

Creating decent jobs through insourcing

1. Problem Statement

The fundamental goal of the International Labour Organisation (ILO) is the achievement of decent and productive work in conditions of freedom, equity, security and human dignity. The South African government has pledged its commitment to the attainment of decent work and sustainable livelihoods for all workers and has undertaken to mainstream decent work imperatives into national development strategies. At the core of decent work law is job security, a living wage and right to join a trade union.

In the are two types of employment models that co-exist in South Africa and the world in general namely, those that pay their workers a living wage – the real economy – and those that don't – the parasite economy. These models are very much prevalent in both the public and private sector.

These models of employment have an enduring impact particularly on workers and the economy. In the real economy for instance, there are jobs that pay a decent middle-class wage—jobs that provide the income, benefits, and security necessary to participate robustly in the economy as a consumer and taxpayer. It is the real economy that drives both production and demand, and that fills our tax coffers with the money needed for free higher education, National Health Insurance, maintain our infrastructure, invest in research and development and etc.

Parasite economy on the other hand, exists where companies large and small cling to a wage lower than minimum wage business models. This includes non standard of hiring workers such as casualisation, outsourcing and labour broking. In this economy, 6.6 million workers in South Africa earn a poverty wage. The latter employment model, however, operates contrary to the provisions of ILO Decent work agenda and South Africa Bill of rights, workers do not enjoy benefits rightfully belonging to them. This model is exacerbated by labour broking which is a form of outsourcing practice. The fundamental question that backs for greater attention is that, what is to be done in order to enable 6.6 million workers to fall under the real economy jobs that is, jobs that pay a living wage and have other benefits.

Through outsourcing employer are able to reduce the number of employees are reduce together with the wages but the work load increases resulting in high level of stress and lower morale.

2. Policy Levers

Some of the policy measure needed to tackle the increase in non standard employment in particular outsourcing should include the following;

- Prohibiting outsourcing of public services in order to reduce costs and increase service delivery
- Limiting the right of the employer to determine what is core and non-core and the power to unilaterally alter conditions of employment.
- Develop a policy which will ensure insourcing of service in the private sector.
- And impose insourcing as conditionality for government tax incentive and other forms of subsidies and licenses.
- Centralisation of collective bargaining across the economy
- Convert all EPWP and CWP workers into permanent full time work with immediate effect

3. Risk and Challenges

- Outsourced contracts have become an established form of business and hiring of workers and rendering of service. However the right to enter into outsourcing contracts can be limited in pursuance of decent jobs and the right to fair labour practices
- The cost of insourcing to employers will be very little if not absent because it is already budgeted for.

4. Benefits

- Insourcing will result in increased job security, better wages and purchasing power and increased labour stability which will ultimately contribute to the overall economic growth.
- As a result of COSATU demand on insourcing, the City of Johannesburg has compelled to insource security guards. This will result in the creation of jobs, better income and other benefits.
- It will also reduce unemployment which is a source of political and economic instability

5. Way forward

We need a detail study on how we can better regulate non-standard forms of employment including outsourcing contracts (S197),

causualised and labour broking contracts in order to ensure job security and increased central collective bargaining.