

UNIONISED STRIKES' DYNAMICS AND ECONOMIC PERFORMANCE: AN EXPLORATORY STUDY

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Abstract

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Legally, the freedom of association and the formation of trade and worker unions are part of the fundamental human rights bestowed on the citizens in the Constitution of South Africa, as clearly spelt out in Section 23 and 77(1) of the Labour Relations Act (1995) for employees who are not engaged in essential services. Under the Labour Relations Act (1995), trade unions are granted the right to strike in order to seek better conditions of service. However, there is an increasing concern that the rate of industrial actions or unionised strikes are getting out of hand, especially in recent times. Theoretically and empirically, the direct costs of incessant unionised strikes are well known. In this paper, we explored the economic implications of the ever-growing rate of unionised strikes in post-apartheid South Africa. In particular, we assessed its impact on the most important economic variable, namely, real gross domestic product (GDP). We brought to light the sector that is affected most by unionised strikes in the country, the root causes and the implications for policy. Overall our assessment shows that within the space of five years (i.e. from 2009 to 2013), unionised strikes have led to approximately 10,264,775 days lost, and consequently a fall in GDP by 3.2% in 2014 compared to 3.8% in 2013. The sectors heavily affected by unionised strikes are mainly the mining and the manufacturing sectors. Low wages, unhealthy working conditions, and deficiencies in the bargaining system often emerged as the root causes of unionised strikes. The policymaker should pursue effective initiatives seriously to moderate the rate of unionised strikes in South Africa. Institutionalised means of dispute resolution should be embraced and enhanced. These should include but not be limited to ballot requirements, proper regulation of the use of replacement workers, and compulsory arbitration. Policies that spell out employer-employee mandates should be binding such that no party exploits labour contracts to the detriment of the other.

Keywords: Strikes/Industrial Actions, Trade Unions, Economic Performance, South Africa

1. INTRODUCTION

The right to bargain collectively and workers' protection against victimisation while participating in the unions' activities are the fundamental human rights acknowledged worldwide by countries which honour the International Labour Organisation (ILO) convention (ILO, 2008). This very principle is contained in the Constitution of South Africa (Act 108 of 1996) (herein after referred to as the Constitution). Since the dawn of democracy in South Africa, South Africa has gain recognition, especially in the post-apartheid era, for its multifaceted human rights and freedom of association principles. These

principles have allowed workers and labour unions to exercise their fundamental rights freely as promulgated in the 1996 Constitution. The Labour Relations Act 66 of 1995 (herein after referred to as LRA²⁴), in particular, has entrenched the power of the worker and labour unions in relation to capital. That is, the LRA has sanctioned the use of power to effect nominal transfer of wealth to labour (see Gerber, *et al.*, 1998).

In ensuring effective employee-employer relations, institutions and organisations have

²⁴ Gerber, P. D., Nell P. S. and Van Dyk, P. S. (1998) regard the LRA in South Africa as a mechanism of redistribution from capital to labour.

employed collective bargaining. According to Sutherland and Canwell (2004), a collective bargaining process is a joint regulation of process applied in management of various institutions and organisations that allows employees and employers to define work relations. Collective bargaining coverage remains high and sometimes it increases in some developed countries²⁵. Barker (2015) maintains that in some developed countries, collective bargaining is low and decreasing as a result of a variety of factors including growth in the number of workers employed in smaller companies or under atypical forms of contracts. Other regions in the developing countries such as Argentina and South Africa have also succeeded in stimulating collective bargaining. The primary instrument of collective bargaining in South Africa is the bargaining council which allows unions and employers substantive control over the labour and product markets which disadvantage the consumers, the small enterprises and the unemployed groups (see Barker, 2015:90).

Although collective bargaining is enshrined in the International Labour Organisation (ILO) convention (ILO, 2008) to protect workers from being victimised by employers and as such has been respected by the Constitution of South Africa, there is an increasing concern that workers in the country have been abusing this very statute, especially in recent times. Industrial actions or unionised strikes have become commonplace in post-apartheid South Africa. Unionised strikes in South Africa have exhibited seasonal patterns and appear to be highly persistent. In principle, excessive unionised strike actions are accepted to have a debilitating effect on economic setups. To this end, various attempts have been made to examine the economic consequences of recurrent unionised strikes in different countries (see Tancott, 2014). There are available studies that explored the causes of unionised strikes in South Africa (see Maree, 2013, 2014; Alexander, 2013; Tenza, 2015). These studies have focused mostly on specific industries or sectors but not the overall economy. The other studies that pursued this issue - by taking into account the overall economy - have tackled it from a sociological, managerial or political perspective (see Buhlungu, 2006; Bhorat *et al*, 2014; Alexander, 2013; Tenza, 2015). In addition to this, the previous studies have examined the effects of unionised strikes on specific economic activities such as healthcare, education, and the provision of essential services (see Mle, 2012).

