

# A FRAMEWORK FOR JOB CREATION

**Trends and figures speak for themselves, unemployment in South Africa is clearly at crisis levels!**

**At the heart of an effective employment creation strategy must be a conceptual framework –**

- **before we can talk about the nuts and bolts of job creation, we need to have our basic strategies, goals and vision in place**

## *Overall aim*

**To address the question of poverty elimination, and connected to this, inequality and unemployment.**

## *Strategic objective*

**A comprehensive employment strategy, involving:**

- **the creation of new jobs;**
- **enhancing the quality of present jobs;**
- **and ensuring employment security.**

## **Overall perspective**

### **Strong Interventionist Policies Needed**

- **In order to arrest current employment trends interventionist policies must be established which place South Africa on a fundamentally different growth and employment path.**
- **Many economic policies will be subject to conflict of interests, and a substantial fight may need to be waged to ensure implementation.**
- **Other policies may be less controversial, but they might fail to seriously address the root causes of the unemployment problem.**

## **Key perspectives**

### **a) Economic Growth v. Employment Growth**

**Economic growth does not necessarily mean employment growth.**

- **Economic growth is necessary for sustainable job creation, but is not sufficient.**
- **Jobless growth demonstrates that increases in the GDP do not mean increases in employment.**
- **The current focus on a medium-term growth strategy is misplaced.**
- **Need to develop an “employment growth strategy” which fundamentally breaks with the current economic growth path.**

## **Key perspectives**

### **b) Job Quality v. Job Quantity**

**In order to link job creation to economic transformation, assumptions around what actually constitutes a job must be challenged.**

- **A job creation strategy must address the quality of jobs created, not simply the quantity.**
- **Address employment trends that disguise unemployment through the erosion of well-paid, secure work, such as the casualisation of jobs.**
- **Unpaid household work must be recognised and taken into account.**
- **A goal of both job creation and job enhancement requires developing employment strategies over a longer time frame.**

## **Key perspectives**

### **c) Shift Ownership Patterns and Decision-Making Powers**

**Aim at redressing current imbalances linked to ownership and decision-making.**

- **Redistribution of productive assets e.g.**
  - **land redistribution in a rural employment strategy;**
  - **and worker/community ownership in an industrial strategy.**
- **Enact legislation to prevent business having autonomous decision-making powers concerning productive assets and investment decisions –**
  - **increase worker decision-making powers.**
- **Stop employers being able to retrench workers relatively easily –**
  - **address the issue of job retention and employment security.**

## **Key perspectives**

### **d) Distribution of Economic Resources**

**Jobs, wages, and benefits are the most important instruments for distributing economic resources to the majority of the population.**

**There are three aspects of distribution which should be addressed in a job creation strategy:**

- distribution of economic production between wages (to workers) and profits (to capital – operating surplus), that is, wage-led versus profit-led growth strategies;**
- distribution of wages amongst those currently employed, that is, the wage gap;**
- and distribution of employment opportunities within the labour force, that is, who gets the jobs and who remains unemployed.**

## **Principle components of an integrated employment strategy**

**A number of core policy areas need to be addressed when formulating an integrated strategy:**

- 1. To be successful a job creation strategy must be linked to overall economic development goals.**
- 2. Appropriate policies should be in place to ensure that economic development does mean more jobs.**
- 3. The public sector must be seen as a critical employer and engine for job creation.**
- 4. The appropriate industrial and technology policies must be in place.**
- 5. Strategic trade policies must ensure that jobs are not destroyed through blind liberalisation.**
- 6. Macroeconomic policies should not be overly restrictive.**

- 7. Labour market policies should aim to transform the apartheid-era structures, and serious attention must be paid to addressing gender, race, and age dynamics.**
- 8. Moreover, the dependency of the South African economy on substantial amounts of unpaid labour, primarily performed by women, must be factored into a jobs policy.**
- 9. Priority must be placed on job creation for marginalised groups, and rural communities in particular.**



## ***A future vision for employment creation***

**In developing a strategic approach to job creation, it is helpful to set out a vision of what should be the end result. While the vision might not be achievable in the near future, it can guide policy decisions and political positions.**

- To ultimately address the on-going crisis of unemployment, current economic power relationships must be challenged and transformed.**
- The economy must be developed so as to sustain full employment. Where unemployment does occur a guaranteed living income must be in place, but the principal objective must be full employment.**
- Every job must pay a basic living wage. There would no longer be households classified as "working poor."**
- Unpaid work must be explicitly recognised and appropriate measures created to support the performance of household and caring labour.**

- **Discrimination and structural barriers in the labour market must be eliminated.**
- **Standards of living and quality of work must improve over time. Jobs must not simply be created, but also enhanced.**
- **Employment creation must support the provision of public services and basic needs.**
- **Wage differentials between different employees, particularly management and production workers, must be limited and efforts to narrow the wage gap put in place.**

# ***AN INTEGRATED EMPLOYMENT CREATION STRATEGY***

## ***CORE POLICY AREAS***

