

The University of the Witwatersrand

**The role of trade unions in job creation: a case study of the Job
Creation Trust**

Name: Ntwala Mwilima

Student no: 334156

Supervisor: Prof. Edward Webster

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Declaration

I declare that except for reference to other people's works, which have been duly acknowledged, this report is my own unaided work. It is submitted for the degree of Master of Arts (Sociology) in the University of the Witwatersrand, Johannesburg. It has not been submitted before any other degree or examination in any other university, nor has it been published by any other person or organisation.

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Abbreviations

ANC	African National Congress
BEE	Black Economic Empowerment
BIG	Basic Income Grant
DBSA	Development Bank of Southern Africa
COSATU	Congress of South African Trade Unions
LFS	Labour Force Survey
LJCT	Labour Job Creation Trust
LMIs	Labour Market Intermediaries
FEDUSA	Federation of Unions of South Africa
MDA	MineWorkers Development Agency
MJC	Muslim Judicial Council
NACTU	National Council of Trade Unions
NEC	National Executive Council
NEDLAC	National Economic Development and Labour Council
NGOs	Non Governmental Organisations
NUM	National Union of MineWorkers
RDP	Reconstruction and Development Programme
SERs	Standard Employment Relationships
SETAs	Sector Education Training Authorities
SPSS	Statistical Package for Social Sciences
SALB	South African Labour Bulletin
SWOP	Sociology of work Unit
UDF	United Democratic Front

Abstract

This study aimed to investigate the role of trade unions in job creation, using JCT as a case study. Specifically, the study investigated to what extent JCT had achieved its goal of job creation. Further, the study explored the type and sustainability of the jobs created and the implications that the findings have pertaining to the role of trade unions in job creation.

An examination of literature revealed that there are three main ways in which trade unions can participate in job creation. Firstly, trade unions can get involved in job creation by influencing macro-economic and social policies at multipartite structures. Secondly, trade unions can intervene in job creation by facilitating skills development. Finally, trade unions can create jobs directly as illustrated by the MineWorkers Development Agency and the Job Creation Trust. Further, literature shows that the active involvement of trade unions in job creation is not a new phenomenon. Indeed, from as early as the early 1900s, trade unions expanded their role of collective bargaining to include controlling the supply of labour and facilitating skills development. The main focus of the study is on the role of trade unions in direct job creation.

After a thorough investigation on the experience of trade unions in direct job creation (using JCT as a case study), the study concludes that trade unions have a role to play in job creation. The study argues that trade unions should focus on influencing macro-economic policies and facilitating skills development as compared to being involved in direct job creation. This is based on many challenges that not only undermine trade union's ability to create jobs, but also on the challenges that face the model of projects funded by the JCT. Accordingly, the study makes the following recommendations that specifically try to address the challenges identified. Firstly, JCT can continue funding rural micro and small enterprises. Such a route requires close monitoring of

the projects to mitigate the challenges that such projects fail and, ultimately lead to failure of project. Secondly, JCT can adopt the role of a labour market intermediary in which it would be involved in recruiting among the unemployed, facilitating training and placement. Finally, JCT can adopt the Basic Income Grant (BIG) and work with other stakeholders such as governments, faith based organisations and NGOs. The study recognised that these recommendations will yield maximum outcomes if they are implemented in tandem to each other.

Chapter 1: Introduction

Developing countries in Sub Saharan Africa are faced with numerous challenges. However, this study is primarily concerned with escalating or soaring overall national unemployment, which is higher among the youth. There are various causes of unemployment to name just two: low levels of skills or lack of skills and a mismatch between skills and labour market demands. The focus of this study will be on the initiatives that trade unions have undertaken to deal with the challenges of unemployment with a specific focus on direct job creation.

In order to assess the role of trade unions in job creation, the study focuses on the Labour Job Creation Trust (LJCT) as a case study. The Labour Job creation Trust was formed by the three main federations (the Congress of South African Trade Unions, COSATU; The Federation of Unions of South Africa; FEDUSA and the National Council of Trade Unions (NACTU) in South Africa as a response to the challenges of unemployment. This year (2008) marks the 10th year since the inception of the Trust. This allows for a proper assessment of the impact of trade unions in job creation based on the strength, weaknesses, successes and challenges that trade unions face in job creation.

Aims and Objective

The main objective of the study was to examine the role (success of) trade unions in job creation.

Specific objectives:

- Evaluate the Job Creation Trust with regards to employment creation with specific emphasis on six objectives: (a) the number of jobs created; (b) the types of jobs created;

(c) the sustainability of jobs created; (d) the number of youth beneficiaries; (e) the value addition or skills development in jobs created; (f) weaknesses, strength, challenges, opportunities; and the lessons learnt from the past decade.

- Explore the implications of the findings for the role of trade unions with regards to the employment challenge

1.1 Understanding trade unions

What do trade unions do?

An assessment of the role of trade unions in the labour market, particularly on employment creation requires a more holistic analysis of trade unions. Hence this section tries to answer that by looking at the role of trade unions in development. This has been manifested in having directly contributed to improving standards of living for their members by negotiating not only decent wages, but benefits such as medical, housing, pension and so forth, which all contribute to improving the living standards of working people. The role of trade unions which moves beyond workplace collective bargaining is one that moves away from the simplistic notion of trade unions as organizations who represent the interests of a specific group of people – wage earners and places trade unions at the centre of the overall development agenda of a nation.

The Webbs define a trade union as “a continuous association of wage-earners for the purpose of maintaining or improving the conditions of their employment” (1894:1, cited by Hyman 2001:2).

This definition narrows the role of trade unions to collective bargaining whilst the literature included in this report shows that the role of trade union goes beyond dealing with workplace issues and only representing wage earners. Trade union’s influence in the broader society is manifested in the power that they possess which comes from collectivism. Webster (in SALB 1974) identifies this power as structural power which workers have in the workplace. Webster (1974) argues that workers in the workplace can “only improve their position if they can combine to put an end to the competition between themselves. Through combination they can turn their numbers, the source of their weakness, into a source of power. This is the essential

purpose of a trade union” (Webster in SALB 1974:29). However, it should be noted that different circumstances calls for different types of power which may also dictate the different forms of unionism adopted by trade unions.

The involvement of trade unions in development is illustrated by the role that trade unions in developing countries played during the liberation struggles. Trade unions in developing countries which were previously colonised were key players in the democratisation process of their countries. Furthermore, some trade unions went beyond the fight for the national liberation and became key developmental agents in their societies. The newly elected governments expected the unions to continue with this role and prioritise it after independence (Webster 2007). It is within this context that the role of trade unions by and large has exceeded its initial limited scope based on the Webb’s definition. However, an analysis of the role of trade unions in development requires an interrogation of the nature of trade unions and how this influences the role they play in society.

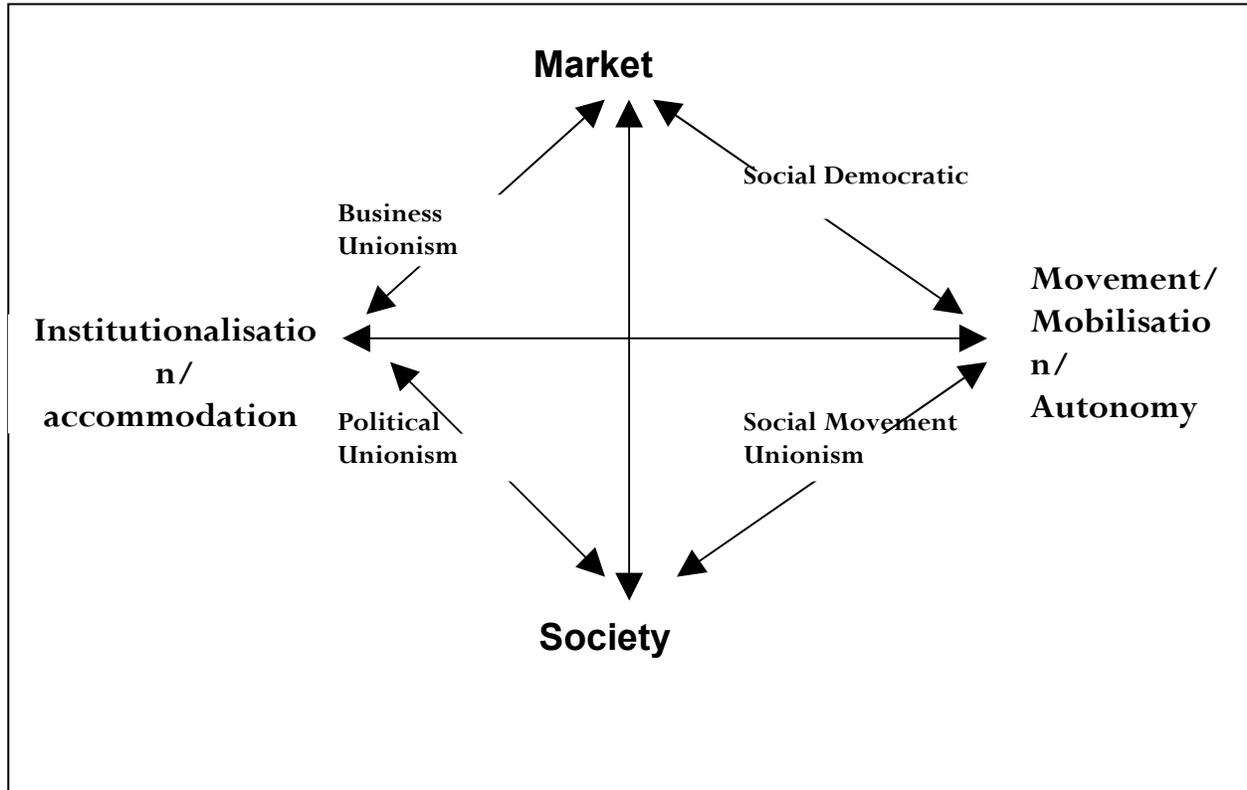
Different forms of unionism

Trade unions are not homogenous or static organisations. Whilst others argue that there are different models of trade unions (Hyman 2001), others (Webster and Fairbrother 2008) argue that there are different dimensions of trade unions. Hyman (2001) classifies trade unions into three models based on ideological orientation and formation. These are: business unionism (market focus), radical unionism (class focus) and social movement unionism (society focus). For Hyman (2001), these models form part of what he refers to as ‘the geometry of trade unionism’. Furthermore, he contends that these three models of unionism are not isolated and

absolute, but tends to coexist with each other. In other words, most unions have characteristics of two of the three models, with one being more predominant than the other.

Building on Hyman's model, Webster and Fairbrother (2008) argue that trade unions have different dimensions. This is based on the notion that trade unions are a particular form of social movement that 'contains progressive and accommodating dimensions' (Webster and Fairbrother: 2008: 2). Based on this contention, they argue that there are four dimensions of trade unions as depicted in the diagram below (fig 1). They argue that 'trade unions are social movements rooted in the realities of the interface between market and society, and the variants thereof' (Webster and Fairbrother 2008: 4). This is based on the notion that trade unions start by mobilising members who are part of the society, hence all unions start as social movements. Within this matrix, there are tensions that exist between the market and society and between mobilisation and institutionalisation. It is within these four dimensions that different forms of trade unions can be located. Like Hyman, Webster and Fairbrother (2008) argue that trade unions move within the different matrix of the dimensions. For instance, before independence in 1994, South African unions adopted a social movement dimension as they were embedded in society and involved in mobilisation. After independence, South African trade unions were institutionalised, hence moved toward the left side of the matrix.

Fig 1



Source: An adaptation of Munck 2004: 260, cited by Webster and Fairbrother (2008)

1.2. South African trade unions

A historical overview

South African unions emerged during the apartheid era and have undergone a metamorphosis since. A historical account of trade unions reveal that different forms of unionism have been experienced in South Africa during the periods of apartheid and post apartheid. Webster and Lambert (forthcoming) argue that in the 1970s, trade unions in South Africa were characterized by powerlessness. This can be attributed to the lack of legislation to legalise African trade unions at the time. Webster (1974) recommended that African workers should be allowed to form unions which would allow them to defend their rights in the workplace (In SALB, 1974). The

hostile environment that South African trade unions emerged in largely contributed to the nature of trade unions at the period, which Buhlungu (2006) describe as being militant and progressive.

Just like many trade unions in Africa, the trade unions in South Africa played a dual role of fighting for improved working conditions for workers whilst at the same time fighting for the liberation of the country against the apartheid regime alongside the African National Congress (ANC) (Webster and Buhlungu 2007). Thus the union's mode of operation was wider in scope and included working with the community in mobilizing for the fight against apartheid. Trade unions were involved in the fight for 'human emancipation, recognition and dignity' (Webster and Lambert, forthcoming). Pillay (2006) argues that COSATU allied itself with the United Democratic Front (UDF) in their struggle against apartheid in the 1980s 'with the intention of stamping a working class leadership onto the struggle against apartheid' (Baskin 1991, cited by Pillay 2006:171).

This need to broaden trade union work beyond employment issues was necessitated by the realization that "the working class, while rooted in employed workers, also included unemployed workers and other dependants of workers (including students, housewives, the aged and the infirm living in working class communities)" (Pillay 2006:169). Hence, many have indicated that South African trade unions adopted 'Social Movement Unionism' during the apartheid era. Von Holdt (2003) argues that social movement unionism is "characterised as a highly mobilised form of unionism based in a substantial expansion of semi-skilled manufacturing work, which emerged in opposition to authoritarian regimes and repressive workplaces in the developing world" (2003:9). However, Von Holdt (2003) argues that after independence, South African

trade unions abandoned Social Movement Unionism (cited in Webster and Buhlungu 2007). This change has been attributed not only to the recognition of trade unions as social partners, but also to the gain in favourable workers rights in labour legislation and the introduction of tripartite bodies which allowed trade unions to voice their concerns and participate in the overall industrial relations of the country.

1.3. Current challenges facing labour in South Africa

Despite the gains made with the new democratic government, the need to compete in the global economy threatened the gains won by workers. Webster and Buhlungu (2007) contend that there was intense “pressures on the South Africa economy to compete in the global market in the context of a new work paradigm” (2007: 416). Since independence, South Africa has experienced a shift from Standard Employment Relationships (SERs) to informal forms of employment in the form of casual workers, subcontracted workers and self employment. For instance, the Labour Force Survey of 2005 revealed that whilst permanent jobs were stable, there was an increase in the number of non permanent jobs. Between the period of 2003 and 2007, non permanent jobs increased by almost 60 per cent (from 1.6 million to 2.4 million) (cited by Guliwe 2007).

In addition, retrenchments and increasing unemployment has become a permanent feature of the South Africa labour market. As can be seen, the latest unemployment rates stand at 26 per cent when the narrow definition is used and at 40 per cent when the expanded definition is used (Barnerjee, Gallan, Levinsohn and Woolard 2006, cited in Guliwe 2007:10). According to Rodrik (2006:2, cited by Guliwe 2007), unemployment is high among ‘the young, unskilled and

black population in South Africa. Unemployment among youth in South Africa is around 72 per cent (Guliwe 2007:28). One of the main causes of unemployment is the mismatch between skills and labour market demands (Guliwe 2007). Altman (2007) further identifies factors such as the ‘last in first out’ convention when jobs are lost; lack of job search capabilities/networks; lack of resources to travel in search of work; and the tendency to ‘shop around’ (among the better-off youth) (9.10.2007: 3).

1.4. Explaining unemployment in South Africa

There are debates in South Africa that try to explain the nature of the South African labour market with specific focus on the challenge of unemployment. The “*Growth for all: An economic strategy for South Africa released in February 1996*” report by business compares the South African industrial relations system to that of the continental European model. This model, the report argues, is characterised by “adversarial relations with strong unions, a wide and unfettered right to strike, wage setting by collective bargaining, preferably at industry level, extension of industrial agreements, and institutional barriers to retrenchment are typical” (South African Foundation 1996:97). Most importantly, the report postulates that this model “has over decades proven wholly incapable of creating employment in Europe; and lately, too, in South Africa” (SAF 1996:97).

Causes of unemployment in South Africa can be grouped into two schools of thought: the orthodox and heterodox. The orthodox school of thought exemplified by the report cited above attributes the high rates of unemployment to the rigid nature of the South African labour market whilst others argue against such a postulate. The orthodox views are captured by the *Growth for*

all report, which states that the main cause of unemployment is the inflexible nature of the South African labour market. Among other reasons, this school of thought argues that high wages arising out of trade union negotiations and rigid labour laws are the main cause of unemployment as they impede the creation of new jobs, arguing that South Africa's labour market is inflexible. To support this argument, the report on (*Growth for all: An economic strategy for South Africa released in February 1996*) argued that "the average gap between wages of unskilled workers in unionised versus non-unionised sectors of around 20-40 % - is the highest anywhere, according to one international study" (1996:87). The same report also indicated that the South African labour market is characterised by a high wage gap between the informal and the formal sectors. Based on this, this school of thought has called for two-tier labour markets with two sets of rules which make provision for the establishment of two labour markets that would exist side by side.

The first labour market is one that is characterised by the continental model which comprise of a "high wage capital-intensive low-employment sector". The second labour market is one that is characterised by "a burgeoning free-entry labour –intensive sector with strong new investment" (SAF 1996:102). This labour relations structure would permits vibrant formal sector activity characterised by the free entry into the labour market of unemployed people- and hence high labour absorption – by allowing the costs of employment to be lower". In order to achieve the setting up of the second labour market, the report proposed the following (1996:100):

- Abolishing the extension of industrial agreements to non-parties, as these hurt small business, labour intensive activities and competitiveness
- Only establish appropriate minimum standards which do not hurt the unemployed and the poor

- Move ‘outsiders’ into formal employment through a free entry labour intensive tier in the formal sector.

The second school of thought on the other hand, argues that the South African labour market is highly flexible based on the following evidence: First, the South African labour market has experienced an increase in the number of labour brokers who bypass labour laws. As a result, Webster and Sikwebu (forthcoming) contend that “this *de facto* flexibilisation of the labour market has led to the increased differentiation of the South African labour market into three major zones – a core of the formal sector with more or less stable employment relations, a zone of casualised workers with less stable employment relations, and a peripheral zone made up of workers whose main source of livelihood is through informal sector activities (Webster and Von Holdt, 2005:27, cited in Webster and Sikwebu forthcoming: 33). As shown earlier by employment statistics, most of the new jobs being created are those falling in the non-core sectors of the economy whilst very few permanent jobs are created. Therefore, flexibility in the South African labour market is shown by the increasing number of jobs being created outside of the core sector of employment. This fact further disputes the argument put forth by the *growth for all report* that there is a need to create a second tier labour market, as it already exists.

Secondly, only 25 per cent of workers in South Africa are covered by bargaining councils, which means that three quarters of all workers are excluded from or do not benefit from gains achieved through collective bargaining and do not have access to proper conflict resolution structures.

Finally, Webster and Sikwebu (forthcoming) argue that a large number of workers’ conditions of work both in the formal and informal sector do not differ significantly. And this suggests that the

majority of workers in the formal sector and informal sector have the same working conditions. This is illustrated by the official statistics which revealed that about 47% of all black workers earn below R1000 per month (cited in Webster and Sikwebu, forthcoming). Due to low wages paid to such workers, they tend to move between the two sectors as the wage gap is narrow or does not exist. Based on this finding, the community constituency in NEDLAC has called for a single regulatory framework incorporating the entire labour market with the extension of protective measures to all workers in both the formal and informal employment” (Interview: Steyn, 16 June 2006, cited in Webster and Sikwebu forthcoming: 35). This disputes the call by the business report on the need for a two tier labour market system governed by different regulations.

