NBI Thought Leadership Series

The 4th Industrial Revolution and the Future of Work in South Africa

"the changing nature of work"

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Future of Work

Overview of Presentation

1. Work and Society

2. Decent Work for ALL

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4. Governance of Work

Central Theme

- The governance framework for the future of work must have the capacity to respond to rapid and dynamic changes.

- In this regard, the ILO identifies three key drivers of change in the world of work: (1) advances in technology and innovation; (2) the forces of globalisation and the fragmentation of production and work; and (3) the changing nature of employment relationships.

Work and Society

- The ILO's Future of Work initiative is one of a number of programmes leading up to its centenary in 2019.

- The research undertaken and examined in the papers for South Africa considered the current trends and future trajectories against the backdrop of decent work and social justice.

Work and Society

- It is not possible to accurately predict the future of work in South Africa.

- The optimism stems from the view that the nature of new technology will profoundly change the economy and society for the better – it will empower the poor, reduce inequality, and create solutions that will rescue the environment.

- In this scenario, the future world of work will also improve: safer, cleaner, more flexible and more fulfilling. But this seems overly optimistic

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Work and Society

- Pessimistic view: - technological change and economic instability will entrench or exacerbate existing divisions and inequalities.

- Inequality between countries will become increasingly stark, with those able to harness the technological advances moving forward rapidly and those with little or no capacity continuing to languish, effectively stuck with the role of providing primary goods to developed countries.

- For many in developing countries - continue in informal, largely survivalist, work, with very little hope of getting secure employment that offers decent wages and working conditions.

Work and Society

- The future world of work in this case is for the most part, bleak.

- Forward-thinking state policies can promote new technologies that will help to lift the bottom layers of society out of poverty and avoid technologies that will exacerbate inequality. But the capacity of the nation state in this regard is limited.

- The mega-trends are political as much as they are economic and technical.

Work and Society

- Decent work and social justice will be achieved only through struggle to change the nature of the global economy and the profit-driven objectives of many technologies.

- The problem, in simple terms, is that the 'modern' South African economy is growing too slowly to create enough formal jobs.

- Not only is it not creating enough jobs, but it has shed many jobs and has also embraced processes of casualisation and externalisation.

- Hence, informality is a growing feature of the labour market

Work and Society

- the traditional distinctions between work and society as well as connecting the global and local more tightly.

- South African statistical data, one notes that those who are likely to be most affected by changes in the labour market constitute significant proportions of the total population.

- The youth (15-35 years) constitutes just over 36% of the entire population, making it a country with a significantly high number of young people. This poses challenges for the labour market and for skills development

Work and Society

- the working age population in the first quarter of 2016 stood at over 36 million people, with a labour force participation rate of 58.7%, a 'narrow' unemployment rate of 27% and an expanded rate of just over 36%.

- Paid work is becoming less formal and more insecure, with many jobs not having prospects for advancement or benefits.

Work and Society

- The precariousness that has come to characterise this shift cuts across all sectors, occupational levels and professions.

- Historically a flexible labour supply was associated with low-skilled work in certain sectors, but this mode of work is being adopted in all sectors, including professional jobs.

- It will become more difficult to achieve decent work and address racial and gender inequalities in the workplace. Those who do flexible work will most likely be occupationally downgraded and their skills under-utilised.

Work and Society

- Changes in the world of work are also affecting the role of the household and thus society and vice versa.

- Whereas standard employment previously constituted the major income source for households, insecure forms of employment now see households becoming the site for multiple (more or less precarious) income streams.

- as more and more jobs are not able to provide security, workers are looking to households or communities to provide the kinds of security that the changing labour market is failing to provide.

Work and Society

- When the household or community is unable to respond to these needs, households rely increasingly on credit making them even more vulnerable in the longer term.

- Because of these changes and increased pressures on households and communities, we have also seen a rise in demands by people on government to provide more and better basic services leading to community service delivery protests.

- Technological change is the central driver and is transforming work, the economy and society. It is continuously changing how work is done, how people and workers interact, and how society and the market are organised.

Work and Society

- Over the years work has transformed from primary, extractive and secondary-based to technology and network-oriented production.

- We have noted that technological innovation generates a process of creative destruction.

- This will be the case in South Africa where some sectors will continue to decline while others will experience a boom. Similarly, many jobs will disappear whilst new ones emerge as a result of technological change and innovation. This process will be central to driving economic growth as well as raising productivity and living standards in general

Work and Society

- this will not on its own resolve the three major problems of unemployment, inequality and poverty.

- It is therefore critically important that technological advances are not resisted because they pose a threat to jobs;

- we need effective policy mechanisms to manage this change and the disruptions it causes. Measures must be in place in the labour market and society at large to enhance the mobility and employability of those whose jobs will be destroyed by technological innovation.

Work and Society

- If the challenges of growing inequality, rising unemployment and poverty are not met, at the same time that the impact of new technologies is managed, there are turbulent times ahead.

- We see already resistance growing in society, on-going governance challenges, a rise in protests at universities, service delivery protests in communities, unprecedented levels of unprotected strike action by workers in different industries, and xenophobic attacks on foreign nationals in different parts of the country

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Work and Society

- Trade unions are important role players in South Africa's post-apartheid society. However, they will continue to face challenges in organising the young generation of workers who are less inclined to unions' traditional mode of organising.

- Unions are at risk of losing both organisational and political power, giving way to new forms of organisation that may not be rooted in the world of work. This decline in the power of trade unions is bound to have a negative impact on social dialogue and labour relations as well as politics more broadly.