This paper departs from these existing traditions by exploring the broad economic implications of the ever-growing rate of unionised strikes in post-apartheid South Africa. In particular, it assesses the impact of unionised strikes on the most important economic variable, namely real gross domestic product (GDP). The paper brings to light the sector that is affected most by unionised strikes in the country, the root causes of unionised strikes, and the implications for policy. These form the paper's contributions to the literature.

Overall, our assessment points to the low wages, the unhealthy working conditions and the deficiencies in the bargaining system as the root causes of unionised strikes in South Africa. In plain business terms, the persistent strike actions in South Africa have put its investment reputation in a negative space both locally and internationally. The

violent activities often accompanied by such unionised strikes have also put the country in the negative in terms of international relations. All these negative implications have led to the dismal performance of the economy in recent years. Petterson (2014) argued in this line, noting that sectors, such as mining, agriculture, steel and metal have been affected heavily by industrial actions recently. In particular, Petterson (2014) noted that the excessive demand for wage hikes, which are not backed by improvement in worker productivity, has been a bane for employers in these sectors.

We found the most affected sectors in the economy to be the mining and manufacturing sectors. For example, production in the mining sector decreased by 3.1% in second of 2015 compared to 6.5% in the same period the previous year (Department of Labour, 2015). These losses related to both the production that is relinquished and the spending that do not occur when employees of these sectors are on strike. Sidler (2014) substantiates our point by highlighting the length of the strike actions of the Lonmin mineworkers in Marikana who undertook a unionised strike action in 2012 which lasted for more than five months. These workers were unpaid during the period of strike action. The losses continued to build up because operations were on hold. The drop in productivity associated with the striking mineworkers not only affects the miners and the company, but also affects the business associated with the mining industry and business around the country where the mine operates. Sidler (2014) emphasises that the mining sector did not contribute to tax revenues during the period of the strikes. This action took the economy of South Africa to extreme loss in 2012 and the economy continued to struggle even thereafter.

The paper is arranged as follows. Unionised activities, collective bargaining, and the causes of strikes in South Africa are presented in Section two. This is followed by the exploration of the impact of unionised strikes and economic performance, a discussion and policy implications in South Africa in Section three. Section four concludes the study.

2. UNIONISED ACTIVITIES, COLLECTIVE BARGAINING AND THE CAUSES OF STRIKES IN SOUTH AFRICA

2.1. Unionised Activities and Collective Bargaining in South Africa

According to the Tokiso Report (2010), both the private and the public sector in South Africa have been affected by strikes or industrial actions over the last decade. South Africa is not isolated from the negative impact caused by strikes or industrial actions (Davids and Meyer, 2012). An industrial action refers to "strike action conducted by employees and lockouts exercised by employers. But strikes could also include picketing, product boycotts, sit-ins, go-slow strikes and other actions which disrupt the production process" (Annual Industrial Action Report, 2004:20). One of the major roles of the trade unions is to prevent workers' exploitation and ensure that the wages are satisfactory to the working class. While the role-players of the bargaining council (i.e. the state, employers' organisations, and employees' representatives or trade unions) accept that trade unions must play their roles fairly and satisfactorily, there is much debate as to whether trade unions

²⁵ Countries such as Denmark, Finland, Portugal, Slovenia, Spain and Sweden have witnessed a surge in collective bargaining in the last few decades.

inhibit or promote productivity and flexibility in the working environment (Bendix, 2010:11; Barker, 2015:89). In this regard the role of the state or government in the bargaining council is regarded as the legislator, regulator and conciliator (Maree, 2014). The bargaining councils create a forum for collective bargaining, which is the appropriate platform where trade unions and the employers' organisation indirectly maintain labour peace. Subsequently, the bargaining council agreements contain mainly substantive items and include a peace obligation which is a declaration of negotiating in good faith for all parties or role-players involved in collective bargaining (Davids and Meyer, 2012).

The presence of organised labour or unions in the workplace is viewed as helpful to protect and represent workers' rights, but the presence of the trade unions at times lower productivity when trade unions frequently embark on strikes. Labour unions are now being associated with restrictive work performances, because most of them frequently participate in regular strikes, which have an opposing influence on labour performance. In this regard, Metcalfe (1990) strongly argues that trade unions are linked to an adversarial style of employment relations and this resulted in a lack of cooperation between the employer and employees. According to Sidler (2014), apart from breaking the trust by this behaviour, trade union activities lower labour productivity. During periods of strike actions, the costs directly affect the organisation where unions' members are involved and also affect the country's economy negatively.

Israelstam (2011) and De Wet (2013) emphasise that strikes could be disastrous for both employers and employees if employees do not render their duties for a number of days due to absenteeism resulting from workers embarking on strike for long periods. These strikes cause business losses in the country and bear negative consequences to investors because they (investors) lose trust and invest in other countries due to hesitance and fear that they may lose more money. The companies' and markets' loss in this manner and the weakening of businesses causes job losses which then increases the level of unemployment in the country (Israelstam, 2011; De Wet, 2013).