1.5. Possible trade union responses to labour market challenges

Jose (2002) contends that trade unions in developing countries have not achieved ‘a secured income for the majority for the workers’. Thus, there is need for them to develop a wide support base which addresses the needs of many constituencies, including schemes which involve job creation and active involvement in human resource development (Jose 2002). It is this fundamental difference in the development levels of developing and developed countries that calls for the approaches argued for by Jose in developing countries. He argues that the best response is for trade unions in developing countries to be involved in “the establishment of suitable and affordable facilities for skills development so that workers at the lower end of the market can be helped to overcome the barriers of gender, ethnicity and race that hamper their mobility in terms of income and professional advancement. Moreover, such facilities can raise

the supply price of labour, equip workers to respond to expanding economic opportunities and help them emerge as equal partners in the development of markets” (2002:14).

Whilst recognising the importance of trade union intervention on the supply side of labour, this study recognises that trade unions can also play an equally important role on the demand side of labour. This is based on the contention that the employment challenge does not only arise due to low levels of education, but also due to a mismatch between skills produced and skills demanded in the labour market. To address this challenge requires an ‘active and aggressive’ intervention on both sides of the labour market’ (Webster, Benya, Dilata, Joynt, Ngoepe and Tsoeu (2008: 97).

Benner (2002) supports the argument that has been presented on trade unions which argues that some trade unions are re-emerging as similar to craft unions a century ago which controlled the supply of labour through closed shop arrangements and the apprentice system. Craft unions were the first type of unions which organised workers in specific professions i.e. electricians. Benner (2002) states that unions have become involved in “issues of labour supply, labour quality, placement and career advancement” (pg.137). This shows that trade unions go beyond their traditional role of collective bargaining.

1.6. Ways in which South African trade Unions have intervened in the labour market

Trade unions in general can intervene in the labour market in three ways: influencing macroeconomic and social policies, facilitating job creation through skills development and direct job creation.

1.6.1. Influencing macroeconomic and social policies

Unions can respond to the challenge of unemployment by influencing national economic and social policies towards a pro poor and employment creating path. In South Africa, structures have been put in place that makes provision for this process. One such multipartite structure is NEDLAC. At NEDLAC, government brings together ‘social partners’ such as organised labour, organised business and organised community organisations to discuss and try and reach accords on social and economic issues (www.NEDLAC.org.za). The labour movement is represented by the three main federations in South Africa namely: COSATU, FEDUSA and NACTU. The federations have used the space provided for at NEDLAC to put forth proposals on employment and investment in the country. Labour’s main policy focus intervention at NEDLAC has been to articulate for a labour based or employment creating economic growth path.

In South Africa, a structure such as NEDLAC was necessitated by the injustices and discriminations arising out of the previous apartheid regime which not only excluded the majority of black people from equal access to resources, but also limited their full participation in the labour market. In May 1995 a commission was appointed by former President Nelson Mandela to review labour market policy. This emanates from the fact that the apartheid regime used labour market policies as a ‘mechanism of social control and of its economic growth strategy’ (Department of Labour 1996:ix). Labour market policies in the apartheid dispensation were characterised by draconian laws such as the pass law system and job reservation for the white minority. Consequently, such labour market policies gave birth to poverty, discrimination and inequality, social ailments that continue to haunt the South African nation today. One of the recommendations that the Commission made was the establishment of NEDLAC as a statutory

institution (DOL 1996). A review conducted by Webster and Sikwebu (2006) revealed that “NEDLAC has deepened democracy by creating new labour market institutions that have included constituencies that were previously excluded from the policy –making process” (2006:ii).

NEDLAC is imperative in this study as it is an institution which provides space for labour to participate in the socio-economic issues of the country. Two concrete examples can be used to illustrate this form of intervention: Firstly, in 1998, labour actively participated at the Presidential Jobs Summit by putting proposals aimed at influencing the economic trajectory of South Africa to that of a job creating economy. The summit gave rise not only to the formation of the Trust, but also came up with concrete programmes that needed to be implemented by the social partners. The overall summit agreed upon the implementation of the following projects:

- Sector summits
- The Proudly South African campaign
- Small business promotion, especially tourism
- Labour intensive housing projects
- Development of human resources through education and training
- Comprehensive social security
- Youth brigades to help develop community based public works

Prior to the Presidential Jobs Summit, COSATU made an audit of policies and programmes with a particular focus on how the policies impacted on the changing pattern of employment creation and job loss in the South African economy. The audit revealed two issues. Firstly, the gravity of

poverty and inequality in South African did not allow for a gradualist, trickle down approach in reducing unemployment but rather a more comprehensive approach which focused on job creation (COSATU 7.08.98: 2). Secondly, an overall framework of appropriate policies and programmes should be agreed upon at the Jobs Summit in order to address the triple challenges of unemployment, poverty and inequality. This stems from the belief that a particular development path was necessary in order to create sustainable employment. Therefore COSATU's main concerns were aimed at addressing the challenge of unemployment through:

- The creation of new employment both in the short term and long term
- Improving the quality of existing employment
- Promote job security and curb the job loss in the economy
- Improve and formalise employment in the informal economy
- Provide an income for those who remain unemployed and poor
- Target particularly vulnerable groups such as youth, women and the rural and urban poor for job creation programmes (COSATU 7.08.98: 3).

The proposals put forth by COSATU can be broadly classified into four groups namely:

- Job creation
- Job protection and retention
- Local economy protection and monitoring; and
- opportunity creation through skills development and social security system for the unemployed

It should be noted that local industry protection through tariffs and improvements in customs and excise is seen as a way of not only protecting the local businesses, but also protecting

local jobs. The proposals further agitate for a macro economic framework based on expansionary policies as compared to contractionary policies. This is observed in the strong state intervention in the economy as a job creator through direct employment and funding of public works and procurement procedures emphasizing job creation. The proposals put forth by COSATU can be seen as emanating from the Reconstruction and Development Programme of 1994 (RDP). The RDP document envisaged the process of reconstruction and development taking place simultaneously. The reconstructive part focuses on developing infrastructure in the previously disadvantaged communities (such as roads, hospitals, houses and schools) whilst simultaneously creating employment opportunities through public works funded by government. In both documents, labour intensive projects are emphasized as a way of creating large scale employment.

An assessment of the proposals reveals that the proposals are anchored in Keynes General theory of Employment, Interest and Money. The General Theory is based on how the relationship between consumption, investment, savings and national incomes can lead to varying employment levels in an economy (Steward 1986). The cornerstone of Keynes theory is on consumption and investment as a way of attaining full employment in an economy. Based on this, Keynes argued that ‘governments should engage in large scale public expenditure in order to have full employment (Steward 1986:115).

This is also reflected on labour’s emphasis on job creation, retention and protection based on two roles jobs can play. Firstly, jobs play a critical role in poverty alleviation (Report of the Presidential Commission to investigate the Development of a Comprehensive Labour Market

Policy, 1996). Secondly, jobs can stimulate the economy through effective demand. This is based on the fact that jobs provide people with incomes or money, thereby increasing their effective demand (demand backed by money) which then lead to an increase in consumption. This increase in consumption or increase in demand for goods and services would in turn send a message to the producers to produce more goods and services. In order for them to produce more, they would require more workers and more machinery to be able to meet the demand for the goods. Hence, an initial demand in consumption goods will have positive impact on the capital goods industries which produce capital goods required to make consumer goods. The underlying concept here is the multiplier effect, which is the effect of consumption on the national income.

Keynes argued that incomes that people get is either consumed or saved. Any 'increase in income that people save, the larger will be their extra expenditure on consumption, and thus the larger their contribution to increasing the incomes of others, and thus the larger the eventual increase in the income of the community as a whole' Steward 1986:87). One of the programmes suggested by labour which clearly shows the multiplier effect is on provision of publicly owned housing. Labour argued that this proposal 'provides economic activity and jobs through the multiplier effect of spending generated by a massive housing programme' (Labour Audit for the Jobs Summit; 7. 08. 1998:6). Following Keynes arguments on the multiplier effect, the rationale is that building houses would provide people with jobs and incomes, which would then allow them to have effective demand for other goods produced in other industries (mostly consumption goods). Keynes did not believe in the self correcting mechanisms of the market, he believed that full employment could only be achieved with state intervention in the economy. Therefore, he

argued that if government wanted to achieve full employment ‘it should either take steps to promote business investment, preferably by reducing the rate of interest, if that were feasible; or it should encourage an increase in consumption, preferably through taxation policies designed to improve the distribution of income; or it should itself undertake large scale public investment expenditure’ (Steward 1986:94).

Secondly, labour made key proposals towards the Growth and Development Summit of 2003 which focused on the challenge of unemployment. A position paper was developed which identified two main causes of unemployment in South Africa resulting from:

- The apartheid regime which excluded the majority of South Africans from participating in the economy.
- The restructuring of the formal economy since the mid 1980s which had directly led to the decline in employment (Labour position paper for the growth and development summit 13. 04. 2003).

Based on the above challenges, labour made the following long term recommendations aimed at addressing the challenges among others:

- Employment creation should be central in government policy and should be reflected in governments’ social and economic programmes. In this regard, labour proposed that both the public and private sector should produce annual reports that reflect their progress made with regards to employment creation.
- Secondly, labour recommended that all parties in the social dialogue should promote labour intensive construction.

- Thirdly, labour proposed that government embark upon processes that would redress the imbalances of the apartheid regime. The target was to ‘improve the assets of the poor – which included land reform, provision of infrastructure and housing nearer to employment opportunities, restructuring of the financial sector and the extension of skills development’ (Labour position paper for the Growth and Development summit 11.04.2003).

One of the short term recommendations that labour made was the increase in publicly funded public works and community service programmes, focusing on youth. Labour envisaged that through the public works programme, 500 000 jobs would be created with reasonable incomes. Other recommendations made targeted achieving social security for all those who needed it, implementation of a restructuring process that contributed to job creation as compared to job losses and instituting active labour market policies and all partners abiding by the NEDLAC social plan agreement.

1.6.2. Facilitating job creation through skills development

Trade unions can respond by playing a facilitative role in job creation through skills development as illustrated by the role of South Africa trade unions in the Sector Education Training Authorities (SETAs) which emanate from the skills development legislation. The labour movement forms part of the composition of the stakeholders in skills development in the country. One of the SETAs in which trade unions are highly involved (as board members) in is the Education, Training and Development Practices SETA. The objectives of the ETDP-SETA among others is to improve the skill levels of workers, promote a healthy balance between supply and demand in the labour market, improvement of education and training and that the

levy grant is efficiently administered (ETDP-SETA annual report 2006-2007:5). The SETAs can be classified as public sector intermediaries. The facilitative role means that labour is not directly involved in job creation, but works as an intermediary in the labour market by facilitating skills development to increase worker's ability to improve their incomes and career advancement and cope with flexible labour markets. Understanding the facilitative role of trade unions in skills development as a way of job creation requires an analysis that is grounded in a theoretical framework of labour market intermediaries.

Labour Market intermediaries and their role in the labour market

According to Benner (2002) the term labour market intermediaries (LMI) includes “a wide range of organisations that mediate work practices and broker employment relationships between workers and employers”(pg.6). He further states that LMIs form relationships on both sides of the labour market, bringing employers and workers in contact and affecting the nature and content of their relationship. This means that the role of intermediaries go beyond establishing contact between workers and employers but can also influence the nature of the relationship and the terms and conditions of the employment contract. Therefore intermediaries can effect employment relationships and work processes. Most importantly, intermediaries can shape skills development. “This can be done in a formal manner, through training and certification programmes and responding directly to employer or worker demands. This may also be done in informal ways in which the intermediary provides the organisational infrastructure for building the social networks that are so essential for on-going learning” (Benner 2002:87). The role of intermediaries in the labour market include the following:

- Job brokering, helping employers recruit workers and workers search for job opportunities
- Shaping changes to work
- Facilitate rapid changes in the quantity of particular work demands; and
- Qualitatively shaping the nature of the work (Benner 2002:6)

Different types of LMIs

Benner (2002) argues that there are different types of intermediaries and some have been in existence for a long time whilst others only emerged recently. For instance, intermediaries such as temporary agencies have been in existence for a long time whilst internet based intermediaries, head hunters, recruiters, contract brokers, union initiatives, community organisations and public sector and education based intermediary programmes are recent. The difference between the old and the new types of intermediaries is that the recent types “go beyond the traditional narrow function of job brokering” and in some cases “improve employment training and workforce development systems, restructuring employer hiring practices and developing new forms of representation for workers through advocacy efforts or innovative changes in collective bargaining structures” (Benner 2002:85).

Benner (2002) identifies three broad categories of labour market intermediaries. The most common type of intermediaries is private sector intermediaries. These are market based and profit oriented intermediaries and have a strong relationship to the demand side of the labour market. Benner contends that this means that they “respond primarily to employer’s recruiting, hiring and human resource management” (2002:6). Included in this category are temporary agencies, contract brokers, professional employer organisations and on-line job search websites

(Benner 2002:98). Benner further states that such intermediaries “rarely engage in significant skills development or training for the workers that they place” (pg. 102).

The different types of private sector intermediaries mentioned above can be grouped into two groups: those whose role ends once a placement has been made with an employer and those whose role continues after a contract has been made with an employer. Recruitment agencies are intermediaries whose role is terminated once a contract is signed between an employer and a worker whilst labour brokers are intermediaries whose role continues after the contract is signed with an employer. A significant distinction between the two types of intermediaries is that the labour broker is the employer of the worker, hence the worker signs a contract of employment with the labour broker whilst the labour broker signs a service (commercial) contract with a client company to provide workers. The commercial contract signed between the labour broker and the client company bypasses the employment contract signed between the worker and the labour broker as the worker’s job is dependent on the commercial contract. Characteristics of private sector intermediaries such as profit orientation, strong relationship to the demand side of the market and limited focus on skills development differentiates distinguishes it from the other two categories discussed below.

The second categories of LMIs are membership based intermediaries. These include union initiatives and professional associations. Unlike private intermediaries, these intermediaries have a strong relationship to the supply side of the labour market as they “respond primarily to the needs of workers and help workers build and maintain their employability in the broader labour market while also providing them with the networks and connections with employers to navigate

the complex labour market” (Benner 2002:6-7). However, such intermediaries operate on limited budgets as they derive their revenues from “membership fees, some fees for services and lots of volunteer labour” (Benner 2002:131). Benner (2002) argues that this may limit the impact they may have in the labour market. Membership based intermediaries can further be divided into three groups based on the extent to which they can advocate for their members in the labour markets. This is illustrated in the table below.

Table 1: Membership based intermediaries

Type of membership intermediary	Services offered to members
Professional associations	<ul style="list-style-type: none"> • Act primarily as an information intermediary • Provides networking opportunities and linkages between employers and workers in particular occupations • Provide guidance on changes in skills requirements and industry trends
Professional associations and guild type unions	<ul style="list-style-type: none"> • Provide information to help members advocate for themselves in the labour market • May provide training in individual negotiating strategies, and detailed salary information based on surveys of the profession, and ultimately try to empower works through strengthening their

	information, knowledge, and skills negotiating
Industry based unions	<ul style="list-style-type: none"> • Play a direct role in advocating for their members. This may take the form of collective bargaining in a multiemployer relationship and/or advocating for members legislation, codes of conduct, or developing corporate campaigns. • The main goal is to improve the working conditions of their members by changing the conditions of employment of the firms on a collective basis (Bernhard et al 2001b, cited by Brenner 2002:132)

Benner 2002:131-132

What the table above shows is that all unions act as labour market intermediaries. The only difference is the level of intermediation they play in the labour market. For example, industry unions play a limited role of intermediation as compared to craft unions. Craft unions controlled the supply of labour and working conditions within their specific trades or industries. In the 1960s, occupational unionism emerged. Cobble (1991) contends that “at the heart of occupational unionism lay a reliance on union hiring halls and the closed shop. Hiring halls provided unions with a regular means of access to the mobile population that comprised the hotel and restaurant workshop” (1991:138). What is unique about the hiring hall system is that it was a place where the unemployed who were looking for work could register as job seekers and then could be placed in jobs (Cobble 1991). Cobble states that “those desiring work had to meet the

approval of the union dispatcher and were required to be fully qualified union members in good standing” (1991:138). This served two purposes: firstly, the unemployed had a place to go and register so that they could get work. Secondly, the union benefited as only those members in good standing could be placed in work. For a union experiencing declining membership, this allows unions to increase its membership base and bargaining power.

Finally, there are public sector intermediaries which include Employment Training and Workforce Development System (One Stop Career Centers and PICs), Education-based Initiatives (adult extension, community college contract training programmes and Non-profit initiatives (publicly funded training programmes) (Benner 2002:98) . The SETAs fall within this category of intermediaries. Benner states that public sector intermediaries were formed to “address a more stable and predictable labour market, hence, they are not well equipped to deal with the challenges of a flexible labour market” (2002:87). As shown earlier, the South African labour market is flexible. This means that the effectiveness of the SETAs is also limited. Benner (2002) further states that many public sector intermediaries play a limited role in providing follow up and support services for disadvantaged workers once they are on the job (2002: 87). This is because the role of public sector intermediaries is only restricted to providing or facilitating training provision.

Benner (2002) developed a typology distinguishing between the different types of labour market intermediaries based on the type of relationship that they have to the demand side (employers) or the supply side (workers) of the labour market. The table below shows that this relationship can either be weak or strong.

Table 2: Relational structure of intermediaries

Relationship to workers	Relationship to employers	
	Weak	Strong
Weak	Job-bank databases Some welfare-to work programmes	Temporary agencies Contract based training organisation
Strong	Professional and membership organisations Community colleges	Union hiring halls Intensive community-based organisations that have employer commitments

Benner 2002:

In the typology, on the worker side a weak relationship consists of a visit to a job website or any employment centre for placement. On the other hand, a strong relationship “involves a more intensive and longer term interaction, such as for skills development and access to health benefits and professional networks” (Benner 2002:89). On the employer side, “a weak relationship would consist of simply listing a firm’s job openings with a placement agency. Conversely, a strong relationship would mean repeated use of an agency or a commitment to hire workers from the intermediary” (loc.cit). A fundamental distinction between an employer and intermediary relationship that defines whether a relationship is weak or strong is the continuity in the relationship. In the case of a worker, in addition to continuity, value addition and improvement in the working conditions of a worker are important factors in strengthening the relationship between a worker and an intermediary.

Functions of LMIs

There are four main functions of labour market intermediaries (Benner 2002). First of all, intermediaries can reduce transaction costs that both workers and employers face in the labour market. On the side of employers, they save costs when employers turn to intermediaries such as labour brokers “who become the legal employer of the people working for clients, such as temporary agencies or contractor brokers. These agencies then take on all the legal liabilities of being the employer, including costs of workers compensation and legal liability in the case of employment discrimination lawsuits as well as any costs of health insurance and other benefits they may provide” (Benner 2002:93). In such a situation, the intermediary can pass on some of the costs to the employer by charging higher fees or pass some of the costs to the workers by paying them low wages. The common trend is that due to intense competition within this industry, intermediaries often pass some of the costs to workers, especially those who are employed as unskilled labour.

On the other hand, intermediaries can help workers achieve bargaining power in the labour market by helping them improve their salaries. Benner (2002) argues that “by combining the voices of many workers in the labour market, and by expressing that collective voice with multiple employers, intermediaries can increase workers wages” (pg. 94). Hence intermediaries can increase the structural power of workers in the workplace as was argued earlier by Webster (1974). Secondly, intermediaries can set the price of labour and thus shaping the power relations between workers and employers. Thirdly; intermediaries mediate risks for both workers and employers through diversification and displacement. Finally; intermediaries develop social networks for workers to find jobs (pg. 85).

