

UNIVERSITY OF SWAZILAND
FACULTY OF COMMERCE
DEPARTMENT OF BUSINESS ADMINISTRATION
FIRST SEMESTER EXAMINATION 2012

TITLE OF PAPER : INDUSTRIAL RELATIONS I

COURSE : BA 308/410

DEGREE AND YEAR : BCOM 3& 4

TIME ALLOWED : THREE (3) HOURS

INSTRUCTIONS:

- 1. THIS PAPER CONSISTS OF SECTIONS (A) AND (B)**
- 2. SECTION (A) IS COMPULSORY**
- 3. ANSWER ANY THREE (3) QUESTIONS FROM SECTION B**
- 4. THE TOTAL NUMBER OF QUESTIONS IN THIS PAPER IS FIVE (5)**

NOTE: MARKS WILL BE AWARDED FOR GOOD COMMUNICATION
IN ENGLISH AND FOR ORDERLY PRESENTATION

THIS EXAMINATION PAPER SHOULD NOT BE OPENED UNTIL INVIGILATOR HAS
GRANTED PERMISSION

SECTION A (COMPULSORY)

READ THE FOLLOWING CASE AND ANSWER THE QUESTIONS BELOW

WORKING BUT STILL POOR

Any debate about wages in SA has to start from one crucial point: the fact that median salaries are too low-given SA's high cost of living and high dependency ratios to allow up to 50% of workers to break out of poverty.

These are SA's working poor. On their income of up to R3 000/month, most will never own a decent home, send their children to good schools, enjoy quality health care or many of the other basic ingredients necessary to unlock life's opportunities.

Their frustration runs deep and may be contributing to the increasingly violent nature of industrial unrest. At the same time, SA firms warn that they are becoming uncompetitive, partly because labour is relatively expensive compared with that in other emerging market countries.

The upshot is that efforts to diversify the economy away from its capital-intensive bias into more labour-intensive export industries have failed to make headway. Unemployment remains stuck at around 25%. Not that creating more jobs would necessarily solve the working poor's problem. SA's low median wage rate, and the likelihood that most new jobs will continue to be created in the low-skill, domestic-oriented services sector (where wages are low relative to the more productive export sector), means that working poverty is set to remain a central concern in SA for years, possibly even generations.

This assessment has such profound implications for wage-setting and economic policy that it is hardly surprising that SA's wage statistics are fiercely contested. On the one hand is Stats SA's Labour Market Dynamics report. Released last month, it shows that in 2011 the median monthly earning across all sectors was R3 000. Since SA workers

support four to six dependant on average, this means that half of all working people are in households that skirt Stats SA's unofficial, inflation-adjusted poverty line of about R600/person a month. These are the working poor.

The problem is that this data is supplied by workers in response to questionnaires as to their gross earnings before deductions, excluding bonuses and overtime. It relies on people to be honest about how much they earn and not to confuse their gross and net earnings. A very different picture emerges from Stats SA's latest Quarterly Employment Survey. It shows that the average monthly earning in SA's nonfarm, formal sector in May 2012 was R13 647. This figure is derived from employer's payrolls. It includes bonuses and overtime payments but, because it is an average, not a median figure, it is inevitably skewed by a few very large salaries at the top end.

Economist Mike Schussler calculates controversially (using data from the SA Revenue Services, national treasury, BankservAfrica and various other payment sources) that the median salary for full-time employees in the nonfarm, formal sector is about R10 000/month. It is worth remembering that SA's median minimum wage is R4 000/month (this ranges from a measly R1 503/month in agriculture to R4 743/month in mining). However, compliance is extremely poor.

A study by University of Cape Town economist Haroon Borat et al found in 2010 that 45% of covered workers were being paid less than the legislated minimum wage. On average these workers were receiving 36% less than the legal minimum. Steering a course between these wide-ranging estimates is difficult but, even if Stats SA's R3 000 monthly median is a bit of an understatement, it is hard not to conclude that most black SA workers are earning too little to make any headway. This is because they often support large numbers of dependants, including school-leavers who themselves are unlikely to find work. In the case of migrant workers, they sometimes support two households. "There seems to be a high-intensity conflict raging just below the surface among large parts of the working population, in many instances apparently focused on the little day-to-day money left in the hands of households after any employer deductions

and financial debt payments,” says First National Bank chief economist Cees Bruggemans.

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QUESTION 1

- a) Wage disputes are one of the sources of conflict in the labor relationship. With inference from the case above, discuss. (20 MARKS)

- b) From the case, identify the components of the external environment that have an impact on salaries of the employees. (20 MARKS)

SECTION B (ANSWER ANY THREE QUESTIONS)**QUESTION 2**

Assess whether unitarism is more appropriate to think about contemporary employment relationships. Explain your answer providing comparison with other competing theoretical perspectives. **(20 MARKS)**

QUESTION 3

Discuss the tripartite relationship in labour relations, with specific reference to the role of each party to the tripartite relationship. **(20 MARKS)**

QUESTION 4

- a) Critically discuss labour-related challenges facing Africa. **(10 MARKS)**
- b) Describe the role and importance of various international and regional bodies on and for, the Swaziland workplace. **(10 MARKS)**

QUESTIONS 5

You are appointed by the minister of labour and Social Security to investigate the impact of labour legislation on small businesses in Swaziland. Identify and briefly discuss the elements of the labour legislative framework that might have a negative impact on small businesses. **(20 MARKS)**