South Africa is highly unionised with just above 25% of unionised members in the labour force represented by various registered trade union federations (Adcorp, 2013). According to Balkaran (2011) the four main trade union federations in South Africa include the Congress of South African Trade Unions (COSATU), the Federation of Unions of South Africa (FEDUSA), the National Council of Trade Unions (NACTU) and the Confederation of South African Workers' Unions (CONSAWU). These trade union federations represent various trade unions affiliates and they are role-players in the bargaining councils at central and local level. The Public Service Coordinating Bargaining Council (PSCBC) is the council at central level and the South African Local Government Bargaining Council (SALGBC) is at the local level. Trade unions in South Africa are powerful given their right to bargain freely and their recognition in the country's Constitution. The membership of the registered trade unions forms about 43% of the formal employment (Department of Labour, 2005; Adcorp, 2013). Based on the international standard and scales of the developing countries, 43% of unionised workers in a country is a

high trade union density. The trade unions, employers' organisations and the state [government] are the three role-players in the South African employment relations system and they remain key members of the bargaining councils (Nel *et al.*, 2012; Trebilcock, 2013). The Department of Public Service and Administration (DPSA) (2003) stipulates that the main objective and task of the bargaining council in relation to the constitutional scope is to give an overview and to effect the execution of employment legislations such as the Constitution, the LRA and the Basic Conditions of Employment Act (BCEA) (Act 75 of 1997) among other.

2.2. Causes of Unionised Strikes in South Africa

Banjo and Balkaran (2009) associate the source of strikes to the continuous unfriendly relationship between the state and the labour movement. This, according to them, was chiefly responsible for the public sector strike actions which took place in 2007, 2010 and 2012 in South Africa. Another reason that is most commonly furnished for strike actions is a demand for higher wages which becomes a huge burden for industries, particularly if the country is not doing well in terms of economic growth – particularly during recession period as it happened in South Africa in 2008 (Visser, 2005). Barker (2015) argues that during recession times, employers appear to be more willing to face strikes or industrial actions than to offer substantial wage increases to the workers. Strike actions during recession periods as in the case of 2008 reduced the need for retrenchment (Pettersson, 2014). Furthermore, employers are more pressurised by strike actions during recession periods. Although strike actions are less dominant in recession periods than in seasonal periods, according to Ehrenberg and Smith (1985) elements of export orientation of both employers and unions have a major influence on collective bargaining. If both the trade unions and the employers' association are determined about the exports to maintain local products competitively in international markets, market forces therefore certainly play a major role in bringing economic sanity to collective bargaining. Visser (2005:22) states that "it is not surprising that in the statistics, wages should feature as the reason for the majority of strikes which occurred in South Africa since the 1990s, although strikes for unknown reasons feature prominently".

Although trade unions are involved in significant representative roles such as collective bargain chambers, they also embark on strike actions should their primary demands not be met by employers (Mle, 2012). The main causes of strike actions in South Africa include but are not limited to the differences between workers and employers on issues of low wages, unhealthy working conditions and the deficiencies in the bargaining system (Ogunbanjo and Knapp van Bogaert, 2009; Dhai *et al.*, 2011; Mle, 2012; Tenza, 2015). South African trade unions represent workers from various sectors and all have one issue in common, the fight against low wages and that is the main source of strike actions country wide (Mle, 2012). The issues of minimum wages are negotiated in the bargaining councils every year (Maree, 2013). However, there is no national statute on minimum wages in South Africa, except that the Minister of Labour sets minimum terms and conditions of employment including minimum wages as promulgated in the

BCEA. This therefore leaves room for employers to make their own varying determinations on employees' wages and then causes differences and tensions between trade unions and the employers resulting to ongoing strikes (Alexander, 2013).

Apart from striking workers due to low wages, workers in the manufacturing and mining industries demand better working and living conditions because most of these workers live in squatter camps, with bad or no proper water, sanitation and waste collection (Bench Marks Foundation, 2012). The trade unions blame employers of exposing employees to unhealthy working conditions while they persistently pay low wages as demonstrated during the strike actions which took place in 2007, 2010 and 2012 by the public service and mining sector workers respectively (Ogunbanjo and Knapp van Bogaert, 2009; Dhai *et al.*, 2011; Mle, 2012, Alexander, 2013). Among other issues that cause strikes are the deficiencies in the South African bargaining system that does not provide alternative measures prior to strike actions (Tenza, 2015). Tenza (2015) argues that the lack of ballot requirement in the LRA as a democratic principle to grant employees of the same sector or the same union a voting right against or in favour of a proposed strike action causes violent strikes resulting in clashes between striking and non-striking workers.

Failure of government to negotiate the issue of Tax Laws Amendment Act (Act 25 of 2015) which involves changes to the employees' retirement funds is among other disputes showing weaknesses in the bargaining councils (National Treasury, 2015; Legal-brief Document, 2016). Trade unions feel that the government undermines them and give them no choice. As a result, trade unions embark on strike action to boycott government's initiative in taking decision without engaging them [trade unions] on how to handle employees' retirement funds and making changes thereof (Jim, 2016).