1.6.3. Direct job creation

The most popular and oldest way in which trade unions have intervened in job creation is through cooperatives. The Webbs (1914, cited by Philip 1988) trace the birth of cooperatives to the 19th century when there was dominance of sweat industries. Cooperatives were seen as an alternative to the forms of exploitation that occurred in the sweat industries due to the harsh conditions of the market. Both case studies below of trade union intervention in job creation are largely rooted in cooperatives as a form of job creation. They are two features of cooperatives that have led trade unions to adopt them as a form of job creation: Firstly, Philip (2007) avers that cooperatives are seen as a panacea due to their ability to create employment in the face of growing unemployment and underemployment. Secondly, cooperatives are viewed as an alternative form of production from the capitalist production system which is characterised by focus of ownership of the means of production, where the power is concentrated in the hands of a few people, and surplus value is dependent on exploitation. In contrast, production in a cooperative is organised in such a way that workers or members of a cooperative have a collective responsibility to organise their production and own the means of production (Philip 1988). The Webbs (1914, in Philip 1988) argue that the underlying basic principle of cooperatives is “to build democratic forms of ownership and control of production, in which workers control the product of their own labour” (Webb & Webb 1914:4, cited by Philip 1988:40). It is this characteristic of cooperatives that has led the labour movement to favour cooperatives as compared to the capitalist mode of production.

However, there are notable contradictions within cooperatives which mainly contribute to their collapse. The first one is the contradiction between labour and capital. This contradiction stems from the fact that despite the changes in the internal organisation of production that takes place in a cooperative (democratic forms of ownership and control of production); cooperatives still

exist in a capitalist system, specifically competitive forces of the market. For Philip (1988) and Webbs (1914), the market is characterized by competition, and for the cooperatives to survive, they need to be economically viable – which entails making a profit or surplus generated from high productivity levels. Therefore the continued survival of a cooperative depends on its ability to match the productivity levels found in capitalist enterprises or reduce labour costs in the form of wage reductions. For the Webbs (cited in Philip 1988), when cooperatives reduce wages, this leads to self exploitation and lowering of the standard of living among the cooperative members and workers. For Philip (1988) the above epitomize the inherent tensions that arise within cooperatives in light of the need to become competitive on the market and the internal reorganization of production relations within the cooperative.

The second contradiction exists within the cooperative. This contradiction arises between the principles of cooperatives (based on democracy, non exploitation and equal ownership) and the individual interests and identities of cooperative members. The need to compete in a capitalist market engender self exploitation or exploitation of others (in cooperatives where there are workers) as cooperatives are forced to use product price as a competitive advantage in the market. This can lead to two implications: firstly, undercutting prices can help the cooperative gain entry into the market and allow it to compete. Secondly, this can lead to a downward pressure on wages in the industry as capitalist enterprises will want to pay similar wages paid in the cooperatives (Philip 1988). Thus, in this case the contradiction exist between the principle of none exploitation of labour and need to compete and between members of a cooperative and workers. It is the two contradictions within cooperatives that either lead to their collapse or degenerate into a capitalist enterprise in order for it to survive.

Case A: MineWorkers Development Agency

During the late eighties, the mining industry experienced a substantial increase in jobs losses due to retrenchments. In 1987, 40 000 mineworkers lost their jobs after participating in a strike (Philip 2005). This prompted the National Union of MineWorkers (NUM) to set up the MineWorkers Development Agency (MDA) as a development wing of NUM with the main task of initiating job creation as a response to job losses in the mining industry in the same year. After 10 years of operating as a unit within NUM, in 1997 MDA was registered as a section 21 Company (MDA accessed at: www.enterprise-impact.org.uk/pdf/MADCaseNotes.pdf, accessed on 20.08.2008). According to Philip (2005), “the programme started with producer co-ops as a way of creating jobs and later changed to providing support to all forms of local enterprise” (2005:365) due to “serious problems that had started to develop in relation to the sustainability of the project based initiatives (MDA accessed at: www.enterprise-impact.org.uk/pdf/MADCaseNotes.pdf, accessed on 20.08.2008). Some of the challenges that faced such projects are discussed in chapter five in the analysis why some of the JCT projects failed. Under the producer co-op programmes, only 500 jobs were created.

One of the problems identified “is that the project based approach tends to be exclusive and creates dependency” (loc.cit). Moreover, such projects (which could be classified as income generating activities) operating on the margins experienced challenges of low and unsustainable incomes and returns. According to Philip (2005) this challenge can be attributed to a number of factors (discussed in detail in Chapter 5). Firstly, such projects suffer from limited absorption capacity of the local markets due to the low purchasing power of local people who do not have

sufficient incomes to purchase the products of the project, selling on credit and a small market due to urban migration. Secondly, there is a tendency in projects to make forming a group as a requirement for funding. Whilst forming a group has advantages of being able to improve many people's lives with one project, it also has disadvantages. One of the problems is that the oversupply of labour in the group can undermine the success of a viable business. The bigger the group, the less income there is to share equally among the group members. Accordingly this undermined the ability of the project to have the desired effect of alleviating poverty among the group members.

Under the development centres programme, the MDA established 8 development centres (7 in South Africa and 1 in Lesotho) which provided services such as training, counselling, technology hire, procurement, marketing and product development support services to local entrepreneurs" (loc.cit). The main beneficiaries of the development centres programme are the ex miners and their dependants (Philip 2005). According to Burton, the development centres are all "limited companies which are market driven and financially self sustainable, with the only grant-funded component being a subsidy for business training and counselling" (MDA, accessed at: www.enterprise-impact.org.uk/pdf/MADCaseNotes.pdf, accessed on 20.08.2008). What this case study show is that the MDA had to abandon its initial form of intervention of direct job creation due to the challenges associated with this form of intervention.

Case B: Job Creation Trust

Trade unions can intervene by creating jobs, which is illustrated by the creation of the JCT. Through the JCT, the three trade union federations finances projects which are aimed at creating employment or employment opportunities. According to the latest annual report, the fund has

committed R53 375 743 million and distributed R41 795 100 million (LJCT annual report, 2006-07). To date, the provinces that have benefited the most from the Fund are Eastern Cape, Western Cape and Limpopo. The Fund argues that this is mainly due to the high levels of poverty in these provinces.

Having outlined the different trade union interventions in the labour market, this study posits the question: What is the most appropriate response for trade union in the labour market? (or how effective are trade unions in creating jobs)? This study focuses on the third strategy, which is direct job creation.

Chapter 2: Methodology

2.1. Research design

The study used a combination of quantitative and qualitative research methods. Qualitative methods was used because it involves documenting real events, recording what people say

through interviews and studying written documents (Neuman 2000). This method enabled the researcher to collect in-depth information from JCT Trustees and staff and DBSA project managers to provide an understanding of the challenges, strength, weaknesses and opportunities the trust faces in meeting its objective of job creation. Further interviews (using semi structured questionnaires) were conducted with seven successful projects and 3 failed projects¹ to provide a comparison on the determinants of success or failure of projects and the type of employment being created by the projects.

Before going in the field, the study envisaged that an equal number of both successful and failed projects would be used in the sample. However, as field work begun, the researcher faced challenges as regards locating failed projects. This is because once a project was no longer in existence, it became difficult to locate it. The challenge of locating projects was further compounded by the fact that that JCT/DBSA had in some cases only collected postal addresses of the projects as compared to Physical address. A formal interview could not be conducted at Teko Springs because there is a pending court case between JCT and the project. Hence an informal interview was conducted with one of the ex-workers who had worked there previously. The criteria for successful and failed projects used in the study is that developed by the JCT. Five of the success projects are the ones that won awards in 2008 whilst the failed ones are the ones that are no longer in operation.

According to Neuman (2000) sampling in qualitative research is based on the relevance of the sample group to the research topic (issue) rather than on representativeness of the sample as required in quantitative studies. Nueman (2000) further states that qualitative researchers tend to

¹ Failed projects are the projects which are no longer in operation.

use non-probability or non-random sampling methods. This means that qualitative researchers rarely determine the sample size in advance and have very limited knowledge about the larger group or population from which the sample is taken.

For the purposes of this study, purposive sampling method was used in selecting the sample group. Purposive sampling method allowed the researcher to get all the possible cases that fit particular criteria, using various methods. Neuman (2000) states that purposive sampling is used in exploratory research or in field research and relies on the judgement of an expert in selecting cases or it selects cases with a specific purpose in mind. Also, purposive sampling is suitable to selecting unique cases that are especially informative (loc. cit). It is this character of purposive sampling that made it more appropriate to this study as it relies on ‘cases that are especially informative to the study either by being experts in their fields or by their involvement in the organisation/s being investigated. Based on preliminary investigations, this study came up with a workable sample group which had to be adjusted as explained above once the researcher was in the field.

The sample group consisted of the following:

- *Three trustees of the JCT representing the three federations and one JCT staff member*
- *Ten10 projects (7 success and 3 failed enterprises* The following projects were identified as those that would form part of the study:

Successful projects

1. Victoria West B.E.E. Biltong Factory
2. Kalkfontein Bricks and Blocks

3. Muslim Judicial Council (Philippi Agricultural)
4. Vuka Sekusile Trust
5. Amagwelani Agriculture project
6. Baleni Tourism Association
7. Kungwini Welfare

Failed Projects.

1. Teko Springs
2. Dongwe Community Project
3. Phakamani Youth Development

- ***One DBSA project manager***

It should be noted that not all people targeted for in the sample participated in the study. For instance, only one DBSA project manager agreed to be interviewed whilst the rest (3) refused to be interviewed.

2.2. Data collection (instruments and procedures)

The study used its data from various sources. Firstly, the study used primary sources of data which includes the Job Creation Trust's annual reports, compiled reports on the projects and assessment reports conducted on the JCT and its projects. This data provided a framework which informed the research, particularly in identifying issues that should be included as part of the

research. Other sources of existing literature, journals, and periodicals were consulted in this study. This information then formed the basis of the literature review. The study used a combination of unstructured interview guides, semi-structured questionnaires and structured questionnaire which included open ended and closed ended questions. Unstructured interview guides were used in interviews with JCT Trustees and staff, the DBSA project manager, project managers and community members of both successful and failed projects whilst highly structured questionnaires were administered on project members and workers. The combination of research instruments enriched the research process by making provision to collect valuable in depth information that was not initially included by the researcher, hence allowing the respondents to express and share important information with the researcher.

Face to face interviews were conducted with the participants to the study. The interviews were conducted at the communities where the projects are located. Due to the limited experience of the researcher in note taking and time considerations, a tape recorder was used to record the in-depth unstructured interviews. In addition, the researcher kept a note book in which daily reflections were recorded to enrich the data collection process. The research project involved fieldwork which was carried out in Gauteng, Eastern Cape, Western Cape, Northern Cape and KwaZulu Natal.

In total 18 structured questionnaires were administered to project members and workers, 10 semi structured and unstructured interviews were conducted with project leaders (and community members where project leaders could not be found), 3 unstructured interviews were conducted with three (3) JCT Trustees and 1 staff and 1 unstructured interview was conducted with a project manager from DBSA.

2.3. Data analysis

Due to the fact that the study used two research methods, this calls for two types of data analysis. Data collected using the semi structured questionnaires and structured questionnaires was analysed using SPSS, which is a social science statistics package. Nueman (2000) states that in qualitative research, coding only occurs once all the data has been collected. This is simply because only after all data is captured can one be able to have all the responses required to develop a code book, which can be used to code the questionnaires or questions. In addition, the coding process was used to develop themes arising out of the unstructured interviews which were carried out. For such data to be organised and analysed, it is imperative to organise it into themes. For instance, all responses related to job creation were organised and grouped under the theme of training.

After the coding process was completed, the raw data in the form of numerical numbers was entered into the statistical programme and analysed using descriptive statistics. The responses have been presented in tabular or graphical presentations in the report. In addition, the study tried to maintain the true accounts of the respondent's experiences by using the direct responses provided by the respondents on some issues. This is an attempt to try and capture the true reflections of the respondents as possible as compared to trying to analyse the data and run the risk of misrepresenting their views. This method 'allowed the informants to speak for themselves (Strauss & Corbin 1990:21) as compared to trying to analyse their experiences.

2.4. Significance of the study

The issue of unemployment is a sociological problem because as Mills rightly put it “when in a city of 100 000, only one man is unemployed, that is his personal trouble, and for its relief we look to the character of the man, his skills, and his immediate opportunities. But when in a nation of 50 million employees, 15 million men are unemployed, that is an issue, and we may not hope to find its solution within the range of opportunities open to any one individual. The very structure of opportunities has collapsed” (Mills 1959:9). It is against this background that the issue of increasing unemployment (which is around 40 per cent) requires attention and investigation. In addition, trade unions, whose mandate is not to create employment directly, are now involved in this endeavour. In the South African case, three federations have come together to address the ‘sociological problem’ of unemployment through the JCT. This study hopes to provide an answer to a fundamental question of the way in which trade unions can deal with the challenge of unemployment.

2.5. Limitation to the study

The main limitation identified in this study is insufficient time required to collect the data. This is due to the spread of informants in different parts of the country which required a lot of travelling and time. However, the support in the form of transport from the JCT and the Sociology of work Unit (SWOP) helped in mitigating this challenge.

2.6. Ethical considerations

The Researcher obtained the permission from the JCT to conduct the study. This permission included access to JCT documents, interviews with the trustees and JCT staff, field visits to the project sites and interview with the projects. In addition, the study used consent forms to get the

permission of the informants participating in the study. The study protected the confidentiality and anonymity of the respondents (especially workers) by not using their names in the report. The only respondents whose names were used in the report are those who were classified as key informants.

2.7. Internship

The research project involved a case study of the Job Creation Trust. It is in this regard that since the beginning of the study, it was imperative that contact be established with the organisation under investigation. As part of the internship, I attended two trustees meeting. After informing the organisation of the interest of the research, the Trustees requested that a mini proposal be presented at a Trustee's meeting to get their permission to carry out the study. The meetings helped the study immensely in terms of gaining more knowledge about the Trust and some of its activities. In addition, I attended their annual report launch, where contact was established with some of the representatives of the five projects who had won awards and who would participate in the study. This initial contact made during the annual report launch laid a foundation which made it easy to set up appointments for interviews and to also get information on the projects as and when this information was required.

The internship with JCT further contributed to the research process as the study had access to the records of the projects, which made it easy to develop informed questions. Most importantly, JCT agreed to provide financial support for the study, hence making it possible for the study to cover all the projects which were part of the sample despite them being located in different provinces.

Chapter 3: Origins, structure and functions of JCT

3.1. Background on the Job Creation Trust

The idea of the formation of a Trust emerged at the National Presidential Job Summit held in 1998 with the main aim of raising and dispersing funds for job creation and development programs (LJCT 2006-07). The need for such an initiative rose out of the increasing unemployment rate affecting the country. The summit identified the need for all stakeholders to

come up with initiatives to create employment opportunities, stable and fair industrial relations, uphold and respect workers rights and promote sustainable growth and development (Nhlapo, dated Nov-Dec 2002). It is against this background that trade unions agreed to set up the Job Creation Trust.

Dealing with the challenge of unemployment

The Trust believed that more effort is required if the country is to make any headway in dealing with escalating unemployment in South Africa. The Fund's approach to reducing unemployment is through building public and social infrastructure in the country. In this regard, the founders of the Trust called on all working people to contribute one days wage and for businesses to contribute at least 1 % of their profits to the trust. JCT collected funds amounting to more than R89 million in contributions (LJCT 2006-07). This money was invested and has accrued interest which JCT uses to fund the projects and sustain itself financially (paying its operational costs).

The primary objective of the JCT is to minimize or reduce unemployment and the subsidiary objectives are as follows:

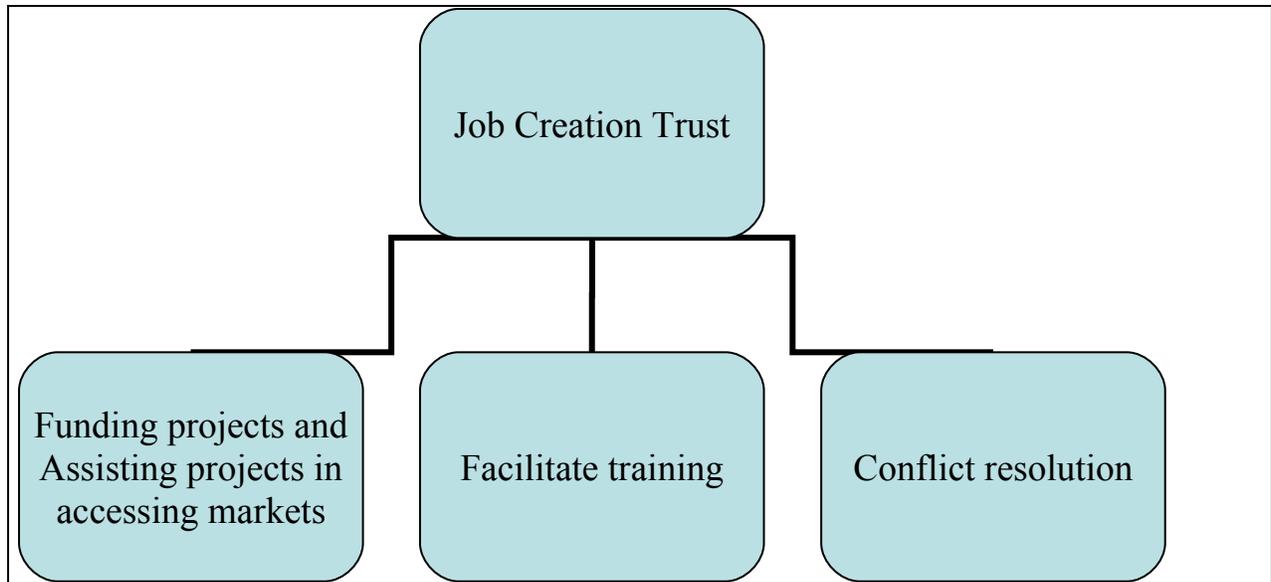
- To make donations to employment programs including youth brigades to afford young unemployed persons the opportunity of participating in community services and receiving allowances for their efforts
- Making donations to projects targeted at women and the rural poor
- Support literacy and health education programs including HIV/AIDS programs

- Work in partnership with government, other funds and international organisations to achieve its objectives (The deed of Donation and Trust of the Job Creation Trust document, 11.02. 1999).

At its 10th anniversary, the Job Creation Trust announced that it had managed to create more than 36 000 jobs since its launch”, hence reducing unemployment and poverty in some rural areas (LJCT :2006/2007:2). Part of the objectives of this study is to find out how the Trust measures the number of jobs it has created and the quality and sustainability of jobs created. In addition to funding the projects, JCT provides other services such as helping the projects in need to identify and have access to a market, facilitate training programmes for the project members and also resolve conflict among project members or between project members and their communities. These responsibilities are illustrated below.

Fig 2: Functions of the JCT





3.2. Composition of the Job Creation Trust

The JCT is composed of representatives who are appointed by the three federations, namely COSATU, FEDUSA and NACTU. In terms of numerical composition, COSATU can appoint eight (8) representatives whilst FEDUSA and NACTU can each have two representatives. The number of each federation’s representatives represents the size of the federation as illustrated by the table below.

