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A Survey of Job Loss in Selected Communities around Johannesburg, South Africa (Pp. 453-460)

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Abstract

This paper reported on a survey of job loss in selected communities around Johannesburg, South Africa. Six communities were purposively selected to participate in this study on the basis of a perceived high incidence of job losses among them as a result of retrenchments, downsizing and plant closures. In each community questionnaires were distributed to, and interviews held with, a sample of residents. Overall, the respondents stressed the hardships caused by joblessness. The findings further showed that most of the respondents were anxious and worried about both the present and the future, and urged community leaders to intervene. The findings also showed that a significant number of residents did not have satisfactory support structures after becoming jobless, a situation that induced serious anxieties. They experienced a feeling of lowered self-esteem. However, although seriously afflicted by the ravages of job loss within their communities, the majority of the respondents did not express a desire to relocate to other places.

Introduction

Job loss is a daunting and worrisome phenomenon of modern society. Community members and leaders become anxious when a dominant local

employer attempts to retrench workers, close down economic activities or downsize the operation, and thus the number of workers required. The anxiety stems from the prospects of insecurity, lowered self-esteem and sense of self worth (Barth & Reisner, 1981). Oftentimes, the advent of joblessness leads to relocation with a view to securing alternative employment. Overall, for a community experiencing such circumstances, a number of negative effects may result – such as deterioration in the general quality of life, as well as decline in both private and public property value of the affected areas. Moller (1996) argues that concern about happiness and quality of life is common to all societies, and that it can be traced back to the beginning of civilization. In his/her study which looked at quality of life, a sub-discipline emerged regarding quality of life and subjective well-being. The

consistent research findings thus far indicate that subjective well-being has three main components, namely satisfaction with life as a whole (with its positive and negative effects), high levels of emotion, manifesting in such factors as infrequent sadness or irregular episodes of happiness and reduced incidence of feelings of joy or general feelings of well-being. Although these three components are interrelated, they do not overlap completely. Satisfaction with life is largely a cognitive summative evaluation of one's life situation in which the individual is forced to judge the importance of various aspects of his or her life.

Bluestone and Harrison (1982) describe the problem of plant closures during the deindustrialisation of America, they recommend that guidebooks would be a vital resource to community leaders and residents to complement any available government assistance to those communities confronted with significant job losses. In the same connection, Barth and Reisner (1981) propose a method to effectively plan and implement an effective response to announced job losses through plant closures, retrenchments or downsizing processes. In their study, they directed their attention to mass layoffs and plant closures, and initiated the establishment of the California Economic Adjustment Team. The following four conditions were put forward as determinants of what a community needs to survive after job losses have been announced the:

- * size of the closure relative to the local labour force
- * degree of economic diversification and nonalignment with the company closing down, downsizing or retrenching

- * demographic characteristics of the displaced workers, and
- * degree of organization the community musters to respond to the impending employment loss.

Although residents confronted with significant job loss would like to minimize economic loss, the social disruption and personal suffering caused by involuntary job loss, may cause extreme economic hardships. Unfortunately, there are often very few alternative employment options which would reduce this hardship. According to Buss and Redburn (1983), small towns or single-industry communities would benefit by using certain economic development strategies to minimize the negative effects. The lack of **leadership** and social support structures in some communities, during an economic crisis, can force maximum adjustment pressure onto the displaced workers. Despite the trendiness of postmodern notions of local autonomy and the principle of local independent, economic action inherent in the strategy of local economic development is still required in most parts of the world to cushion displaced workers from the full blow of unexpected job loss. In this regard, Nel and Humphrys (1998) argue that the reality is that communities still require a significant degree of support, facilitation and funding by government following job losses.

Statement of the Problem

The constitution of the Republic of South Africa (1996) mandates the national government to be responsible for the well-being of all South Africans and should promote development at all levels in the country. However, soon after the promulgation of this constitution, the country went through a period of rationalization of many public and private sector businesses and industries. One reason for this was the re-constitution of the country as one nation, and not a conglomeration of “independent states” and self-governing territories. This led to a large number of residents rendered jobless through retrenchments resulting from scaled down mining operations, downsizing and plant closures of factories, supermarkets, educational institutions and other private businesses.

Accordingly, this paper explores the effects of job loss on the state of well being of a number of local communities. The data used in this paper were drawn from six communities in the Johannesburg area, South Africa. Statistics of unemployment in South African communities show that, unemployment among blacks stands at 41%, coloureds at 23%, Asians at

17% and whites at 6,8% (NAFCOC, 1998; Klasen & Woolard, 1999). As stated above, this situation has been aggravated by the processes of business closures, downsizing and retrenchments at various levels of employment – in both the private and public sectors. In addition, there is also a gender element to the inequality problem in South Africa, with women having a higher unemployment rate than men.

The combined effects of these actions have created a situation whereby many have become displaced without any form of economic opportunities (NAFCOC, 1998). Klasen and Woolard (1999) further observe that the working age of the South African population grew by 3% per year between 1991 and 1995, while the labour force grew by less than 2% per year during the same period. Moreover, according to the Weekly letter on the ANC Today website, unemployment in South Africa is a challenge but not a crisis, and might not be as severe as current figures suggest. However, Cosatu said the Labour federation disagreed with the statement made in the Weekly letter by ANC on unemployment (Boyle, 2005).