In addition to the above-mentioned factors that are the main causes of strike actions in South Africa, some global effects such as technological pressures and the changing economic milieu are other determinants of the causes of trade union strikes in the country (Esping-Andersen, 1990; Barker 2015). The changing economic milieu is often linked to globalisation which creates a great deal of threat for trade unions in South Africa. As such, the trade unions tend to respond in different ways including to embark on strikes to demonstrate their frustrations as they deem such threats by employers result in the practices of outsourcing and subcontracting of workers, particularly in the manufacturing and mining sectors (Barker, 2015:95).

Barker (2015) argues that the hiring of temporary or replacement workers directly by the employers or through an agency has been considered as the atypical employment for a long time and that practice has become common in South Africa. On the one hand, the workers employed in manufacturing and the mining industries find themselves being undermined by the employers when they are replaced by "casual" or replacement workers during strike actions. The employers use replacement workers as an alternative to keep their operations going, but the trade unions go on strike to let the employers suffer the loss so as to agree to the demands (Tenza, 2015). On the other hand the "casual" or replacement workers find themselves insecure due to the fact that their employment or

contracts do not last longer without any benefits at all. The replacement or "casual" workers perpetuate strike actions which tend to be violent due to anger of permanent employees against "casual" workers (Alexander, 2013; Tenza, 2015). In most cases, replacement workers are exposed to danger when the striking workers turn against them to move out of the workplaces during striking periods (SAPA, 2014). The temporary or "casual" workers have either short term or no contracts at all and are often not unionised according to information contained by the National Labour and Economic Development Institute (NALEDI) (NALEDI, 2006).

3. DETAILED ANALYSIS OF THE UNIONISED STRIKES AND ECONOMIC PERFORMANCE IN SOUTH AFRICA

The overall effects of strike actions on the economy can be made clearer using numerical facts. Excessive demands for wage increments in 2013 alone forced the inflation rate beyond the targeted range of 4% to 6%. This has had serious negative consequences on consumer welfare (see De Wet, 2013). Take precious metals that remain the main source of hard currency in South Africa, for example. The production of precious metals has reduced by nearly 40% following a large-scale strike action in 2014. In the same year, companies in the metals industry have lost a combined whopping sum of over 9.2 billion rand in revenues (see Petterson, 2014). As a result of the strike actions in the mines, South Africa's GDP fell to 3.2% during the first quarter of 2014 compared to 3.8% during the last quarter of 2013. The output in the mines declined by 24.7%, which is a huge quarterly drop and compares favourably with a similar quarterly output drop in 1967 (see Sidler, 2014). These combined effects, among other negative implications of the frequent strikes have led to slow growth of the South African economy in the past years. According to the South African Reserve Bank (SARB), tax revenue has been affected as a result of the slow growth of the economy. This has resulted in a growing fiscal deficit and government debt, according to South African Press Association (SAPA) (2014) reports. Though inflation seemed to have stabilised later in 2014, the representatives of the trade unions demanded more than a 6% increment in wages, which was a blow to the economy (see SAPA, 2014).

The South African economy has been struggling to recover since the 2008 recession. The main source of lingering recession has been attributed to the fall in productivity in the mining and manufacturing sectors, which have been plagued by frequent strikes (see Petterson, 2014). Strikes in these sectors have led to huge contractions in productivity in the first quarter of the year 2013 (Annual Industrial Action Report, 2013). In the manufacturing sector alone, and the automobile industry in particular, a countrywide industrial action in 2012 cost the country's automakers 50000 job losses and a loss of production, resulting in the decline of exports by 75% year on year. In 2013 and 2014, work stoppages²⁶ due to trade unions' in the mining and manufacturing sectors continued to remain high compared to other sectors (see Table 1).

²⁶ The Industrial Action Report (2004:20) refers to work stoppages as "a collective refusal to work which is not linked to a demand or, if so, such demand is not related to the employment relationship".

Table 1 illustrates that during the period 2013–2014, the mining and the manufacturing sectors still remain high or dominant on work stoppages when compared to other sectors. The dominance of these sectors derails economic growth in the country as it lowers the production and the export materials (Annual Industrial Action Report, 2014). As shown in Table 1, even though the percentage of work stoppages in other sectors seems relatively lower, that too has a negative impact on the country's economic performance holistically. As the result of

the holistic view on work stoppages in the form of strike actions, a lack of growth in the economy or inconsistency of the economy creates instability to businesses and investors, which leads to the rising unemployment rate. In 2014 the South African Labour Guide reported that the mining sector was costing the country's economy around R400 million per day as the result of strikes which have spread throughout the country, resulting in retrenchments and job losses (Du Toit, 2014) based on monetary effects.