Table 3: Membership of the largest federations

Federation	Membership
COSATU	1, 864, 121
FEDUSA	527, 628

NACTU	300,000
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Webster and Buhlungu (forthcoming, pg.19)

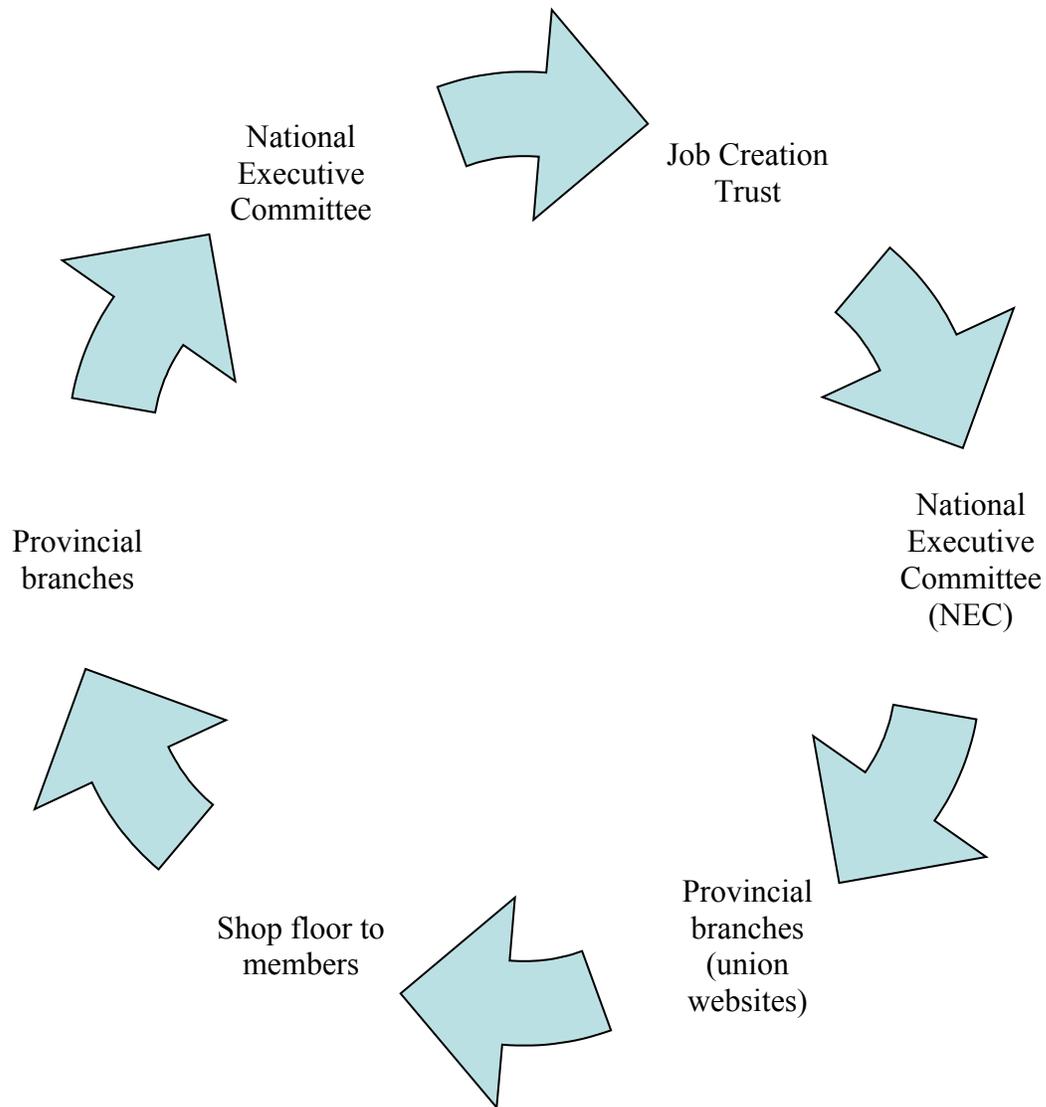
The deed makes provision for non office bearers or members of the federation affiliates to be appointed and become trustees. For instance, any of the federations can nominate a non union member or office bearer as a trustee. *Due to the fact that the trustees are appointed by their federation to represent them on the board, similarly the federation can at any time remove a trustee and replace him/her with another nominee.* The responsibilities of the Trustees are to “manage, invest and appropriate the trust fund at their discretion, but subject always to the objects stipulated in the deed of trust” (JCT deed of Trust, 11.02.1999:Pg. 6). Among the members, one trustee can be “appointed by consensus by all of the federation Trustees” to become the Chairperson of the Trust (JCT Deed of Trust, Pg. 6).

As it can be seen from the composition of the Trust, JCT is not an isolated Trust. The idea is that the nominated trade union representatives on the Trust act as the voices of their respective federations and also report back on the activities of the federation to their constituency. In this manner, the trade unions can still have an influence in the role that the JCT plays in the community, especially when it comes to meeting its stipulated objectives. The question is, does this happen in reality? The interviews revealed that so far, the federations (COSATU, FEDUSA and NACTU) involvement in the Trust have only been in the form of sending representatives to JCT. According to Garnie (JCT National Projects Coordinator) “the Trust has tried to get the support and involvement of the federations, but has failed dismally” (21.07.2008). When asked what the trust had done to involve the federations, Garnie indicated that they have tried to involve the trade union federations by inviting or notifying them to project launches in the

provinces. So far, “trade unions have not shown any interest, commitment and involvement in the work of the Trust. Reasons for this can be political or just the feeling that by asking the members to contribute they did their part, so they current activities of the JCT only involve the representatives who have been appointed to serve on the Board” (Garnie 21.07.2008).

Interviews with Trustees (Mr. Maqhekena (NACTU), Mr. Mashishi (COSATU) and Ma Mary (FEDUSA) revealed that there are mechanisms in place that would ensure that trade unions are involved in the JCT. For instance, trade union representatives on the Trust should report back to the federations in National Executive Committee (NEC) meetings on what is happening in the Trust. Similarly, the NEC should send its mandates through the representatives to the JCT. The NEC should then distribute the information to the members by putting the information on the union websites and reporting back to the members in the workplace through meetings held between shop floor representatives and members. Afterwards, the process should then be reversed as information should come from the shop floor level and communities and taken up through the structures as indicated in fig 3 (below) to the trade union representatives of JCT. The federations envisaged that the union officials in the union branch offices would be also be involved in monitoring the projects due to their close location to the communities in which the projects are (Mashishi 18.11.8). However, so far this has failed to occur due to the lack of union’s involvement in the Trust. It seems that communication only ends at the NEC level and workers are not aware of what is happening in JCT and JCT trustees have limited knowledge of what is happening in the projects as trade union branch offices do not monitor the projects and report back to the federations.

Figure 3: Trade unions involvement in JCT



3.3. Internal trade union politics and impact on JCT

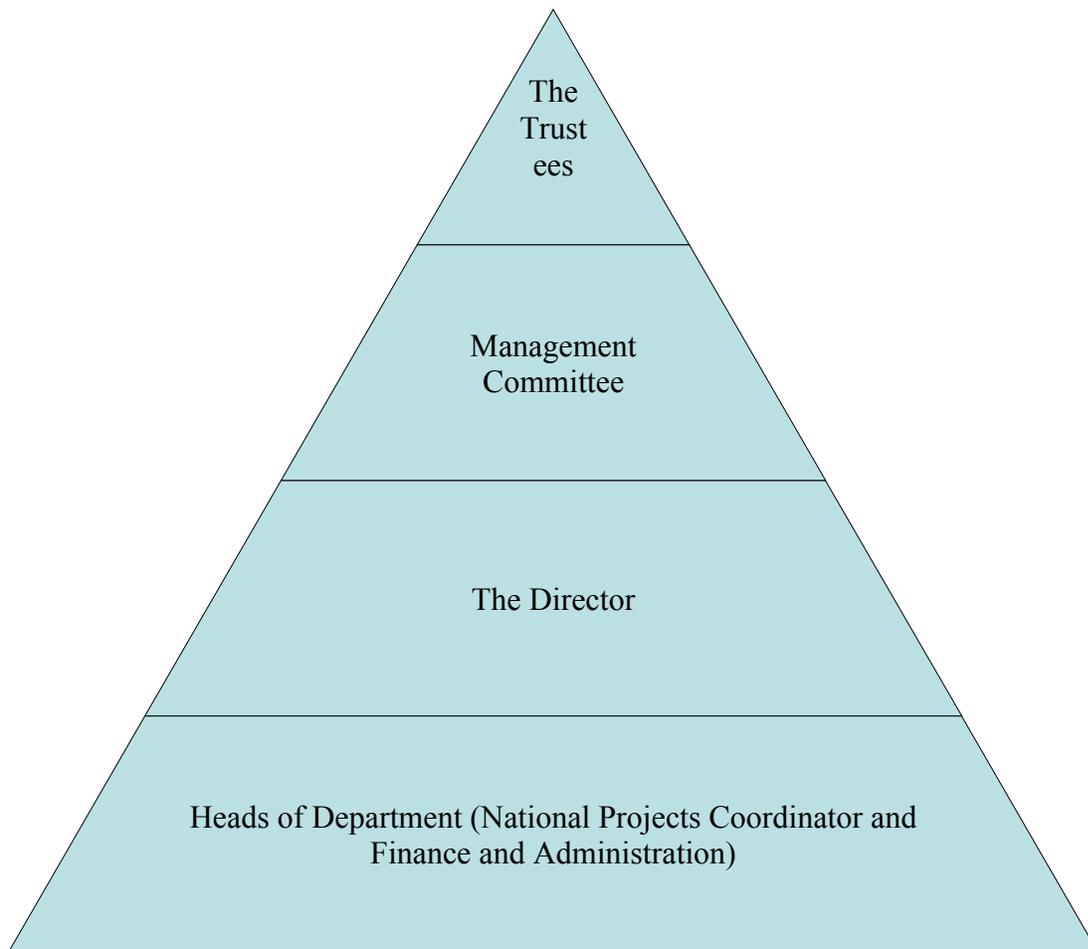
Trade unions are organisations that have internal politics. This is based on the fact that trade union leadership positions are contested and representatives elected through democratic elections. This in most cases involve power struggles and in some instances personality clashes

among contesting individuals. Further, as the principles of democracy stipulates, trade union leaders can be removed from office by members at any point in time if the members lose confidence in the leader they have elected. This means that trade unions as organisations are inherent with internal conflicts arising out of power struggles. The challenge that emerges for the JCT is how to ensure that JCT is insulated from the internal trade union politics. Interviews with Trustees revealed that to date, JCT has been insulated from internal trade union politics. However, the current case between COSATU and Mr. Madisha shows that trade union internal politics can indeed be transferred to the trust. This can be observed in the current way in which the removal of Willie Madisha (Chair of the Trust and ex-president of COSATU) was highly politicised. Due to the fact that trade unions appoint the Trustees from their federations, this also gives them the power to remove them.

The decision to remove appointed trustees may in most cases not be related to the actual performance of the Trustee on the trust but may be due to internal trade union politics as is the case of Mr, Madisha. For instance, Mr. Madisha was removed as Chair of the JCT trust not because of his incompetence in his capacity as Chair of the Trust or lack of confidence by his fellow trustees, but was removed because COSATU had removed him from being the President of the federation. The Deed of Trust is clear that the federation has the right to remove a member as its representative on the Trust; hence COSATU used this right to remove Mr Madisha as their representative. However, this has two implications on the operations of the Trust: firstly, the current way in which trustees are appointed to the Trust does not insulate the Trust and the trustees from internal trade union politics. This effectively means that the ability of the federation to appoint or remove anyone threatens the continued effectiveness of the Trust. For

instance, the fight between Mr. Madisha and COSATU led to the Trust being in limbo as there was no Chairperson to chair the meetings. Trustee's meetings had to be postponed continuously due to uncertainty that emanated from this impasse.

Secondly, Trustees are fully employed or are full time office bearers in their unions or federation. This means that their first priority is their union work and not the JCT. This concern was raised in a Trustees meeting where it was stated that “the Trustees were lacking in terms of not visiting project sites regularly and not being always present a meetings” (JCT minutes of meeting held on the 13th April 2007, pg. 8). This presents another challenge as this may not only undermine the effective running of the Trust as the Trust is the highest decision making body of the organisation which directs the day to day operations of the organisation but also undermines the ability of Trustees to monitor the projects. For instance, there are times when Trustees meetings have had to be postponed due to the fact that some of the Trustees could not make it for the meetings. One way of dealing with this challenge is to introduce a new structure which includes the position of a Director at JCT who whose responsibility would be to run the daily activities of the Trust with the assistance of the heads of departments. In addition, the Trust should have a management committee which would include two trustees (the Chairperson, ne trustees and the Director). This suggestion is illustrated in the diagram below:



The constitution of the JCT provides ammunition which to a certain extent protects the Trust by ensuring that an individual federation cannot interfere in the decisions of the Trust based on the voting system. Therefore, despite the fact that COSATU has a majority on the Trust, the trust can only adopt a decision “only if two of the federations agree or support the motion” (interview with Mr. Maqhekeni, 6.11.08). In addition, the Deed of Trust stipulates that the Chairperson can be “removed from office by consensus by all of the federations Trustees. Failing consensus, the Chairperson will be removed by a majority vote of the federations Trustees, provided that the

appointees of at least two (2) of the Trade Union Federations are included amongst the majority” (Deed of Trust, 11.02.1999, pg. 9). This is illustrated by the fact that despite COSATU calling for the removal of Mr, Madisha as Chairperson of the Trust, he still remains the Chairperson as the other two federations have refused to support COSATU’s decision. Furthermore, in an attempt to retain Mr. Madisha as Chairperson, the two federations made a resolution that if COSATU removes Mr. Madisha, they will appoint him as their representative on the Trust to replace one of the Trustees from NACTU (Mr. Joseph Maqhekeni). The resolution taken by the two federations has not yet been implemented. This means that at the current moment Mr. Madisha is not a member of the Trust.

The two federations are able to nominate Mr. Madisha as a Trustees because the Deed of Trust makes provision for a federation to appoint a non union official as their representative on the Trust as a Trustee and not as a Chairperson. Therefore, despite the fact that COSATU has the right to remove its nominated representative, the other federations also have the right to nominate whomever they wish as a Trustee. However, in an interview with the COSATU representative on the Trust, it emerged that should the two federations (FEDUSA and NACTU) decide to oppose COSATU’s decision, this may lead to conflict within the Trust (Mashishi 18.11.2008). In addition, this may also lead to conflict among the federations if the two federations continue opposing COSATU’s decision to remove Mr. Madisha.

What emerges from the current stalemate of this case is that there are limited mechanisms in the Deed of Trust that deals with effective dispute resolution when a deadlock is reached as is the case now. The Deed of Trust states that “should any question arise as to the interpretation of this

Deed of Trust or any of the provisions hereof as to the true construction thereof or as the administration of the Trust or otherwise, the Trustees shall have the power to decide such questions either acting on their own judgement or upon the advice of attorneys and/or counsel and any such decision shall be final and binding on all parties affected thereby and shall be carried into effect by them” (Deed of Trust; 11.02.1999:19). FEDUSA and NACTU used this process and consulted Attorneys in the COSATU and Madisha matter. However it remains to be seen whether the judgement given by the attorneys will be binding to all parties in this matter. Also, COSATU has nominated its own representatives to the Trust. The inability of the Trust to resolve this matter to date suggests that the dispute resolution mechanism is weak and that the level at which the deed of trust insulates the Trust from internal trade union politics is also weak; therefore it needs to be strengthened or tightened. Additionally, perhaps there is a need to consider making JCT an independent body which is independent from trade unions as regards their ability to interfere in its work.

3.4. The role of DBSA in implementing the project

In order to carry out its mandate, the trust went into partnership with the Development Bank of Southern Africa (DBSA). The main task of the bank was to “provide expertise in the project management and secretarial services” (LJCT 2006-2007:3). Furthermore, the Bank was expected to develop a database in which applications could be captured and rated for consideration for the loans or grants. The criteria used to assess the applications are based on the following:

- Involvement of the community to ensure that members of the community are empowered
- Improvement of social and public productive infrastructure to assist in reducing some of the backlogs left by apartheid

- To be labour intensive; and
- A regional bias towards provinces with the greatest poverty and highest unemployment (LJTC 2006-07:3)

The DBSA carries out the above stated functions under its agency function. The Agency function was established “in response to the acute constraint on development implementation and management capacity in the region” (DBSA annual report 2007/8:18). This means that DBSA offers expertise services in management to other organisations who are involved in development but do not have the capacity to carry out the developmental plans.

3.5. Project management, monitoring and evaluation

With regards to the JCT projects, DBSA employs social/Institutional analysts who work on projects. The duties of Social/Institutional Analysts include project appraisal and social and institutional risks in DBSA funded projects in the country. The same analysts can also work on JCT funded projects which are found in the provinces where the other DBSA projects are located. For instance, if a Social Analyst is allocated to DBSA projects in Limpopo, he/she can also work on JCT projects in that province.

The tasks involved in project management of JCT projects include writing up appraisal reports on the applications which involves making an assessment of whether the project makes sense. Afterwards, the proposal application is translated in the requirement format of the DBSA for presentation. The following criterion is used when assessing the application:

- the financial capacity of the project
- the need for the project within the community

- The development impact of the project and;
- The number of jobs which will be created as a result of the project (Interview with Motau, 01.08.08).

After the application assessment process, then the project manager devices ways and means of making the proposal into a viable business plan because some clients tend to want to put up a fancy business plan without any strategies on actually getting people to own the project. In tandem to the process of application assessment, the project managers do a lot of investigations, advising and writing up the project plan. Out of this whole process, there are commitments (checks and balances) that will be put on the recipients of the funds. It is the duty of the Project Manager to make sure that these commitments are met by putting terms and conditions in place that are binding to the client. For instance, funds are disbursed in tranches and only on condition that the funds that were provided to the projects have been used and accounted for based on the project plan.

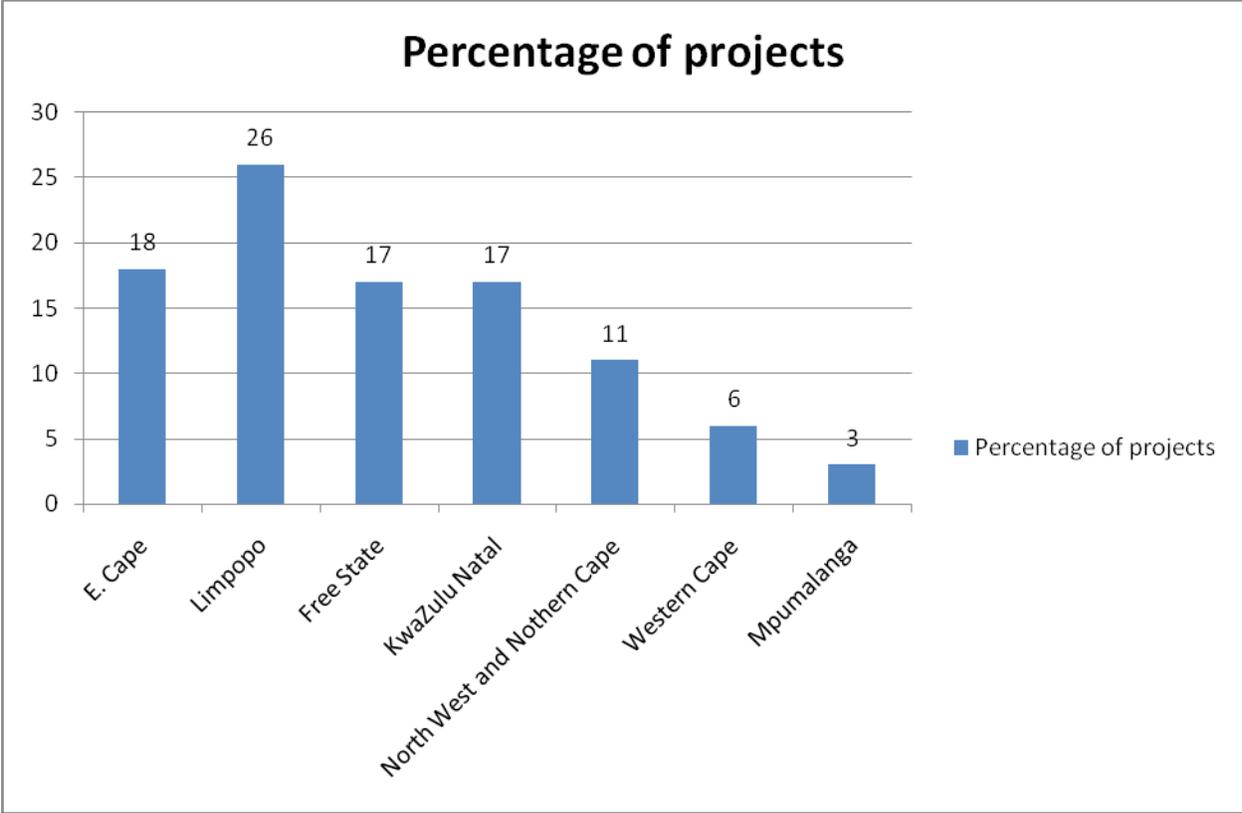
The monitoring an evaluation process then involves checking on how the funds were spent, and also on whether the project is achieving its objectives and outputs as stated in the project plan.

