

# Labour market factors a concern for local businesses

The vice-president of the Federation of African Professional Staffing Organisations (APSO), KC Makhubele, says while South Africa's competitiveness ranking has increased slightly, a number of labour market factors stand out as a concern for local businesses as well as international organisations looking to expand in the country.



KC Makhubele, Vice President of the Federation of African Professional Staffing Organisations

Makhubele commented on the recently released World Economic Forum (WEF) 2015 to 2016 Global Competitiveness Report.

The report - which provides an overview of the competitive performance of 140 economies - ranks South Africa in the top 50 of 140 countries at position 49 - gaining seven places from the previous year. However, the report also reveals concerning factors specifically relating to the country's labour market.

"South Africa is ranked number 138 in terms of hiring and firing practices, 127th in pay and productivity and came in at number 140 - last place - with regards to cooperation in labour/employer relations," Makhubele says.

## Devastating impact

These factors can have a devastating impact on local businesses and their human resources and staffing requirements - effecting their ability to attract and retain talented employees. "If local organisations do not follow the requirements relating to hiring, firing and pay, these issues are not likely to remain quietly accepted," he says.

"Current, talented employees are likely to, not only leave in search of better opportunities, but also to take their case further legally if they feel it is not in line with the Labour Relations Act. This also increases the likelihood of labour unrest, strikes

and 'go slows' which has an extremely negative impact on business as well as the economy as a whole.

"A company's best reference, when it comes to attracting new talent, is its current staff. If employees are exposed to below par working environments where there is little - or no -cooperation in terms of labour/employer relations, current employees are likely to discourage other talented professionals in their field from seeking employment with that particular organisation," he adds.

## **Disincentive to invest**

Makhubele highlights that a negative perception of South African businesses level of productivity and cooperation in labour-employer relations can also act as a disincentive for international organisations to expand their reach in the country.

"There are numerous international organisations which have entered South Africa and have provided us with quality products and services while working with and alongside our own local businesses.

"What is even more significant is that many of these organisations have provided South Africans with job opportunities. With an exceedingly high unemployment rate of around 25%, such opportunities to create employment should not be under-emphasised," Makhubele concludes.

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