Table 1. Trends in the number of work stoppages in South Africa, 2013–2014

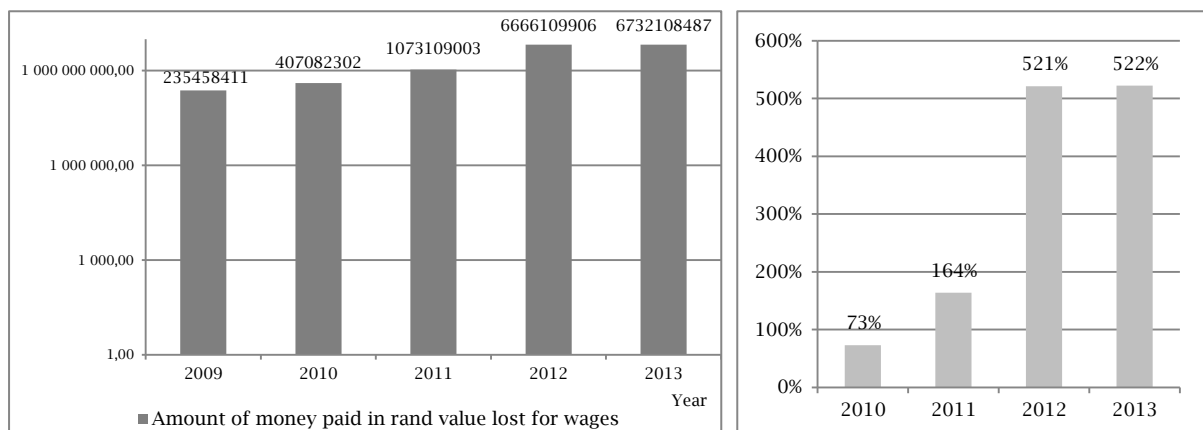
Industry	Working hours lost		
	2013	2014	Percentage Contribution
Agriculture	608090	208371	0.2%
Mining	3630625	104177550	94.9%
Manufacturing	3337979	3966611	3.6%
Utilities	25856	189700	0.2%
Construction	2207375	128516	0.1%
Wholesale and retail trade	458434	329498	0.3%
Transport	3825742	204561	0.2%
Financial intermediation	163480	24496	0.0%
Community services	1239324	588670	0.5%
Total	15496905	109817973	100.0%

Source: Annual Industrial Action Report (2014)

In addition, Sidler (2014) explains that the persistent strike actions have negatively affected manufacturing output, which makes up about to 15% of the South Africa's economy and about 40% of global production of the precious metal that is used for catalytic converters in vehicles and is a key source of hard currency for the country. The mining strikes embarked on by Association of Mineworkers and Construction Union (AMCU) and the National Union of Mineworkers (NUM) alone have costed platinum and gold producers over R16 billion in 2012, when the current account gap was 5.2% of the GDP (see Petterson, 2014; Sidler, 2014).

Figure 1 shows the wage losses due to strike events during the period 2009–2013. In 2009 alone, the total wage loss due to strike actions was R235,458,411. By 2013, the figure has risen to R6,732,108,487. Based on information displayed in Figure 1, the wage loss percentage between 2009 and 2010 was 73%, before subsequently rising to 164% in 2011, and then to 521% in 2012 – which shows a huge rate of wage loss. In 2013, the rate increased by 1% to 522%. The increment, although small when compared to the previous increments, is still significant since it shows an additional percentage of wage loss.

Figure 1. Wage losses and the struggling economy between 2009 and 2013



Source: Annual Industrial Action Report (2013)

The cost of the unionised strikes in South Africa was R6,666,103,906 in 2012. The cost has dropped to R1,073,109,003 in 2013. Despite this drop, the overall cost of unionised strikes to the economy in 2013 was still substantial. Note that these supplied monetary costs exclude the lost in e-toll revenues and fuel revenues (SALG, 2014; Du Toit, 2014).

3.1. The impact of industrial action on the platinum mining and other sectors

According to industry sources information as articulated by the Department of Labour (2013), in 2013 the South African Platinum Group Metals (PGM) mining sector accounted for 53.4% of global platinum supplies, 26.4% of palladium supplies and 58.7% of rhodium supplies. In this box "platinum

mining” is used to refer to the PGM mining sector. In the fourth quarter of 2013 employment in the platinum mining sector was at around 191000 workers and comprised 38% of total employment in the mining sector. In 2013 platinum exports amounted to R81.3 billion – equal to 9.5 % of total merchandise exports and 2.4% of gross domestic product (GDP). Disconcertingly, South Africa’s contribution to the global supply of the three main PGMs declined from 51% in 2003 to 39.8% in 2013, following the emergence of cost-effective producers in other regions of the world such as North America, Russia and Zimbabwe. The decline in South Africa’s contribution to world PGM supply in recent years can be attributed largely to the creation of capacity elsewhere in the world, rising domestic production cost and production stoppages following industrial actions in a highly unionised and unfriendly labour-market environment. Union representation at the three largest platinum producers stood at around 90% in the last quarter of 2013, with the AMCU representing 66% of the workers.