Chapter 4: Discussion of the main findings

4.1. JCT funding

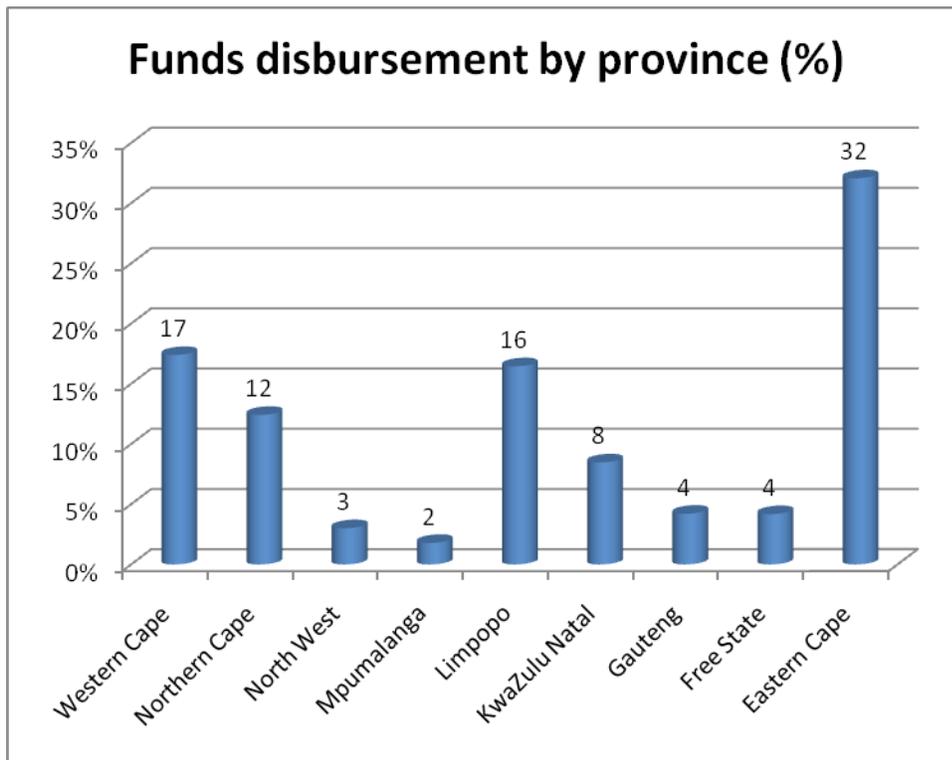
Fig 4 depicts the provincial distribution of projects being funded by JCT. The latest JCT annual report reported that JCT has funded 87 projects in the different provinces. Out of the 87 projects, 26 per cent of the projects are in Limpopo, followed by Eastern Cape (18%). Mpumalanga has the lowest number of projects funded by JCT as it only constitutes 3 per cent of the projects.

Fig 4: Provincial distribution of projects funded by JCT



Source: JCT annual report 2006/07

Fig 5: Funds disbursement by province



JCT annual report 2006/2007

Fig 5 shows the distribution of funds per region. To date, JCT has disbursed R41 795 100. Of this, 32 per cent was disbursed to projects in Eastern Cape followed by Western Cape (17%) and Limpopo (16%). Provinces that received the least or lowest funds are Mpumalanga (2%), North West (3%) and Free State and Gauteng respectively (4%). A comparison of fig 4 & 5 shows that there is no consistency in the correlation between the number of projects funded and total funds provided to the province. For instance, fig 4 shows that most of the projects are found in

Limpopo (26 per cent) whilst the highest amount of funds were disbursed to Eastern Cape (32 per cent).

Funds disbursement for projects under investigation

The table below shows the funds that were provided to the projects under investigation in this research. Table 4 reveals that JCT provided more funds in the form of grants (R3 630 454) as compared to interest free loans (R2 587 437). The study failed to get information on how much of the funds have been disbursed to the Kalkfontein bricks project, hence this information is missing.

Information on loan recovery is not complete hence it is difficult to indicate the precise amount of loan payments recovered. However, an interview with a project manager from DBSA revealed that “loan repayment is quite bad as many projects fail to pay back the loans due to stealing the money, misusing the money or being unable to generate incomes and pay back the money. This has resulted in JCT battling to recover the money it has loaned to people” (Motau 01.08.08).

Poor loan recovery is a problem that undermines or threatens JCT's own continued sustainability as JCT's only source of income is the interest that it gets from the funds it invested. Also, poor loan recovery threatens JCT's ability to continue funding other projects in the future.

Table 4: Funds disbursement for projects under investigation

Name of project	Total funds Approved		Actual funds received		Loans recovered
	Loan	Grant	Loan	Grant	
1. Amagwelane Dev Trust	R1 602 000	R 929 000	R 862 537	R 464 500	R662 537.33
2. Dongwe Community Dev	R959 085	R 426 559	R 0	R 434 054	Loan not disbursed
3. Phakamani Youth Development	R174 000	R153 600	R 174 000	R 153 600	R 174 000
4. Teko Springs	R1 124 000	R727 300	R1 124 000	R727 300	R1 123 999.50
5. Vuka Sekusile Trust	N/A ²	R250 000	N/A	R250 000	N/A
6. Philippi Agric.	N/A	R311 000	N/A	R311 000	N/A
7. Karoo Delights Biltong	R426 900	R45 000	R426 900	R45 000	No information
8. Kalkfontein Bricks	R97 192	R145 788	R 0	R29 992	Loan not yet disbursed
9. Kungwini Welfare/Paul Jinickel	N/A	R495 000	N/A	R495 000	N/A
10. Baleni Tourism project	N/A	R750 000	N/A	R750 000	N/A
Total			2 587 437	3 630 454	1 960 536.83

JCT recoveries 9.05.2007

JCT provided once off funding to these projects and the idea is that the funding is supposed to lead to a crowding in effect in terms of stimulating further investment within the local community. The projects in the table can be divided into two groups: those who were already in existence and had or still continue to have other sources of funding and only applied to JCT for a specific project (Kungwini Welfare, Philippi Agriculture project, Vuka Sekusile Trust and Karoo

² N/A means that the project did not get a loan.

Biltong) and those who depends solely in JCT funds (Baleni, Dongwe, Phakamani youth Development, Teko Springs, Amagwelane and Kalkfontein Bricks).

Interviews with projects, especially those that had failed revealed that such projects were only operational whilst JCT provided them with funding. Once JCT funding ceased, the projects found it difficult to sustain themselves. A case in point is the Amagwelane Agricultural project which recently ceased operations due to lack of funds to purchase seeds. Another example is the Baleni tourism project which received a grant of R750 000 to build a tourism lodge. However, afterwards the lodge could not be operated due to lack of operational funds. An analysis of project sustainability based on funds revealed that it is only projects that have alternative sources of funding that are likely to become sustainable. Based on this, it can be argued that JCT funding cannot be treated as core funding for projects, but should be treated as additional funding geared towards a specific project. In the instance where JCT funding is used to kick start the project, then the project should look for other sources of funding to compliment JCT funding.

4.2. Activities of projects funded by JCT

The above projects operate in various activities which include biltong making, brick making, tourism, agriculture and entertainment. Most of them operate in rural areas, hence benefiting the local community through employment creation, training or access to cheap food. The projects funded by JCT can be divided into three categories: those that provide training to enable the beneficiaries to become self employed or get employment elsewhere, those that provide jobs with a clearly defined employment relationship and those that provide incomes for livelihoods to

the local community. The projects which formed part of the study can be divided into these categories as indicated in the table below.

Table 5: Typology of JCT funded project

Category of project	Name of project
Employment creation	Karoo Biltong, Kungwini and Baleni tourism
Incomes for livelihoods	Teko springs, Amagwelane Agric, Phakamani youth, Dongwe community, Kalkfontein bricks
LMI: training providers	Vuka Sekusile Trust and Philippi Agric. Project

In most projects, the targeted beneficiaries of JCT funding such as women and youth have benefited in terms of jobs created through JCT funding and not in terms of accessing funds to start their own projects. This was observed among the youth whose applications for funding have been very few. Garnie attributes this to the fact that there are many youth programmes which exist, hence youth could be applying to those programmes for funding as compared to the JCT (21.07.08).

When asked about the status of the projects of young people who had applied, Garnie indicated that the few young people who had applied for funding and got the funds, their projects failed. Garnie attributed this high failure among youth projects to three factors. Firstly, young people lacked commitment and endurance. For instance, there are some cases where youth walked out from their projects when they get better jobs. Secondly, youth are very impatient. When they apply for funding they expect to earn a lot of money from the onset of the project. When this does not happen immediately, they abandon the project and try and find jobs which provide them

with better wages. This happened at the Phakamani youth development where youth who were involved in the project abandoned the project for better job opportunities. Finally, youth who applied for funding to JCT applied as individuals to form a closed corporation. However, when they are advised by JCT that they need to include other community members, they often refuse and abandon the project and lose interest.

4.3. JCT and Job creation

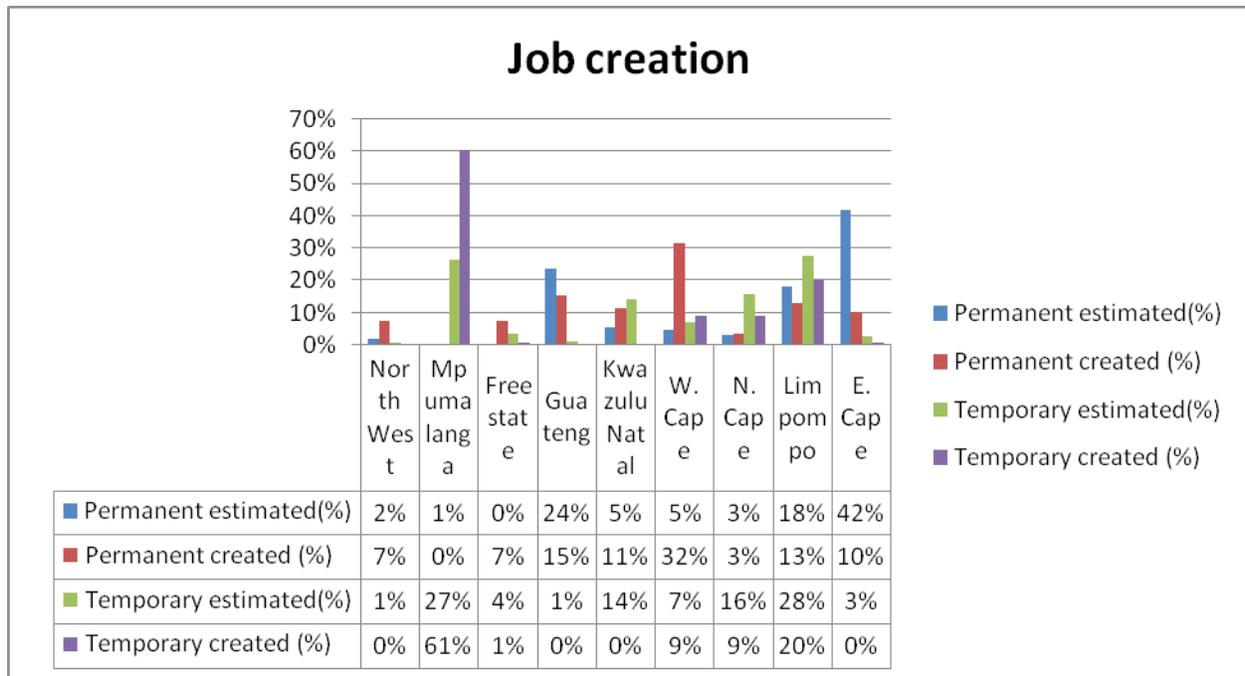
Overall job creation

The core purpose of this study as to look at job creation, particularly with regards to the number of jobs created, the type of jobs created by JCT and the sustainability of such jobs. In the latest annual report, the JCT claimed to have created direct and indirect jobs amounting to 36 000. Due to time limitations, the study was not able to ascertain the extent to which this figure is correct, neither was the study able to discover how this number was calculated. However, in an interview conducted with one Trustee, it emerged that JCT doubted the statistics on the number of jobs created. The Trustee averred that “due to the fact that DBSA doctored some of the reports that they prepared for JCT we cannot trust the figures” (Mr. Mashishi 18.11.08). Therefore, JCT decided to conduct its own investigations into the number of jobs created and established that approximately 13 000 jobs had been created (Interview with Mr. Mashishi 18.11.08).

In order to determine JCT’s success as regards job creation, statistics were used which compiled the number of permanent and temporary jobs that were supposed to be created in various provinces and the actual number of jobs created. Fig 6 below shows that actual permanent job created had exceeded estimated jobs to be created in provinces such as the Free State, Western

Cape, North West province and Kwa Zulu Natal whilst the other provinces failed to create actual jobs exceeding the estimated number of jobs. For example, it was estimated that 42 per cent permanent jobs would be created in Eastern Cape; however, only 10 per cent permanent jobs were created.

Fig 6: Percentage of estimated and actual number of jobs created



Source: Summary statistics jobs per province: JCT (undated)

Table 6: Jobs created among the projects under study

Name of project	Job estimates		Actual jobs created	
	Permanent	Temporary	Permanent	Temporary
1. Amagwelane Dev Trust	500	0		4
2. Dongwe Community Dev	300	0	0	0

3. Phakamani Youth Development	60	0	13	0
4. Teko Springs	500	0	INA	INA
5. Vuka Sekusile Trust	36	73	32	0
6. Philippi Agric.	34	100	15	37
7. Karoo Delights Biltong	150	INA	20	14
8. Kalkfontein Bricks	15	11	11	0
9. Kungwini Welfare/Paul Jinickel	202	30	5	0
10. Baleni Tourism	50	80	0	87
Total	1847	294	96	142

Data compiled from projects appraisals, completion reports and interviews ³

Despite the incomplete nature of information provided on the number of jobs created, certain conclusions can be made with regards to job creation in these projects. Firstly, most of the projects failed to reach their targets in terms of the number of jobs they had estimated to create. This shows the unrealistic goals stated out in the project proposals which can be attributed to a lack of feasibility studies on the employment absorption capacity of the projects. For instance, the ten projects were supposed to create 1847 permanent jobs. However, only 96 permanent jobs were actually created, which means that the projects only managed to create about 5.2 per cent jobs. In many instances, the projects indicated that the number of jobs would increase as the project developed. However, many projects failed to expand beyond their initial phase, hence undermining job creation.

Secondly, projects managed to create temporary jobs at their initial phase, which in some instances involved construction of the project facilities. This can be observed from the fact that projects at least managed to create about 48 per cent of the estimated temporary jobs as compared to only 5.2 per cent of the estimated permanent jobs. Thirdly, permanent jobs created

³ The data provided in table 3 was compiled from project reports obtained from the JCT and from interviews held with Project Managers of the projects. This information should be treated with caution as it is incomplete as some projects could not provide accurate information on the actual number of temporary jobs that had been created.

through the projects failed to be long term due to the lack for sustainability of the project itself. Finally, one of the projects funded (Vuka Sekusile Trust) does not create jobs directly, but trains people so that they can become self employed or employed by someone else. A survey conducted by the Vuka Sekusile Trust revealed that 64 per cent of the 50 students who had been trained using JCT funds had been successfully placed in jobs.

4.4. Employment information and working conditions

Background information

In order to ascertain the nature of employment created, working conditions, remunerations and benefits offered to workers in JCT funded projects, a structured questionnaire was administered to 18 workers and project members at four projects which are currently running.

Table 6: Project name

		Percentage of responses
Name of project	Amagwelane Agriculture project	16.7
	Karoo delights Biltong	27.8
	Kalkfontein bricks	27.8
	Phillipi Agric project	27.8
	Total	100.0

Table 6 shows the percentage of the total sample in each project. This shows that 27.8 per cent of the sample came from Karoo delights biltong, Kalkfontein bricks and Philippi Agricultural project respectively whilst 16.7 per cent worked at Amagwelane agricultural project.

Fig 7: Age

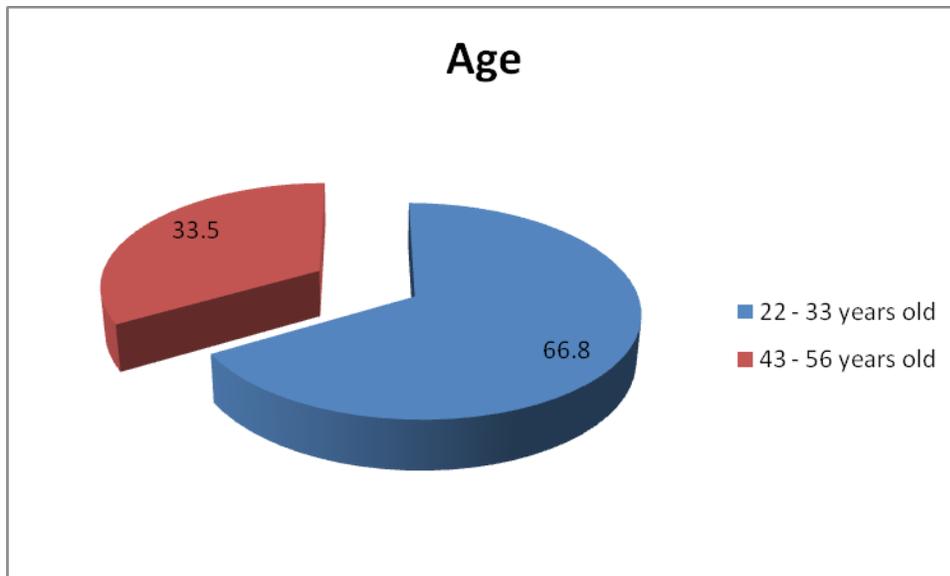


Fig 7 reveals about two thirds (66.8%) of the respondents fall within the age category of youth, which is 15 – 35 years old. This means that youth are likely to benefit from JCT funding as project members and workers as compared to receiving funding directly to start their own initiatives. This can be confirmed by the fact that very few young people have applied for JCT funding and among the few that have applied, most of their projects do not succeed. A comparison of age and project reveals that the projects that have successfully employed young people are Karoo delights biltong and Kalkfontein bricks whilst over 16 per cent of the respondents from Amagwelane Agriculture project are above the age of 40 years old.