Work and Society

- We accordingly advocate for greater synergies between trade unions and broader social movement formations. If that potential is not explored it is likely to strengthen the hand of those pushing for a lowering of labour standards and protection as a way to create jobs.

- The new workplace will be characterised by increased diversity of gender, race, nationality and other social categories, which presents both opportunities and challenges. The tradition of lifetime jobs has now almost ended after the lapse of capitalism's golden age.

Work and Society

- Government policies, including an increase in the education and skills development budget to support a re-skilling drive, will be critical in closing the gap between the shifting demand and supply.

- The shifts in the global world of work are also characterised by a heavy reliance on cheap and easily exploited migrant workers, whether internal migrants (usually from rural to urban areas) or external migrants (from poorer labour-sending countries to relatively wealthy labour-absorbing countries). South Africa experiences both types of migration.

- Managing these flows requires sound political leadership and forward thinking.

Decent Work For All

- The changing world of work, occurring within the Fourth Industrial Revolution, presents major opportunities and challenges for improving and sustaining employment growth across the globe.

- six hundred million new jobs will need to be created to simply cater for young workers entering the global labour market, and increase the employment numbers of women.

- One of the key challenges confronting policy makers relates to finding a balance between job creation initiatives and the ILO concept of decent work within the context of rapidly advancing technology.

Decent Work For All

- A strong argument: the immediate goal should be any job rather than a decent job if the high unemployment levels are to be lowered.

- Grow informal (non-compliant) employment rather than requiring formal (compliant) employment.

- Alternatively, significantly reduce the labour standards with which employers must comply.

- the type of low-skilled, low-wage jobs that are created in the government's existing public works programmes should be replicated in the private sector.

Decent Work For All

- a call for greater state intervention in driving industrialisation

- the introduction of a national minimum wage, and improvements to social security.

- the issue of skills development, calling for better training for the low-skilled unemployed as well as training geared to meet the demand for highly skilled employees.

Decent Work For All

- within the context of slow growth, rapid technological advance and the changing nature of work, what threats and opportunities present themselves for pursuing the goal of full employment and decent work in South Africa, including the appropriate social security initiatives that contribute to or bolster the pursuance of decent work,

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Decent Work For All

- there will need to be constant negotiation and agreement for progressive formalisation of informal work in a way that balances employment creation and promotion of entrepreneurial opportunities with respect for fundamental rights at work, income security, and improved livelihoods.

Decent Work For All

- Sectors that can grow jobs and place South Africa on a more high skills trajectory are the computer and mathematical job family within the broader ICT sector and in components of the green economy.

- A deficit, it is argued, that places South Africa in a position that it will not be able to confront the ongoing changes taking place within the workplace, including the rapid expansion of the gig-economy.

- However, in our view, the most pressing problem is to tackle those entrenched at the lower end of the employment scale rather than those displaced by the gig-economy.

Decent Work For All

- South Africa remains on a low wage, low-skill economic trajectory.

- Currently 39% of youth in the 15 – 24 year age group drop out of school. Only when we correct this situation will we be in a position to shift over to a more high-skill economic trajectory.

- The goal of decent work for all will require systemic change capable of "sustaining the escape from poverty" for the unemployed and the working poor as well as providing adaptable mechanisms to maintain regulation of the much more flexible forms of work emerging in the developed sectors.

Organization of Work and Production

- The potential for change inherent in technological and other advances will ultimately leave no workplace unaffected.

- Greening of the economy as a generic driver of change and, implicit in all these trends, the need for flexible skills development as well as changes in business models.

- Potential changes in the model of legal regulation under the cumulative impact of these changes are considered, followed by changes in the model of social protection to the extent that it impacts on the workplace.

Organization of Work and Production

- Globally, we have seen the advent of an information age, a shift in production from goods to services, the 'internet of things', and free movement of capital.

- Boundaries of thinking have shifted and will continue to shift.

- Recognition of impending changes in the workplace should be part of the debate about policy and regulatory change aimed at advancing social justice in South Africa.

- the role of government in introducing the necessary legislative and policy reforms will be pivotal, even though responses at sectoral and enterprise level will also play an important role.

Organization of Work and Production

- Global trends exert specific pressures in different sectors, most directly on the modern segment competing in global markets. This applies particularly to the introduction of cutting-edge technology, which can have multiple effects.

- At enterprise level, it can deliver greater efficiency and versatility as well as allowing improved conditions of work. At the same time, it may destroy jobs in certain industries while creating different jobs elsewhere.

- These pressures must be analysed at sectoral and enterprise level in order to respond appropriately. No uniform set of policy and regulatory measures can be appropriate to workplaces across the spectrum. We require regulation that can differentiate while remaining geared to progressively raising standards in line with the criteria of decent work.

Organization of Work and Production

- Automation and digitalisation, ranging from intelligent robots to e-retailing, are becoming the norm. But the danger of polarisation of the economy and society between increasingly advanced and increasingly precarious extremes must be taken seriously.

- Enterprise management in the future workplace must understand the importance of disseminating the advantages of technological change

- Continuing reliance on low-wage, unskilled/ semi-skilled labour and the corresponding (low) levels of technology is not a sustainable

Organization of Work and Production

- A serious policy intervention is needed to shift the focus to innovation and relevant skills development,

- Changing technology will increasingly call for different skills which the current skills development system is unable to deliver adequately.

- Radically revising and, where necessary, replacing existing structures will be crucial in overcoming this obstacle.

Conclusion

- The overarching question underlying this presentation is: what should the design and implementation of HR policy, regulation and practice look like in the future world of work?

- How do we ensure that our HR and labour market policies and practice are 'fit for purpose'?

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