Production in the South African mines continued to decrease by 5.6% as Platinum Group Metals (PGMs) loses (Department of Labour, 2015). The huge negative growth rates were recorded for PGMs with -48.5%, “other” non-metallic minerals with -13.3% and building materials -11.7%. The main contributor to the 6.5% decrease was the PGMs which contributed -10.4% points. Iron ore was a significant positive contributor with a contribution of 3.1% points as reported in the Department of Labour’s annual report for 2015.

Based on the annual statistics supplied by the Department of Labour, the manufacturing sector has decreased by 14% from 2006 until 2014, which implies up to 18800 job losses in this particular industry. Following this decrease is the mining sector with 48000 job losses between 2013 and 2014 resulting up to 9% productivity loss in the given period (Department of Labour, 2014). More so, there are a high percentage of working days lost due to strikes from 2013 to 2014 with a high percentage by the mining and manufacturing sector industries (see Table 2).

Table 2. Distribution of working days lost by industry, 2009–2013

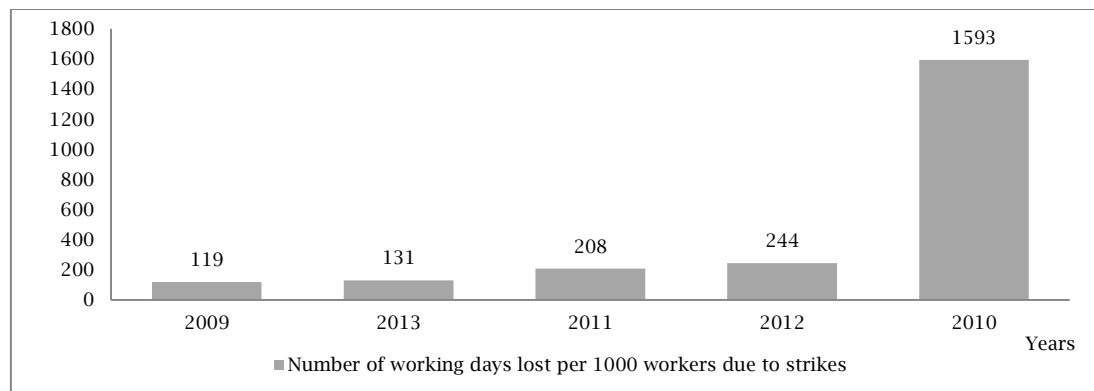
Industry	Working days lost		
	2013	2014	Percentage Contribution
Agriculture	64442	21187	0.2%
Mining	515971	9611452	93.7%
Manufacturing	343222	467513	4.6%
Utilities	3232	14466	0.1%
Construction	250243	10776	0.1%
Wholesale and retail trade	47216	40120	0.4%
Transport	477355	25309	0.2%
Financial intermediation	20415	3062	0.0%
Community services	124910	70890	0.7%
Total	1847006	10264775	100.0%

Source: Department of Labour, Strikes Statistics (2013)

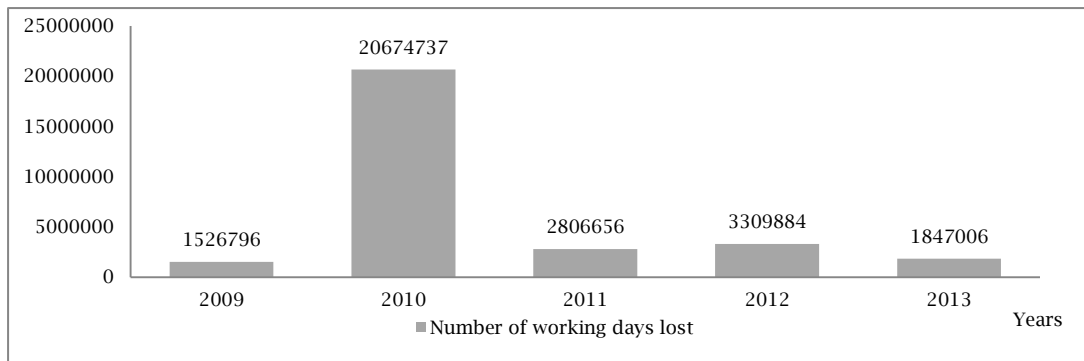
According to Du Toit (2013), the negative effect caused by the ongoing strikes in the country is reflected in the number of days and hours lost without work or any production and the number of workers who are involved in work stoppages. These factors have a direct impact on the increase in wage losses in the country as it happened in 2009 and 2012 (see Figure 2). The number of workers involved in work stoppages increased in 2013 whereby numerous working days per 1000 workers were reportedly lost and the total number of workdays were lost (see Figures 2 and 3). The total number of

work stoppages was 241391 in 2012 and increased by more than 23% to 297193 in 2013. The mining sector contained a large volume of the employees involved in the work stoppages in 2013 alone, tallying up to 69%. The work stoppages were 7.6% for the community services, 7.5% for the transport industry and 7.3% for the manufacturing sector. The remaining 8.6% work stoppages consisted of employees from other industries such as the financial intermediation, the retail trade and electricity industries (Du Toit, 2013).