Fig 8: Gender

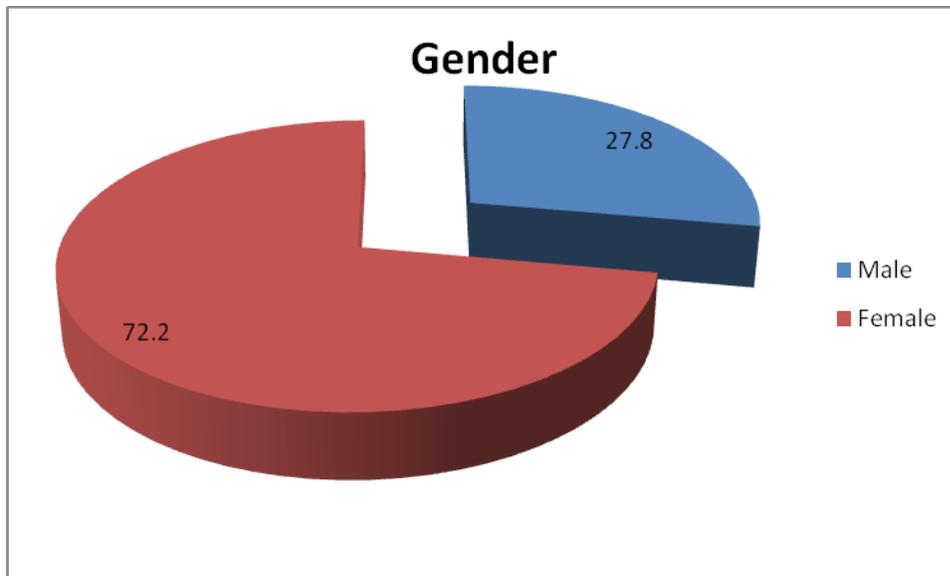


Fig 8 reveals that more than two thirds of the respondents are females. This is in line with the objectives of the JCT which targets women as one of its beneficiaries.

Table 7: Marital status

		Percentage of responses
Marital status	Never married	88.9
	Married	5.6
	Cohabiting	5.6
	Total	100.0

Table 7 reveals that almost 90 per cent of the respondents have never been married, whilst 5.6 % are married or cohabitating respectively. Also, the majority of the respondents are Xhosa speaking as shown in table 8.

Table 8: Language

		Percentage of responses
Language	Xhosa	72.2
	Afrikaans	22.2
	Oshiwambo	5.6
	Total	100.0

Table 9: Number of dependants

		Percentage of responses
No. of dependants	One	22.2
	Two	27.8
	Three	5.6
	Four	16.7
	Five	11.1
	six	5.6
	Seven	5.6
	Eight	5.6
	Total	100.0

Nearly half (44.6%) of the people interviewed indicated that they have four (4) and more dependants. This shows that there is a high dependency ratio among the people interviewed.

Table 10: Level of education

		percentage of responses
Education level	None	5.6
	Primary level	27.8
	Junior level	44.4
	Senior secondary	22.2
	Total	100.0

Most of the respondents (44.4%) have are in possession of junior certificate, followed by those who only have primary education as the highest education qualification. The highest educational qualification among the respondents is senior secondary.

4.4.1. Employment information

Table 11: Length in employment/project

		Percentage of responses
Length in employment	Less than 5 months	44.4
	6 - 11 months	16.7
	12 - 23 months	11.1
	24 - 35 months	11.1
	36 - 4 months	5.6
	48 - 60 months	11.1
	Total	100.0

Only 27, 8 per cent of the respondents indicated that they have been employed for more than two years. This can be attributed to the fact that most of the projects have been in existence for a short period.

Table 12: Length in employment/project and Project name

		Project name				Total
		Amagwelane Agriculture project	Karoo delights Biltong	Kalkfontein bricks	Phillipi Agric project	
Length in employment/project	Less than 5 months		3 16.7%	5 27.8%		8 44.4%
	6 - 11 months		2 11.1%		1 5.6%	3 16.7%
	12 - 23 months				2 11.1%	2 11.1%
	24 - 35 months				2 11.1%	2 11.1%
	36 - 4 months	1 5.6%				1 5.6%
	48 - 60 months	2 11.1%				2 11.1%
	Total		3 16.7%	5 27.8%	5 27.8%	5 27.8%

Table 12 shows the number of months that workers or project members have been employed. In most cases, the employment tenure of the workers also shows how long the project has been in operation. For instance, Karoo Biltong and Kalkfontein bricks started operations in November 2007 and April 2008 respectively. Most of the respondents (44.4%) have been employed for less than 5 month. Amagwelane Agriculture project began operations in 2003, hence many of its workers have been there since. This shows that such projects provide employment as long as they exist.

Table 13: Were you employed elsewhere before being employed at current job/project

		Percentage of responses
Valid	Yes	88.9
	No	11.1
	Total	100.0

The respondents were asked whether they had been employed elsewhere before joining the project. Almost 90 per cent indicated that they had been employed whilst only 1 per cent had not been employed. Of those who had been employed, 47 per cent had been employed by a private company, 23.5% had been employed by a private person as domestic workers whilst others (11.8%) were self employed and worked for government respectively.

Table 14: Do you have an employment (or any other) contract?

		Percentage of responses
Valid	Yes	27.8
	No	72.2
	Total	100.0

Table 14 shows that more than two thirds (72.2%) of the respondents indicated that they do not have an employment or any other form of contract. The only respondents who indicated that they have employment contracts are those employed by Karoo delights biltong. This is because this project has a clearly defined employer/employee relationship and a set ownership structure whilst the others are just projects and hence the people are engaged as project members and not workers.

Table 15: What is the status of your employment?

		Percentage of responses
Status of employment	Permanent full time	55.6
	Permanent part time	22.2
	Contract	11.1
	Dont know	11.1
	Total	100.0

More than half of the respondents (55.6%) indicated that they are employed as permanent full time workers or project members whilst others are either permanent part time or employed on a contract basis. It should be noted that due to lack of employment or any other form of contracts and in some cases the short existence of the project made it very difficult for their respondents to know precisely their status of employment. In most cases, respondents indicated that they felt they were permanent full time workers as they had been employed by the project since its inception. Also, they worked at the project and only stopped working when there was no business or production ceased.

Table 16: Would it be easy to lose your job?

		Percentage of responses
Valid	Yes	33.3
	No	66.7
	Total	100.0

Table 17: Do you think you have a future in this job?

		Percentage of responses
Valid	Yes	94.4
	No	5.6
	Total	100.0

In order to ascertain the level of job security among the respondents, they were asked how easy it was for them to lose their jobs and whether they thought they had a future in their current jobs. 66 per cent indicated that they felt that it was not easy to lose their jobs based on the fact that they had been employed at the project since its inception and had developed skills (from training) that were not easily found in their communities. More than 90 per cent felt that they had a good future in their current jobs. However, they indicated that this depends on the sustainability of the project. Project members from the Philippi Agriculture project indicated that the training that they had received in the project was sufficient to enable them to continue farming and generating an income even if the project would cease to exist.

4.5. Remuneration and benefits

In order to find out income levels within the projects, respondents were asked various questions such as the regularity of their incomes, how often they were paid and whether they had received a salary increase since they started working. It should be noted from the outset that remuneration here includes wages and stipends. This is because some project members are engaged in training, hence receive a stipend whilst the rest receive wages. A proper analysis of the levels of income could not be provided due to the variance in incomes received in projects. For instance, some workers are paid an hourly rate, whilst others are paid a daily rate. Also, the study revealed that

actual incomes are determined by factors such as market sales, workers daily attendance at project and business availability (which determines whether there is work or not).

It emerged during interviews that project members and workers felt that their incomes are low, especially taking into consideration the increase in food prices that occurred recently. One of the key concerns about the size of the project (number of project members) and its impact on incomes emerged during interviews. At one project, members expressed concern that due to the recent expansion in the number of members within the project, their incomes from the sale of their farm produce would now be low. Therefore, to some extent, the number of people in the group determines the income levels of the group members.

Table 18: Do you have a regular income/stipend?

		Percentage of responses
Valid	Yes	44.4
	No	55.6
	Total	100.0

The respondents were asked whether they have a regular income/stipend. The rationale was to find out whether the respondents received the same amount every week, fortnightly or monthly when they got paid. More than half of the respondents (55.6%) indicated that their incomes/stipends varied. Two reasons were given: incomes depended on how much the project got after selling their farm products and also the policy of ‘no work no pay policy applied’. This means that if a worker missed work (in some cases without a doctor’s letter) or if there was no production at the project, workers do not get paid. Also, in addition to their weekly stipend project members at the Philippi agriculture project indicated that they received an extra income

every three months after selling their products at the market which is distributed equally among the project members.

Table 19: When do you get paid?

		Percentage of responses
Valid	Weekly	12.5
	Fortnightly	37.5
	Monthly	50.0
	Total	100.0

Table 20 (below) shows the monthly incomes earned by the respondents. It should be noted that these amounts are averages because the majority of the respondents do not earn fixed salaries/stipends every month or are not paid on a monthly basis but on a weekly or fortnightly basis. In such instances, the lowest income/stipends and the highest incomes earned were added and divided by two to get the average. For those who indicated that they are paid on a weekly basis, their weekly wages were multiplied by 4 weeks to get a monthly salary whilst the same was done for those who are paid fortnightly. Hence, it should be noted that in some cases these are not actual take home salaries and most of the time, the workers take home wages/stipends that are much lower.

Table 20: How much do you earn per month?

		Percentage of responses
Monthly income	500.00	5.6
	527.50	11.1
	640.00	22.2
	882.50	5.6
	970.00	5.6
	1020.00	5.6
	1070.00	11.1
	1400.00	5.6
	1680.00	11.1
	1800.00	5.6
	3000.00	5.6
	3750.00	5.6
	Total	100.0

Table 20 reveals that half of the respondents (50.1%) earn below R1000 per month. The highest paid respondent is employed on a 6 month contract as an independent trainer. The Labour Force Survey (2004) revealed that “about 65% of all workers earned less than R2500 per month in 2004; these people are called the working poor” (Altman in Financial mail dated 26 October 2007a, pg. 37). Considering the fact that the cost of living has significantly increased in the past two years, this figure could have increased dramatically with more workers falling into the category of the working poor. This means that almost 90 per cent of the respondents also fall within the category of the working poor. The problem of wages in South Africa is that they are “low relative to the cost of living”. Further, wage earners in poor households have other people that depend on them financially. As can be seen from table 9, all respondents reported that they have someone who depends on them financially. 27.7 per cent indicated that they have more than five people who depend on them financially.

Table 21: Monthly income per project

<i>Monthly income</i>	<i>Project name</i>			
	<i>Amagwelane Agric project</i>	<i>Karoo delights biltong</i>	<i>Kalkfontein bricks</i>	<i>Philippi Agric project</i>
R500	X			
R527.50	X			
R550				X
R882.50		X		
R1020		X		
R1070		X		
R1400			X	
R1680			X	
R1800			X	
R3000			X	
R3750				X

A comparison of wages paid at different projects revealed that the highest paid wage was at the Philippi Agricultural project. However, this wage is high due to the fact that it is paid to a consultant and not a member of the project. Overall, the highest paid projects members or workers are those that are employed at Kalkfontein bricks, followed by those employed at Karoo biltong delights whilst the lowest paid members are those employed at Amagwelane Agriculture project. It should be noted that the total wages paid to workers at Karoo biltong delights includes benefits that the workers receive which was calculated into monetary terms.

Table 22: Have you received a salary/stipend increase since you started working?

		Percentage of responses
Valid	Yes	17.6
	No	82.4
	Total	100.0

When asked whether the respondents had received an increase in their stipends or incomes, more than 80 per cent indicated that they had not received any increase. Considering the fact that food

prices increased dramatically this year, without any increase to offset the increase in food prices, it means that many of these workers were the hardest hit. The lack of increase in the incomes or stipend of project members and workers was an issue that was raised at one project where the members indicated that their stipend was so little and had not been increased since they started and that they struggled to make ends meet. Therefore, what the project members did was to put together money every week when they received their stipend and loan it to one member per week.

Table 23: Do you have any of the following benefits?

Benefits	% of respondents
Paid annual leave	18.2
Paid sick leave	18.2
Food	18.2
Shower facilities	22.7
Uniforms/towels and soaps	22.7
Total	100

The respondents were asked what type of benefits they were provided with in the project. Many indicated that they did not have any of the benefits. However, few indicated that they have benefits such as paid annual and sick leave (18.2%) respectively. The other benefits such as food, shower facilities, uniforms, towels and soaps were provided to workers at only one project. One important issue that emerged is that such projects cannot afford to provide many benefits that workers in formal employment enjoy. In some cases, even statutory benefits such as annual and sick leave is not provided to workers. For instance, when workers do not come to work, it becomes unpaid leave.

A summary of the type of jobs created and working conditions revealed that the common characteristic that emerged is that jobs created in these projects are insecure. Job insecurity in this case refers to not having a secure job and a consistent income. In most cases, the jobs were insecure and incomes were inconsistent because the enterprise could not provide consistent daily work. Workers only worked when there was work at the enterprises and are only paid for the actual number of hours or days worked. With the exception of workers from Karoo Biltong delight, all the workers do not have any benefits. And because of the informal nature of employment relations many workers did not know whether they even have statutory benefits such as annual leave and sick leave.

4.6. Training

By way of promoting long term sustainability of projects, JCT went into partnership with the Department of Labour to provide funding for training. Hence, all funding proposals that are approved have a training budget for the project members. The tables below shows the type of training that project members received. With the exception of project members at Philippi Agriculture project, most of the training proved in the project is short term and members received it at the inception of the project.

Table 24: Have you received any training since you started working in your current job?

		Percentage of responses
Valid	Yes	77.8
	No	22.2
	Total	100.0

In order to ascertain whether respondents have received training, they were asked whether they had received training in their current jobs and if so, what type of training they had received. As can be seen from the table above (24), more than two thirds (77.8%) indicated that they had received training whilst the rest did not receive training.

Table 25: If yes, what type of training did you receive?

Type of training	% of respondents
Farming/Agriculture	25
Business management	20
Bookkeeping training	5
Training in operating a machine	5
Meat processing and biltong making	25
Training of trainers in organic farming	10
Brick making	10
Total	100

The respondents who indicated that they had received training received training in farming, business management, bookkeeping, machine operating, meat processing and biltong making, training of trainers in organising farming and brick making. The training provided to workers and project members included training on their actual work and also training in business and financial management. The rationale is that project members needed to understand business operations and financial management, which would contribute to the sustainability of the project and enhance skills development.

Table 26: Do you still need any further training?

		Percentage of responses
Valid	Yes	77.8
	No	22.2
	Total	100.0

When asked whether they needed further training, about 77.8 per cent of the respondents indicated that they still needed further training. The table below shows what type of training project members and workers felt they needed.

Table 27: If yes, what type of training do you still need?

Training	% of respondents
Brick Making	6.3
Farming/Agriculture	18.8
Business management	6.3
Bookkeeping	6.3
Finance management	6.3
Swimming	6.3
Machine operating	18.8
Meat trimming	6.3
Any available training	12.5
Business communication	6.3

Health and safety in meat processing	6.3
Total	100.5

4.7. Sustainability of projects

4.7.1. Defining sustainability: A DBSA and JCT perspective

Job sustainability depends on the sustainability of the project or enterprise. This means that the ability of the project to continue operations or to survive is an important aspect of sustainability. According to Motau (DBSA Project Manager working on JCT projects) job sustainability includes a number of aspects in the workplace. These include a conducive working environment, well defined job and retention strategies that ensure that workers stay in their jobs such as adequate remuneration and other rewards. Most importantly, it is the task of the employer to make sure that there is work for the workers. This means that the employer must make sure that the business is viable. For instance, if it is a biltong business, the employer needs to make sure that there are orders coming in so that workers can have work to do. In other words, it is the employer's responsibility to make sure that there is always business in the company to ensure employment or sustainability of jobs. **A non sustainable job is a job whereby you don't know what is happening tomorrow.** For instance, when the business does not have any work for the workers.

Within the context of projects, there has to be work for the members to do and the members also need to understand what their tasks are in the project. Therefore it is the job of the project leader to make sure that there are clearly defined tasks and job descriptions for members. The leader needs to guide and lead the other members. A job becomes sustainable in a project when there are systems in place, making people who work there happy and provides benefit (proper visible

benefits) and accountability. Another important aspect of sustainability is the issue of mentoring and training within the projects.

An important component of sustainability of a business or a project is financial independence. For instance, after the projects received the funding from JCT, they were supposed to become financially independent by beginning to generate their own income. Without financial independence or the ability of the project or business to raise funds to cover its operational costs, one cannot talk about sustainability in terms of jobs and project sustainability. The aspect of financial independence in the long run and growth is important to JCT when funding projects. For instance, Garnie indicated that “we (JCT) do not expect the projects that we fund to remain as projects, but we expect them to have sustainable incomes that allow them to expand so that they can become fully fledged registered businesses. Once the businesses have become sustainable and expanded, we expect them to create jobs and employ many people. The idea is that people create projects which in 5 years time create not only self employment, but also employs other people” (Garnie 21.07.08).

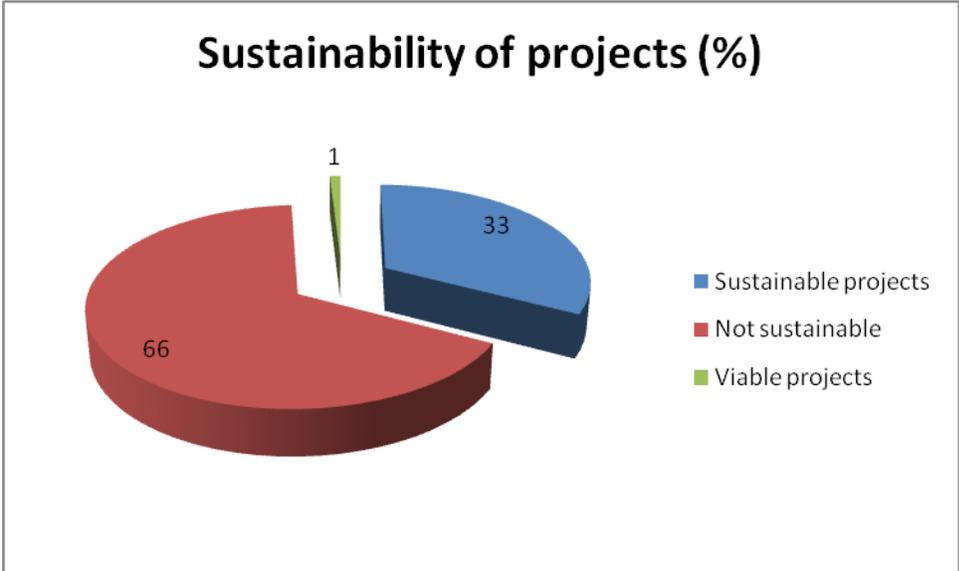
Therefore, a sustainable project or business can be defined as one that attains financial sustainability by being able to raise its own funds and generate incomes and provides long term secure employment to its members/workers and remuneration or rewards that can sustain them and their families.

4.7.2. Are JCT funded projects sustainable?

On a broader level, the question posed above can be answered by the figure below. The figure below reveals that out of 104 projects funded by JCT, about 66 per cent of the projects are not

sustainable, 33 per cent are sustainable and only 1 per cent are classified as viable projects. This means that two thirds of all projects funded by JCT do not meet the expectations of the JCT in terms of project growth, financial stability provision of sustainable job creation.

