, the project involved working closely with the National Union of Metalworkers in South Africa, the National Health and Allied Workers' Union, and the South African Democratic Teachers' Union, through the provision of specialist development for their workplace representatives. This resulted in a significant improvement in the effectiveness of these representatives and there has been a positive impact upon both employers and their employees (2; 9, 10). The work undertaken with the unions in collaboration with NMMU formed the basis for the partnership used by the provincial government of the Eastern Cape to support their *Provincial Growth and Development Plan* (itself funded as part of the 30 million euro EU funded Thina Sinako project to support a programme of local economic development within South Africa). This provincial plan directly responded to our research findings which highlighted the constraints that arose from a lack of coordination within labour markets in South Africa generally and specifically in Port Elizabeth and the rest of the Eastern Cape. This research, combined with the experiences gained from the earlier partnerships, ensured that the focus of the plan was to support local economic development through local sustainable partnerships between educational institutions, community groups, local employers, trade unions as well as local government.

The progress of these development programmes has generated considerable interest among local NGOs and policy makers within Port Elizabeth and the Eastern Cape. Middlesex University hosted two well attended conferences in Port Elizabeth (2010, 2011), to disseminate research findings and encourage other organisations to participate as training providers in delivering the employability workshops. The success of the conferences provided the basis to roll-out this programme nationally, with a target of putting in place 72 training providers nationwide by the end of 2015. By September 2013, 10 new development centres had been opened up in partnership with community

organisations and NGOs who are delivering the workshop programme to job seekers in their local community. This programme roll-out will extend the reach of impact not only to the unemployed in the communities where the development centres are located, but also through building the capacity of the providers to expand the scope of their operations and meet their community objectives more effectively.

5. Sources to corroborate the impact

1. The majority of development workshops have been delivered by *Siya Sebenza*, a Foundation based in Port Elizabeth. Director of Siya Sebenza (factual statement provided).
2. An independent evaluation of the labour market and employment impacts of this project was undertaken by Africa Socio Economic Development Services, ASEDS, PO Box 8, Salt Rock, 4391, South Africa, davetate@telcomsa.net or +27 82 445 5468
<http://www.mdx.ac.uk/Assets/Improving%20Labour%20Market%20Outcomes%20in%20South%20Africa%20%28summary%29.pdf>
3. The final report at the end of the British Council funded pilot phase highlighted the positive impacts upon Nelson Mandela Metropolitan University (NMMU) through expanded research capacity, as well as on the local labour force and local employers through improved employability and entrepreneurship skills.
<http://www.mdx.ac.uk/Assets/British%20Council%20Final%20report.pdf>
4. Example of a local press article in the *Morning Herald* followed a conference on employability involving employers, training providers and community groups organized by Middlesex University and funded by the British Council (PDF also available on request).
<http://www.peherald.com/business/article.aspx?id=527384>.
5. At the conclusion of the *Education Partnerships Africa* programme a brochure was produced by the Department of Business Innovation and Skills to demonstrate the positive impacts of this programme.
<http://www.mdx.ac.uk/Assets/British%20Council%20Brochure.pdf>
6. HR Manager Eastern Cape, SHOPRITE.
7. HR Director, Mr Price Group.
8. Staff Development Consultant, KFC.
9. See National Union of Metalworkers in South Africa (NUMSA) press release on the development programme undertaken by their shop stewards,
<http://numsa.org.za/article/numsa-shopstewards-graduate-2013-06-27> and
<http://numsa.org.za/article/numsa-president-congratulate-graduates-2012-06-28>
10. Professor, Nelson Mandela Metropolitan University.