Figure 2. Distribution of working days lost from 2009 to 2013



Source: Annual Industrial Action Report (2013)

Figure 3. Distribution of working days lost from 2009 to 2013

Source: Annual Industrial Action Report (2013)

Visser (2005) argues that some of the violent strikes embarked on by trade unions in South Africa happened to be the unprotected or “unofficial” strikes. These types of strikes tend to favour the position of certain larger trade unions rather than that of employers’ organisations. Most of the protected strikes comply with the procedural provisions of the LRA of 1995 and such industrial actions or strikes include the go-slows, work-to-rule, widely known as “stay-aways”, picketing and sit-ins

as Visser (2005) further elaborates. The trade unions may authorise a picket by its members and supporters for the purpose of demonstrating peacefully in support of any protected strike or in opposition to a lockout. In this regard trade unions seem to promote centralised bargaining as well as the use of official dispute settlement. The general work stoppages in South Africa show a growing trend from 2009 to 2013 (see Figure 4).

Figure 4. Distribution of Work stoppages from 2009 to 2013

Source: Annual Industrial Action Report (2013)

Table 3 further shows the trends in sectoral work stoppages in South Africa. As before, the mining and manufacturing sectors show a high

percentage of workers involved in work stoppages compared to other sectors (see Table 3).

Table 3. Trends in the number of work stoppages in South Africa, 2013 - 2014

Industry	Employees involved in work stoppages		
	2013	2014	Percentage Contribution
Agriculture	8417	2056	1.7%
Mining	204661	74580	62.9%
Manufacturing	21718	25641	21.6%
Utilities	1458	788	0.7%
Construction	13083	851	0.7%
Wholesale and retail trade	1939	1500	1.3%
Transport	22331	1224	1.0%
Financial intermediation	1066	249	0.2%
Community services	22520	1167	9.9%
Total	297193	108056	100.0%

Source: Annual Industrial Action Report (2014)

3.2. Discussion and Policy Implications

Generally, the results above indicate clearly that unionised strike activities have had a negative effect on the performance of the South African economy. The economy has struggled over the years as a consequence of the incessant strike actions. This has

increasingly contributed to government’s struggle to achieve its objectives of reducing inequality, poverty and unemployment as stated in the New Development Plan (Koma, 2013). Apart from this, the violence used by striking trade unions’ members not only impairs human rights but also, and more importantly, infringe on the good purpose of

democratic principles as promulgated in section 23 of the Constitution. Although the trade unions in South Africa also have objectives similar to those of the government, their actions appear to work against government initiatives designed to uplift the living standards of the poor.

Key trade unions including COSATU are known affiliates of the ruling ANC and the South African Communist Party (SACP) (Business Day - 22 April 2013). Some of their actions are therefore puzzling because it seems they are working against the government. It is also appropriate to agree with Korpi (1979:169) who states that "By further stressing the crucial role of the relations to the means of production for the structure of institutions and the distribution of power in others sphere of society, the Marxian approach implies that there are intimate ties between political and industrial conflict, something which clearly contrasts with the pluralist insistence on an increasing separation between them". Korpi (1979) further argues that the two main aspects which carry the discussions and relations of labour between the government and organised labour are based on economic performance and international reputation of the country. These aspects determine the extent to which relations between the two parties could be sustained while ensuring less conflicting ideas but rather supporting terms. Metcalf (1990) perceives trade unions as bad and not helping to build the economy other than making the situation worse and causing a drop in the economy and chasing away investors. According to Metcalf's (1990) observation that South African trade unions have been a force for good in the last twelve to thirteen decades has no longer been the case in recent times.

In accordance with Section 77 of the LRA workers are given the right to participate in industrial action, strike or a protest action. This right is given to promote and defend the socio-economic interest of the workers and to protect them against a dismissal or any other form of disciplinary action that the employer can impose. Section 77 of the LRA gives the National Economic Development and Labour Council (NEDLAC) the responsibility and duty of building ongoing relations between various parties (business, labour and communities), mainly the workers and employers in an attempt to resolve the causes of the strike or protest action. In this regard, trade unions are given a platform to negotiate and find possible ways to assist in the building of the country's economy so as to create more employment instead of destroying business relations with companies and investors who are interested in investing in the country. In this light, it is fair to say that trade unions are working against the survival of businesses in the country.