Fig 9: Sustainability of projects



Source: JCT impact report, 7 May 2007

This study focused on ten projects, three of which were failed projects whilst the rest were classified as success projects by the JCT. The projects that were found to be sustainable are those that have alternative sources of incomes and were already in existence when they applied for

funding from JCT and therefore only applied for funding for a specific project within the organisation (such as Kungwini Welfare, Vuka Sekusile Trust and Philippi Agriculture project). This means that only 30 per cent of the projects in the sample are sustainable, which is more or less in line with the findings of the JCT impact report. The others, such as Karoo delights biltong and Kalkfontein bricks, despite being operational, cannot be classified as sustainable because they still struggle to maintain full employment capacity due to lack of orders and limited financial resources.

However, it should be noted that this study identified Karoo Biltong as having the potential to become sustainable based on the fact that it was in operation at the time of the study, it has the advantages of expertise, market knowledge and skills which emanated from the partnership between business and the local community. Also, the private partners had invested a lot of their resources in the enterprise; hence have a vested interest in making sure that the business becomes a success. Lastly, projects such as Amagwelane Agriculture project and Baleni tourism were not in operation at the time of interviews. Amagwelane had ceased operations due to lack of funds to buy tomato seeds whilst Baleni tourism lodge had failed to start operations after the completion of the construction phase due to lack of operational funds.

During the interviews with the project leaders of the projects classified as being unsustainable, the leaders expressed requests to JCT for further funding, clearly showing that such projects had not attained financial sustainability and hence, still dependent on JCT funding. Also, an examination of the types of jobs being created by the projects (classified as unsustainable) based on the presence/absence of employment contracts, consistency of wages and lack of benefits, it

can be concluded that such projects do not provide sustainable jobs. This is because not only are the wages low, but the projects/businesses failed to provide continued secure employment which would at least ensure sustainable consistent incomes. Also, the short term nature of the training provided in most projects show that in order for training to contribute to sustainability of projects, it has to be long term and institutionalised as is the case in the Philippi Agricultural project. Hence, any intervention geared towards job creation using projects should involve long term training and skilling as it is the only way in which such interventions can contribute meaningfully to sustained employment creation.

Chapter 5: Implications of the findings for the role of trade unions in job creation

This chapter provides a discussion of the three models of job creation that were identified by the study. In addition, the discussion provides an outline of the weaknesses and strengths of each model based on the experiences of the projects that participated in the study.

5.1. Types of job creation models: Weaknesses and Strengths of models

1. Partnership model

This is an enterprise that involves a partnership between the local community and an established business. An example of this model is the Karoo Delights Biltong which is owned by the Wernichs (66%), 8% Ricardo Mackenzie (BEE, 8%) and 26% Karoo Delights Black Empowerment Trust (BEE, 26%) of which the beneficiaries of the Trust are the workers of the factory. Such a model has advantages and disadvantages. The advantages include the expertise and experience that the established business people

bring to such a project. Also, the established business raised their own funds as a contribution to the business. Investing your own funds in a business ensures that there is commitment from the investors to make sure that the enterprise is a success, therefore minimising the chances of funds misuse. Thirdly, such a partnership ensures that there is long term transfer of skills from the experienced experts to the workers. Finally, due to having been in an industry for a long time, the investors in most cases will have information and knowledge on how to penetrate markets, which strengthens the possibility of enterprise sustainability.

The disadvantage of such a model only arises if the process is managed unfairly. For instance, investors can use the local community to get access to interest free loans and grants provided by JCT in the name of local empowerment. Instead of ensuring the transfer of skills and ownership to the local community, private investors can ensure that this that does not happen. One way of mitigating this is to put an exit strategy with well defined terms and conditions and dates of exit in place like the one which exists between the Wernichs and the BEE component of the business.

As regards job creation, this project model came close to providing decent jobs as workers had a decent work place and were in an employment relationship that is clearly defined by the presence of an employment contract. In addition, despite the low and inconsistent wages (due to lack of orders at the time), the workers had benefits which include two meals, shower facilities and protective clothing. The workers are provided with breakfast and lunch at the factory by the owners which, when calculated, amounts to R11 per day.

In addition, the factory is equipped with showers; and workers can take showers at the factory and are provided with towels and soaps. Protective clothing (overalls and boots) is provided to workers by the factory. Moreover, workers are provided with statutory benefits as follows: paid annual leave (one days (1) annual leave for every 17 days worked on provision that you work more than twenty four hours per month, paid sick leave (one day's (1) sick leave for every 26 days worked on condition that a worker has worked for more than twenty four hours per month) and compassionate leave (three (3) family responsibility paid leave during a period of twelve months provided a worker has been in the company's employment for a period of at least four months and work at least four days per week (Karoo delights letter of appointment, undated). The employment relationship in this model fits the definition of work which is defined as "the productive or service tasks allocated to and contracted by the employer" (Philip 2005:362). Workers may organise to extend the scope of their decision making in relation to such work, but in the final analysis they are selling their labour to an employer for remuneration and certain conditions of work, the terms of which are an outcome of negotiation and contestation between the employer and the employee in the context of wider social relations" (Philip 2005:362-363).

2. The Labour market intermediary model

This model involved in training people for self employment or to find employment elsewhere. The study found two projects which were funded by JCT which fit this model. The project names are Vuka Sekusile Trust and Philippi Agriculture project. Vuka

Sekusile Trust is involved in providing training to young people from disadvantaged communities in Kwa Zulu Natal to become electricians whilst the Philippi Agriculture project trains local women from informal settlements in horticulture. Both institutions provide training on a long term basis, hence institutionalising the training and skills development process. Vuka Sekusile Trust goes further and tries to establish a link with contractors and employers so that after completion, students can be placed in active employment immediately.

Due to challenges with placements of learners, the Trust (Vuka Sekusile) now provides extra training to students through which students develop their own business plans with the intention of applying for funds to start their own businesses. It is envisaged under the Philippi project that after the project members have successfully undergone their three year training, then the Muslim Judiciary Council can help them set up cooperatives. Both the Philippi project and Vuka Sekusile trust do not provide direct employment. However, with the training that the project members have received, they are able to use their skills to generate their own incomes to supplement their stipends. In the case of Philippi, project members get additional incomes every three months when they sell their cash crops at the market.

The strength of such models is that it provides project members with education and skills that can help them get into self employment or get employed elsewhere, therefore it facilitates employment creation. Also, the projects do not depend only on JCT funding, but have alternative sources of funding. Of importance is the institutional strength of the

project in the sense that the Philippi project is run under the Muslim Judicial Council (MJC), which is a well established faith-based organisation whilst Vuka Sekuskile is a well established trust. Both organisations have the backing of institutional capacity, skills and expertise which contributes to the success of such projects.

As regards weaknesses, the research identified the dependency on external sources of funding to run the projects as such models do not engage in activities that can enable them to generate their own incomes. The training centre which provides training to youth under Vuka Sekuskile gets 100 per cent of its funding from the Energy Seta. In this instance, no long term funding agreement exists; hence, if the Energy SETA decides not to fund the training, the whole project can collapse. Another weakness identified is the struggle to place students who graduate from the programme with relevant employers or to help graduates raise funds to start their own businesses. This shows that the role of a labour market intermediary that the training centres tries to play is still underdeveloped and requires strengthening.

3. The survivalist model

These are local micro/small enterprise owned by the community and engage in income generating activities. Examples of such models are the Baleni tourism project, Amagwelane Agriculture project, Phakamani Youth Development, Teko springs, Dongwe Agriculture project and Kalkfontein bricks. What all these projects have in common is that they are initiatives developed by the communities after consultations and are owned by the community. The main objective of such projects is to provide jobs to

the local community in addition to affordable food (in those involved in agriculture) and services to the local community. In most cases, these projects target the creation of large scale employment and offer no benefits. Also, such projects do not have a clearly defined employment relationship as the project is owned by the community and community members are engaged as project members and not workers in most cases. In this model, the community elect a project manager or leader who has “delegated authority to manage” (Philip 2005:363) the project. Philip (2005) states that in such a model “the return on labour is embedded in the product or service that the business supplies. If that product or service cannot be sold then the value cannot be realised, and members will earn nothing” (2005:363).

The strength of this model stems from its local ownership content and its objectives of creating large scale employment. The focus in such a model is not on profit generation, but on job creation. Despite the fact that the projects under this model are not registered as cooperatives, to a larger extent the principles of cooperatives are fully entrenched in them. The study revealed that this model of job creation is imminent with weaknesses which can be seen with the large number of projects that have failed. What emerges is that the weaknesses that such projects face closely link to those found in cooperatives. For instance, such projects face market oriented challenges (inability to compete with a capitalist enterprise) which is one of the contradictions that cooperatives also face. The following emerged during the research as factors that contribute to or lead to failure of such projects:

1. Poor monitoring and evaluation of projects

- JCT argues that the main reason why the projects have failed is due to poor monitoring and evaluation. Due to lack of this capacity within JCT at its inception, JCT entered into an agreement with the DBSA to conduct the monitoring and evaluation on behalf of JCT on the projects. Interviews with different stakeholders (JCT trustees and workers, project members) revealed that DBSA provided limited project monitoring. JCT Trustees are of the opinion that DBSA did not adhere to their part of the agreement (of monitoring and evaluating the projects) because JCT was not placed on DBSA project managers score cards and therefore not placed on high priority” (JCT minutes of meeting held on the 8th April 2008:4; Interview with Motau 1.08.08). As a result, JCT projects were only monitored when DBSA project managers went to monitor DBSA projects within those communities where JCT projects were also located.

Also, unions failed the JCT in monitoring the projects. For instance, the federations mandated their union branch offices to monitor the projects that are in their areas and report to the NEC meetings in their unions. However, this did not happen as it was envisaged. Thus JCT had little information on what was happening in the projects that they had funded except for the reports prepared by BDSA project managers. According to Mr. Maqhekeni (NACTU representative) and Mr. Mashishi (COSATU) this not only contributed to failure of many projects, but also the poor quality and number of jobs that were created by the projects.

One of the questions asked to the respondents (project managers and leaders) was how often the projects were actually monitored. What emerged was that there was little monitoring and evaluation that occurred. Project Managers and leaders indicated that they

rarely had DBSA project managers coming to visit the projects. In most instances, the project leaders had to contact DBSA project managers and tell them about the problems they were having at the project. For instance, Mr. Sambo (Chairperson of the Baleni Tourism) stated that despite having contacted the DBSA project manager to help the project secure financial resources to start operating the lodge, nothing ever came of it. The DBSA project manager never took up this issue. The same experience was revealed in an interview with Mr. Monti (Former Secretary of Phakamani Youth Development) who stated that the project had failed because the DBSA project manager had not attended to their request for further funding.

- Other factors that were attributed to the failure of projects were poor leadership in communities, change in community values from being community oriented to being individualistic, which promoted selfish and corruption tendencies among community members. JCT has entered into an agreement with DBSA whereby JCT will employ its own project managers who will be trained by DBSA so that they can address the challenges of poor monitoring and evaluation.
- On the other hand, Philip (2005) argues that funding community projects as a way of job creation is not a sustainable approach due to the challenges that face such projects, hence making them more prone to failure. In her analysis of rural enterprises, Philip (2005) identified further challenges that face rural community based enterprises. It should be noted that some of the challenges identified by Philip were also discovered again during this study.

2. Low income returns in rural enterprises

- The first challenge identified by Philip (2005) is low income returns in rural enterprises. For instance, this study found that members of the Philippi Agricultural project (in addition to their weekly stipend of R160) on average earned an extra income in three months of only R350 after selling their cash crops on the market. If these project members did not have a weekly stipend, this would mean that they each earned only R116.60 per month. The low income returns can be attributed to two other factors that Philip identified: limited rural market and large supply of labour in the project.

3. Limited local market

- As regards limited local market, Philip (2005) argues that in most cases the projects rely on the community as their immediate market. However, rural communities have limited or low purchasing power due to high poverty levels in the rural communities. Philip (2005) contends that in South Africa, rural areas depend largely on remittances from family members working in the formal economy and/or on social grants from the government. This means that the local community have limited incomes which effectively reduce the absorption capacity of the local market (Philip 2005:373).

4. Lack of product diversity

- In addition to limited market size, rural projects lack product diversity. This means that there is a tendency to produce what others are already producing. This tendency emerged in this study as most projects decided on the activities of the project based not on a feasibility study to ascertain whether the activities would produce a profit or not, but based on what others were engaged in. For instance, in the Eastern Cape, the

communities were applying for funds to undertake similar projects. Teko Springs and Amagwelane Agricultural projects (which are in the same village) both applied for funds to undertake agriculture activities in cash crops, piggery and poultry, small stock farming etc. In the event that such projects would have been successful, their individual market share would have been reduced which would also have reduced their profits.

5. Group size of project

- Philip (2005) avers that in some instances, the group size of the project is too big, hence this reduces the income that each individual member or worker can take home. This is a concern that is shared among project members. For instance, the study revealed that project members at one project were worried about the level of income after selling their cash crops because they were now more project members. One of the project members who had been there for a long time stated that “we were going to make more money now since our cash crops are better, but now we will not be able to make money because there are five (5) more people who just joined the project” (Interview with a project member at Philippi Agric project, 9.09.08). The big size of the project not only results in low incomes for the project, but can also lead to a big wage bill, which can lead to the project using most of its funds for wages only.

6. Low levels of education

- Lack of or low levels of education within rural community. The community members that are left are the elderly who in most cases did not have access to tertiary education. The only instance where the community had people with high education levels was in Baleni,

where despite people having migrated to the town they still maintained strong links with the local community. The lack of education qualifications undermined the ability of the communities to conceptualise their project ideas and to implement their project ideas properly.

7. Lack of experience, exposure and expertise

- Linked to the first factor is the lack of skills, experience, exposure and expertise within the local communities. The task of job creation is not a simple one. Being able to create sustainable jobs requires that the enterprise has the necessary skills, experience and expertise within that particular field or industry. Despite the fact that training was provided to members, this was short term training and from the researcher's point of view insufficient to create the skills required to successfully run the projects.

8. Lack of alternative sources of funding.

- All the projects that had been established by JCT funding have since failed to find other sources of funding from either commercial banks or other funding institutions or generate sufficient income to sustain them.

9. Logistical and infrastructural challenges

- Philip (2005) contends that managing an enterprise is hard enough. The task of managing and enterprise is further compounded by the “real logistical and infrastructural challenges faced by rural enterprises, the problems of managing expectations, the lack of production and business experience within the group, literacy and numeracy issues, the difficulties of product planning, quality control, procurement, marketing, book-keeping and cash flow management” (Philip 2005:376).

Consequently, the third model of job creation proves to yield poor results when it comes to achieving job creation targets. Moreover, this model struggles in creating long term sustainable jobs. Of importance for JCT is that due to the non sustainability of the projects, they also fail to pay loans which means that JCT does not recover the money that it loans to such projects. The implication is that in the long run, this model will drain JCT funds, hence threaten JCT’s own ability to sustain itself as it does not have any other sources of income except for the interest on the money it has invested.

5.2. Alternative ways of job creation

One of the issues that the Trustees have been discussing within JCT is new ways of job creation based on the challenges of the past decade. Proposals have been put forth in this regard as concerns were raised on the limited impact of the current models of projects being funded. One area of weakness identified was poor monitoring of projects; hence JCT took a decision to employ more trained project managers to monitor projects to increase their chances of sustainability. One proposal includes moving away from the current model of funding due to its limited impact on job creation and move towards a model which included training and skills transfer (JCT minutes of meeting held on 8 April 2008). The second proposal made suggested that JCT should investigate the possibility of rescuing larger companies which were closed or

closing due to mismanagement and fund them for job retention. The advantage of the plan was that the retrenched workers already possessed skills, hence required minimal training. Also, such a model would contribute to the sustainability of JCT through a certain percentage of the profits being injected back into JCT from the company. It was further argued that it would be “less complicated to maintain control over the organizations as smaller projects are difficult to maintain” (JCT minutes, 13.4.2007, pg. 5). This had the potential of creating large scale employment in the formal economy.

The third proposal on skills development and training led to the development of the project on training youth in language skills. In 2008, JCT entered into an agreement with the University of Witwatersrand language centre. This agreement involves the training of 100 youth from disadvantaged backgrounds in various international languages. The idea is that the language skills that the young people would acquire during the course will enable them to get employment in 2010 World Cup and afterwards. This intervention by JCT conforms to that of a labour market intermediary whereby JCT will recruit and facilitate the training of the learners. The next step will be for JCT to engage the demand side of labour and facilitate the placement of the learners in jobs with relevant employers. The advantage of this specific project is that history has shown that during the World Cup, people from all over the world attend such an event. Hence, there is a very big chance that during 2010, the skills produced from the course will be in demand, therefore, leading to a guarantee in employment opportunities for the 100 young people who will receive training. In addition to the debates that have occurred in JCT on alternative ways of job creation, the study makes other proposals as discussed in the sections below.

5.2.1. Ways of strengthening the survivalist model: performance standards as a way of mitigating failure among projects

One of the main challenges faced by JCT is the high failure rate among the projects it funds. These projects fail due to various reasons which include, but are not limited to, lack of sufficient skills within the project, poor monitoring and evaluation, greed among project members, limited market access etc. As it has emerged, funding projects in rural areas among the poor is a high risk venture. The poverty levels found among the beneficiaries of JCT funded projects means once a project fails, chances of recovering the loan are quite low. The most that can be recovered are the assets in the form of buildings and equipments which were bought with the JCT funds. As commonly known, commercial banks do not fund community projects or small scale entrepreneurs operating in the informal economy due to their lack of collateral and security. The commercial banks classify this group of people as high risk and not credit worthy. Hence, faced with the challenge of growing poverty due to high levels of unemployment and the inability of the poor communities to access loans or grants from elsewhere, JCT funding plays a crucial function in such communities.

However, the current failure rate of projects and poor record of loan recovery undermines the sustainability of the current role played by JCT, hence the need to look at other ways in which JCT can improve in delivering to the poor whilst at the same time maintaining financial sustainability of the Trust. Despite the constraints that rural enterprises or communities have with regards to access to credit financing from commercial banks and hence the need for JCT to fill this gap, Philip (2005) argues that lending or providing funds to rural communities whose

chances of paying back the loan and whose chances of project survival is low is “not just bad for business for the financial institution; it is not socially responsible” (Philip 2005:379).

Current JCT funding is based on the notion that the poor do not have collateral and any other alternative sources of income, hence the need to provide them with grants in most cases and interest free loans. Therefore, JCT does not require project members to raise their own funds and contribute to the project as a pre-condition to the grant or loan. Whilst appreciating the noble idea behind providing grants and interest free loans to the poor and using less stringent risk assessment as compared to commercial banks, there are implications attached to this model of funding. The most prominent one is the misuse of funds as people are less likely to exercise extra caution for funds that are not their own. Hence in such cases, there is always the high possibility to use funds carelessly. Also, funding projects based on a business proposal requires caution as compared to funding an entrepreneur or project that is already in existence that requires a financial boost.

Any attempt to respond to the challenges mentioned above requires adopting a developmental approach to the challenge of best practices required. The model is based on the idea of performance standards. In a discussion of how South Korea developed, Amsden (2008: 108) contends that the South Korean government used subsidies, incentives and credit provision to its capitalists to develop their capacity for export. However, due to the vulnerability of government intervention to corruption, abuse and inefficiency, there was a need to devise performance standards which were a “complex set of institutions that amounted to a control system” (Amsden 2008:108). Amsden states that “these systems attached performance standards to subsidies,

including the tariffs, entry restrictions and cheap credit that governments gave away to pioneering enterprises (2008:108). The most important aspect to note as regards this model is that it is based on ‘nothing for free principle’ and is characterized by reciprocity. This means that government provided cheap loans and subsidies to entrepreneurs and expected something back in exchange: “like reaching a certain export target, output level, investment rate, or management practice” (2008: 108). Amsden (2008) argues that the development bank subjected its clients to monitorable performance standards. These standards differed from country to country. For instance, in Brazil, the bank required hiring local firms as compared to using foreign contracting firms for contracting jobs. In India, the development bank reserved the right to nominate a director to a company’s board which enabled the bank to gain information about the operations of the firm (Amsden 2008).

Amsden (2008) argues that as “development banks imposed the above operating standards on their clients, they also tightened their own monitoring skills and procedures” (2008: 112). The monitoring process was increasingly built into lending agreements in ways that required compliance at every level as the only way to guarantee access to more loans or further disbursement of other funds (Amsden 2008:112). One noticeable change in the monitoring approach was the careful appraisal of prospective clients as regards their managerial and financial status, past performance and the merits of their proposed project (loc.cit). In addition, Amsden (2008:112) avers that in order to ensure that funds were utilized for their actual purpose, “disbursement of loan proceeds were not made immediately upon commitment. Instead, loan funds were transferred into a Credit Account in the name of the borrower and the money was only withdrawn for actual expenditures (2008:112). This approach goes beyond evaluating

financial reports (which includes receipts of actual expenditure) to incorporate active monitoring of fund usage when money is withdrawn from the bank. This process allowed the bank to monitor closely the way in which the projects used the funds as compared to waiting for reports from the projects. The advantage of such an early check on fund usage is that it allows the funders to pick up any misuse of funds by checking the amounts and times that money is being withdrawn from the bank.

At a developmental level, Amsden's (2008) analysis of the latecomer countries that managed to develop reveal the following: they had pre war manufacturing experience⁴, they had knowledge in project execution and production and their managers had a knowledge of accounting and finance. Amsden (2008) argues that "without prewar manufacturing experience, investments from private sources failed to materialize; no one wanted to lend money to an entrepreneur without a good reputation and know-how, as was the case for entrepreneurs in many parts of Africa. Loans from developmental banks were squandered and wasted because the chances of financial success were perceived by the borrower to be small- it was hard to come up with any sensible business plans, so plans failed or entrepreneurs took the money and ran. What was borrowed was not repaid, and the development bank itself went broke" (Amsden 2008:114). What this entails is that providing funding and having a monitoring and evaluating system in place does not guarantee success of a project or firm. Of utmost importance is the presence of *experience* within the particular industry that a project operates in, *knowledge and expertise* in production processes required and project management and having *strong financial and accounting skills* within the project.

⁴ Amsden (2008:114) defines manufacturing experience as the ability to establish and operate efficient enterprises.

A scrutiny of JCT funding model reveals that in theory it is closer to this model of funding. JCT does not only provide funds, it also has conditions tied to the funds in the form of the project meeting its stated objectives and outputs as pre conditions for further fund disbursement.

Performance appraisal of JCT funding is based on whether the project has met its target in job creation and funds have been used according to the approved budget. However, in practice one can argue that due to the large number of failed projects and poor project performance, JCT struggles in achieving the kind of results that such a model can deliver. This could be attributed to the poor monitoring and evaluating process that is undertaken by the implementing partners (DBSA) and the challenges that such projects face which include lack of experience, knowledge and expertise and strong financial and accounting skill. As stated earlier, close monitoring of projects coupled with the above mentioned skills is vital in ensuring that project performance increases and in ensuring that the project becomes successful. Projects cannot be monitored as and when the need arises, this leaves wide space for misuse of funds and other activities that can lead to project failure. These factors do not seem to be a priority when it comes to JCT funding as projects have been given funds without ensuring the strong presence of such skills within the project. This omission plays a crucial role in undermining the success of the projects as was revealed from one project in the Eastern Cape.

Dongwe Development Trust applied for funding from JCT to engage in community based agricultural activities such as poultry, piggery production, vegetable gardening and large crop production. When asked whether they had conducted a feasibility study to ascertain the viability of such activities, the respondents indicated that they had not conducted a feasibility study, but “know that they would make money from such activities because other farmers in the area were

also involved in such activities” (Mr Mlulami Ndziweni, 15.09.08). As regards the existence of financial skills within the project, it was stated that the community would use the local municipality’s account to save the funds and also source their help in accounting for the funds. The lack of financial skills and experience within the Dongwe development forum resulted in the project funds being hijacked by a consultant and a few individuals within the project. The end result was the collapse of the project and a waste of funds.

Whilst understanding the poverty levels among communities and their inability to contribute financially to the project, this can not only lead to dependency, but also to squandering of funds as the project members do not feel ownership of the funds and hence may not see the need to safeguard the funds and use it appropriately.

To sum: the current model of funding is not sustainable due to poor loan recovery and poor performance of funded projects. However, if JCT wants to continue with such a funding model there is a need to link up with other strategic partners such as government and private capital in this endeavour. Most importantly, stringent monitoring and evaluation processes tied to strict performance appraisals coupled with a strong emphasis on the presence of particular skills in the project will have to be adopted as shown in the discussion by Amsden. Alternatively, JCT can choose to take another road in job creation by adopting the role of a labour market intermediary.

5.2.2. The role of JCT as a Labour Market Intermediary

Included in the literature was the discussion on what LMIs are, the different types of LIMs and their functions in the labour market. Based on the fact that the successful projects identified by

this study fall within the category of LMIs, this study argues that this is a much better and effective way in which JCT can intervene in the labour market. The study makes the following propositions: firstly, JCT can become membership based and client based LMI. Membership based in the sense that it would work with the unemployed and client based as it would work with employers as clients. JCT's role as an LMI would involve recruiting among the unemployed, facilitating training and then placement. In order for JCT to be able to carry out such tasks, it would have to have a strong relationship to both sides (demand and supply) of the labour market. This is very important as one of the reasons for unemployment is the mismatch between available skills and skills demanded by the labour market.

Hence, the JCT would work with employers in order to find out what type of skills are needed in the labour market and facilitate the training of its members to suit the needs of the labour market. In order for JCT's role as an LMI to be strengthened it would have to include other structures. For instance, another body/organ would have to be formed under the Trust. This organ would have a composition of sector experts who can come from the union. Benner (2002) argues that LMIs are more effective and functional in the labour market because of the information and knowledge that they have about industries. Therefore, ideally, the sector experts would be representatives from unions organizing in various industries. Secondly, JCT would have to undertake a decentralization process to enhance its ability to recruit members among the rural communities for its training programmes.

In terms of service provision in the labour market, JCT would provide services such as provision of skilled workers to employers either on a temporary basis or on a permanent basis. It should be

noted that there is a difference between temporary agencies and the type of intermediary this study suggests. The difference lies in the sense that temporary recruitment agencies have a weak relationship to the supply side of labour as in most cases they do not provide training and do not negotiate on behalf of the worker, but negotiates its fees from the client. The membership based labour market intermediary model proposed would negotiate with the employer on the terms and conditions of work on behalf of the worker based on the standards of the industry.

There are two benefits to this proposal: firstly, JCT as a trade union initiative will improve the collective bargaining position of its members as they would have skills. This will have a positive impact on promoting decent work as the skills attained by the workers will give them more bargaining power. Secondly, JCT can collaborate with the already existing SETAs in funding the training. Hence, this would help JCT save on financial costs whilst getting higher long term returns. Finally, due to the close collaboration that JCT will have with employers, the skills provided to the workers will be skills which will allow them to get jobs immediately, hence they workers will have a high chance of not only being employed, but also be employed in better jobs.

Benner (2002) argues that one of the functions of LMIs in the labour market is that they help employers and workers respond to the changes in work processes or flexibility of the labour market as they have information about the labour market. This not only increases the ability of workers to get reemployed quickly after losing a job, but also due to skills development training that is linked to the demands of the labour market, it allows workers to be able to move between different industries and jobs. This role or function of LMIs is quite significant in a flexible labour

market such as the South African labour market which is also characterised by high retrenchments. Hence, JCT would not only be responding to the challenge of unemployment in rural communities as the current model does, but would also respond to the challenges of urban unemployment by providing a service to ex-union members.

How would JCT sustain itself financially as an LMI?

Benner (2002) states that different labour market intermediaries are financed differently. For instance, private labour market intermediaries use the profits that they get from charging their clients to finance themselves. Membership based intermediaries on the other hand are financed through membership fees and service fees. In addition, such intermediaries depend on volunteer work. Unlike private labour market intermediaries which manage to make profits, membership based labour market intermediaries do not make profits. On the contrary they are underfunded, an aspect which restricts their ability to be fully effective. However, the model of a membership based intermediary that is proposed in the study is one that would not only charge service fees from its clients, but would also charge membership fees, therefore allowing the intermediary to overcome its financial handicap.

Chapter 6: Conclusion and recommendations

The main aim of the study was to examine the role of trade unions in job creation. The study argues that trade unions in developing countries need to be involved in job creation due to the high unemployment rate in developing countries, low and irregular incomes and lack of a comprehensive social security system. This means that trade unions go beyond their traditional role of collective bargaining and get involved in the broader developmental issues of the country that uplifts the lives of all people in society as compared to concentrating on one class: that of workers.

In South Africa, the issue of job creation is very important considering the fact that the country struggles with high unemployment. In addition, statistics also show that more than 60 per cent of workers fall within the category of the working poor and that jobs that are being created are largely informal (Altman 2007a). Bearing in mind the importance of jobs (as a source of income) to poverty alleviation, this means that the main purpose of job creation is not just to get people into jobs but to make sure that jobs that are created can take people out of poverty. This means that there is a need to create decent and sustainable jobs which pay wages that can take people out of poverty. Altman for instance argues that “halving or even quartering unemployment will fail to dent poverty sufficiently unless people are able to enter higher paying jobs” (Altman 2007a; pg. 37). Altman further argues that “only if unemployment were halved, and minimum wages took effect and social grants continued, would the poverty rate fall to 25 per cent – government’s target” (loc.cit). This means that poverty reduction will only occur once working people are employed in decent jobs that provide high wages combined with social grants.

Having identified that trade unions have a role to play in job creation, the study then examined the ways in which trade unions can get involved in job creation. Literature shows that there are three ways in which trade unions can be involved in job creation. The first one is by influencing macro-economic and social policies at multipartite or tripartite structures. The second one is by facilitating skills development as labour market intermediaries through the SETAs; and lastly, through direct job creation as illustrated by the Job Creation and MineWorkers Development Agency. The three ways of job creation can be classified into two broad categories: direct job creation and indirect job creation (by influencing macro-economic and social policies and facilitating skills development).

The study identified three ways in which trade unions can create jobs. This study posits a question as to which type of job creation method is more appropriate for trade unions. The study focused on the trade unions involvement in direct job creation. Therefore the discussion of the findings concentrates on this method of jobs creation whilst the other methods are incorporated in the study as part of the conclusions and recommendation.

The study identified three different types of job creating models from the 10 case studies which were under investigation accordingly: survivalist model (local micro and small enterprises), partnership between business and community, and labour market intermediary. Of the three models, the study concluded that the model based on a partnership between the community and business and labour market intermediary were more sustainable models as compared to the community run micro and small enterprise models. Chapter five provides an in-depth discussion

as to why local micro and small enterprises are more prone to failure as compared to the other models. A scrutiny of the factors reveal that such projects failed mainly due to the internal challenges inherent in income generating projects located in rural areas, what Philip (2005) refers to as 'enterprises on the margin'. These include low levels of education, lack of management skills, limited market access, low incomes or returns, lack of product diversity etc. Such enterprises face not only challenges of access to credit, but also face challenges of continued survival or existence once they get established.

As shown in the discussion by Amsden (2008) aspects of financial and accounting skills as well as management skills, are vital in the success of an enterprise. This is the only way in which development funding can be used instrumentally in contributing to development. The problem with JCT funded projects is that they lack such aspects due to the fact that the skills that Amsden identifies as important for the success of an enterprise were not placed as part of the conditions for access to funding. On the contrary, JCT expected such skills to develop after the project was operation.

The findings of the study clearly show that despite spending millions of Rands on job creation, the outcomes have been dismal. This fact has also been observed by JCT Trustees who admitted that the current model of funding has not yielded anticipated results (JCT minutes, 8.04.08). In most cases, projects failed to create the number of jobs they had estimated to create, the most common type of jobs created were temporary jobs during the initial phase of the projects; and finally; the permanent jobs that have been created do not provide job security because of low

levels of sustainability of the projects, low and irregular wages and lack of benefits. An assessment of wages earned by the project members and the level of whether people are earning poverty wages (based on the LFS wage line), it emerges that the majority of the workers earn below this line, which is R2500 per month (in 2004). Due to the increase in inflation experienced this year, this study argues that this figure could have increased due to the increased cost of living associated with inflation.

The challenges that face JCT then is not just employment creation, but creating jobs which are not only sustainable, but can also take the workers out of poverty. This means creating jobs that pay better wages and offer benefits. Another question that emerges then is whether JCT can do this. One of the biggest lessons that JCT has drawn from the past ten years is the importance of monitoring and evaluation to ensure that projects can be sustainable. While on one hand close monitoring of projects might mitigate factors that contribute to project failure and hence sustain jobs as well, there are more complex issues that play against job creation through funding local projects as shown by the study. Close monitoring will require more resources from JCT and if, and when, such projects grow, their ability to create large scale employment will be undermined by the brutality of the market where they will be forced to compete with already existing companies on operating costs and for markets.

Another challenge that faces JCT is the political tensions within trade unions as illustrated by the current political tension between COSATU and the other federations (FEDUSA and NACTU) as regards COSATU's decision to remove Mr. Madisha. This stems from the fact that trade unions in developing countries are fragmented and tend to be formed along political or non political

lines. This does not only undermine worker unity but can also influence the way in which trade union federations relate to each other, therefore can be a source of conflict. Despite the fact that until recently JCT had been insulated from internal trade union conflicts within and between the federations, it was inevitable that conflict would arise at some stage. To some extent, the Deed of Trust attempts to insulate the Trust from internal trade union politics. However, it fails to resolve conflict within the Trust once the federations have reached a deadlock. The current impasse on the issue of the removal of the current Chairperson is a case in point. One way in which this can be resolved is by making provision for mediation and arbitration in the event where a deadlock is reached among the parties. In this instance, both parties would be allowed or given the opportunity to appoint a mediator whom they can both agree on. Should the mediation process fail, then the matter can be referred to arbitration where the decision taken can be binding to the parties involved in the dispute.

Having outlined the broad challenges that JCT and trade unions faces pertaining to job creation, the study also takes cognisance of what type of job creating model works based on the projects funded by JCT. What emanates from the findings is a strong inclination on what type of job creation model works and which one does not. The study therefore concludes by pointing out three options that JCT has in terms of meeting its objective of job creation.

The first option is for JCT to continue funding rural micro and small projects which are fully community owned or are partnerships between the community and business. However, due to the high failure rate among community owned projects, this study recommends that JCT would have to provide close monitoring of such projects and focus more on encouraging partnerships

between business and the community. JCT has already identified this weakness and has embarked upon strategies to address the challenge of poor monitoring. For instance, JCT and DBSA is currently training its own project managers to do the monitoring. However, this study recommends that due to the large number of projects being funded, JCT should increase the number of highly trained project managers who are located close to the location of the projects to ensure that close monitoring occurs.

A second option is that of adjusting the functions or role of JCT to that of a Labour Market Intermediary. This is based on the fact that the projects that operate as LMIs proved to have high levels of sustainability and also literature shows that trade unions (craft unions) successfully operated as LMIs with a strong relationship to the demand side and supply side of the labour market. This suggestion is based on the fact that it reduces JCT's need to monitor projects, which requires a substantial amount of resources. JCT's role as an LMI would allow it to recruit, facilitate training and placement of job seekers. This means that JCT would need to develop a strong relationship to both sides of the labour market. The advantage is that other strategic partners would tap into the already existing resources for training available in the country, whilst at the same time generate its own funds from membership fees (unions from the federation expected to contribute to the Trust) and service fees from employers when placement is done. This model would lead to improved working conditions because unions (through JCT) will be able to collectively improve the working conditions of workers and, because of improved education and skills levels due to training, employers are likely to provide decent work.

The third option is the idea of the Basic Income Grant (BIG) whereby JCT works with other stakeholders such as faith based organizations, government, Non Governmental Organisation and the private sector. The basic income grant is a grant that every citizen of the country would get every month. A pilot study released recently in Namibia in a small town of Omitara revealed that a monthly grant of N\$100⁵ per person had a dramatically positive impact on the lives of the community. The grant had a positive impact not only on employment creation, but on increasing the incomes of the community. The assessment study argued that “since the introduction of the BIG, the majority of the people have been able to do their work both for pay, profit or family gain as well as self employment” (Haarmann C, Haarmann D, Jauch, Shondondola-Mote, Natrass, Samson and Standing 2008:10). Another impact of the BIG is that it can discourage exploitative labour relations and indirectly lead to decent work because of the fact that it gives people options between jobs and provides them with the resources to be able to search for better or decent jobs.

It should be noted that the three options are not mutually exclusive but can be used in tandem to each other. Indeed, in order for JCT to have any meaningful impact on unemployment, it is imperative that it pursues multiple options as they reinforce and complement each other. Finally, this study takes cognisance of the fact that the role played by JCT is a limited one and cannot address the challenge of unemployment because addressing unemployment requires addressing the structural limitations of the economy which causes unemployment in South Africa. Such a response requires government to be at the fore front of employment creation through employment creating macro-economic policies coupled with social security policies or measures.

⁵ The Namibian dollar is equivalent to the South African Rand.

The role of trade unions is then to support or direct government in a growth path that is pro poor by advocating for decent work, national minimum wages and the continued implementation of social grants as part of social safety nets for the poor. In tandem to the process of advocating for the above policies, trade unions should actively promote training which will lead to a continued skilling of the work force, hence capacitating workers to be able to respond to the flexibility of the labour market. Hence, this study concludes that the best way in which trade unions can be involved in job creation is through indirect job creation (through influencing macro-economic policies and facilitating skills development) as compared to direct job creation.

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Appendix 1: List of interviews

Organisation/project	Name	Capacity
Amagwelani Agriculture project	Ethel Mnukwa	Administrator
Baleni Tourism Association	Eric Sambo	Chairperson
DBSA	Innocentia Motau	Social & Institutional Analyst
Dongwe Community Project	Mlulami Ndziweni	Ex-project secretary
	Ngweventshia Lumkwana	Chairperson
	Mgondisi Ngojo	Former councillor of Dongwe

JCT	Mary Malete	JCT Trustee (FEDUSA)
	Joseph Maqhekeni	JCT Trustee (NACTU)
	Petrus Mashishi	JCT Trustee (COSATU)
	Sharmiela Garnie	JCT National Coordinator
Kalkfontein Bricks and Blocks	Mnyakaka Joyce	Project Manager
Karoo Biltong Delights	Ricardo Mackenzie	Sales and marketing Man.
	Pieter Wernich	Operations Manager
Kungwini Welfare	Dorothea De Bruyn	Director
Phakamani Youth Development	Nicholas Monti	Former Secretary to project
Philippi Agricultural project	Yasier Gabriels	Project Manager
Teko Springs	Shelgni, K	Former Administrator
Vuka Sekusile Trust	Dawn Parker	Director