One important problem of trade union activities in South Africa is that government initiatives to attract foreign investors which could enhance job creation and opportunities to economic performance are destabilised, sending negative news to businesses who in turn refrain from investing (Du Toit, 2014). This causes the country to continue experiencing further job losses (ILO-A, 2011). By the last quarter of 2015 the unemployment rate was at 25.5% in South Africa with youth being the most unemployed at 49%. Unemployment still poses substantial challenges to the country. The government and the trade union leaders must surely be concerned about the condition of the society's

living standards. When the economic conditions of the country deteriorates and the strikes continue in the main industries that generate employment opportunities such as the mining and manufacturing sectors, then most people will lose jobs as companies will retrench if they cannot make profit. Most strike actions by trade unions such as COSATU have been mainly revolving around wage increase demands, fighting out privatisation and deregulations of industries (Klein 2005:3; Visser, 2005:25). It is imperative that the government do something to prevent workers' unionised strikes in the future.

It cannot be denied that strikes entail a cost to the economy, but the possible benefits of a dispensation that acknowledges strikes as part of the basic rights of workers should not be ignored. It is thus understood that strikes are deemed to be healthy signs of a free economy in a democratic society. In this regard, limiting the workers' right to strike severely would most likely increase the need to introduce other measures to protect employees (Marshall, King and Biggs, 1980). Among other reasons that could be listed regarding socio-economic protest actions is the infringement of public and economic policies by employers or employees. Infringement of these policies by government or trade unions can affect many employment sectors. Hence, these policies are considered at the national level and various institutions and structures are given a platform at the NEDLAC, which is in actual fact involved with developing and implementing public policy.

It could be argued along Visser's (2005) perspective that the growing dissolution demonstrated by trade unions in South Africa during the year 2000 to 2010 is a symbol that strike actions were taken more seriously by members of trade unions irrespective of implication and consequences they may have. Hence, measures to reduce these incidences should be at the core of public policy. Most researchers appear to concur that the condition of strikes remained high after 1994, which is the year that marked national democracy in South Africa (Bendix, 1996; Finnemore and Van Rensburg 2002; Visser, 2005; Alexander, 2013). They are of the view that due to strike actions there are more workdays lost which cause volatile and weakening economic growth.

There is no doubt that South African labour relations are deemed to be adversarial and as such pose far more challenges than solutions in the working environment which involves compromising either the employer or the workers (Natrass, 2014; Visser, 2005; Finnemore and Van der Merwe, 1998). The main concerning factor is that strikes tend to be violent as it has been seen in the mining sectors. An appropriate example is the Lonmin-Marikana incident where people lost their lives and the incident of the National Union of Metalworkers of South Africa (NUMSA) reported to have attacked either fellow non-striking workers and those "hired on temporary basis" to replace striking members and do the jobs during strikes (Alexander, 2013). Sectors such as the mining and manufacturing are highly prone to violent strikes; more so than other sectors - a recent strike being the Marikana massacre in August 2012, where more than 40 striking miners were killed by the police.

Global businesses and investors are generally sceptical and conscious to put their investment in a violent country where labour unrest keeps

increasing. These violent strikes do undermine the steady growth prospects of the economy (Natrass, 2014). To add to this, organised labour or trade unions in South Africa enhance the problem of unemployment which has recently upsurged to 26.7% in the first quarter of 2016 as pronounced by StatsSA (2016). These tendencies or behaviour practiced or promoted by trade unions not only complicate the employment situation but also make it extremely difficult for business, companies and industries to employ people in the country as Zungu (2016) strongly argues. The rise of employment or situations where more people are employed boosts the economy through the growth of GDP. It is therefore helpful for policymakers in the country to hold unionised activities in check by instituting effective dispute resolution mechanisms, enforcing labour legislations, and prohibiting unlawful strikes.

4. CONCLUSION

This study set out to explore the impact of the economic implications of the ever-growing rate of unionised strikes in South Africa after apartheid. In particular, the study set out to assess the impact of unionised strikes on the most important economic variable, namely real gross domestic product (GDP), while at the same time attempts to identify the main causes of strikes and the sectors affected most by these strikes in the country. Overall our assessment shows that in five years (i.e. from 2009 to 2013), unionised strikes have led to approximately 10,264,775 days lost, and consequently a fall in GDP by 3.2% in 2014 compared to 3.8% in 2013. The sectors heavily affected by unionised strikes are mainly the mining and the manufacturing sectors. Among other factors, we identified low wages, unhealthy working conditions, and deficiencies in the bargaining system as the root causes of unionised strikes in the country. The policymaker should seriously pursue effective initiatives to moderate the rate of unionised strikes in South Africa. Institutionalised means of dispute resolution should be embraced and enhanced. These should include but not limited to ballot requirements, proper regulation for the use of replacement workers, and compulsory arbitration. Policies which spell out employer-employee mandates should be binding, such that no party exploits labour contracts to the detriment of the other. While our study has provided some economics insights into the unionised strikes in South Africa, it has not provided a formal quantitative assessment of these strikes on economic activities. Future studies may look into this issue by using formal econometric approaches to assess the impact of unionised strikes on economic activities. Such approaches have the advantage that they tell policymakers exactly how the economy responds to a percentage increase or decrease in unionised strikes.

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