Specifically, this study sought to:

- investigate the state of job loss among the sampled communities, and
- document ways in which displaced workers and their communities were affected by job losses.

Research Methodology

Johannesburg is the biggest economic hub in the country, and a look at the state of job loss around this city could hold lessons for other cities around the country.

Six communities were purposively selected to participate in this study, namely: Diepkloof, Emdeni, Naledi, Snake Park, White City and Zola. The selection of these communities was based on the total population of the areas, the perceived dependency of their economic base on the city of Johannesburg, and their perceived propensity for job loss. These are generally small areas, geographically, but are densely populated, and consequently carry large average populations per square kilometre.

Generally speaking, the communities do not have any plants or industries, since they are all located in and around Johannesburg. Communities which do not have their own businesses and industries, such as the ones investigated

here, are generally close to the Johannesburg city centre where employment might be found. Residents from these communities work in and around Johannesburg for their survival, including those employed in the mining industry. Many of these people are unskilled and unqualified.

Data were collected from a sample of residents, using a brief questionnaire administered randomly to selected residents, yielding a total of 729 usable questionnaires - representing an overall return rate of 38%.

Major Findings

Biographical

Over the two thirds of the respondents (i.e. 74%) were male; 30% were over the age of 60; 42% fell between the ages of 40 and 60; 28% were younger than 40 years of age.

Job Loss

The study sample revealed 29% job loss due to the factors already mentioned. The breakdown of this by residential area was as follows: Diepkloof: 40; Emdeni: 36; Naledi: 37; Snake Park: 39; White City: 32; Zola: 29 - giving a total number 213 displaced workers. An age breakdown of the results showed that the downsizing, plant closures and retrenchments impacted most severely on the respondents in the 31- 40 year age group; the majority of workers affected were male.

Coping Strategies

Most respondents reported that they depended on income from employment to support their families, and that following job loss, they have resorted to some form or other of self-employment in order to cope. Some reported that they went out every day in search of any form of employment. For the respondents who were still in employment, the results indicated that most were employed as technicians, salesmen/women or support staff. These were the types of jobs commensurate with their education levels. The majority of the working respondents earned less than R2 500 (about US\$360) per month.

Some residents from Diepkloof, Emdeni and White City suggested that local job committee should be created and be mandated to focus on the creation of new employment opportunities in and around their communities. They were appalled by the apparent indifference of the local leaders regarding their plight, and recommended that they (local leaders) urgently do something to prevent the on-going downsizing, retrenchments and plant closures as these

had negative affected their social status in the communities, and within their households. About 63% of the respondents indicated that their social conditions as displaced workers were extremely poor and desperate.

Furthermore, about 67% were dissatisfied with most company officials and business industries, but were happy with their own efforts to survive under such conditions. The Diepkloof and Emdeni residents, in particular, stated that their degree of community satisfaction had declined sharply since the cycle of job losses started.

Possible Relocation

This study also interviewed long-term residents in order to gauge their satisfaction with their respective communities against the prevailing economic conditions. The results showed that most residents had lived in their respective communities for an average of 29 years. This included an average of 35 years in the category 10-15 years and 33 years in the category 15-20 years. About 74% of the respondents reported that they had been satisfaction with their communities as places of residence before the downsizing and plant closures; this dropped to 54% after the downsizing and retrenchment processes.

However, an average of 60% said they did not have intentions of moving away from their communities in the next 5 years; 32% were **not certain** with the decision whether to move away or not; 5% said that they would **probably** move away from their communities; while 4% said they would **definitely** move away from their communities within the next 5 years. One side to this is that since the majority of the respondents had lived in their respective communities for long periods of time, it would be difficult to carry the cost of relocation to another area – also perhaps without any clear prospects for employment in the new place. Indeed, a further assessment of the data indicated that the migration propensity was related to the length of time the residents had lived in their respective communities. Residents with shortest tenures of residence showed most eagerness to move out of the communities. The possible relocation of 4% of the respondents describes an overall approximate migration propensity for the communities surveyed. Given that such outgoing migration propensity is rather minimal, it is envisaged that the remaining residents are doing well in their respective local communities, although disadvantaged by the adverse economic factors.

Conclusion and Recommendations

This study investigated the impact of downsizing, retrenchments and plant closures on selected communities in and around Johannesburg. The findings suggest that although the residents were trying to adjust to the adverse effects of downsizing, plant closures and retrenchments, many other difficulties occurred which resulted in economic and social instability, reduced employment opportunities and reduced quality of life.

According to Bennett and Krebs (1983), partnership arrangements between local economic development and policy networks in local employment should be used as development strategies. The process of downsizing and the closure of mines, supermarkets, educational institutions and other related businesses countywide has not only provided a thorough testing of the community leadership, but also the networking of economic development efforts and the ability to promote local and area employers to secure their current jobs and to absorb a significant number of displaced workers.

From the fore-going, as well as some of the proposals of the respondents it appears justifiable to recommend that:

- * local leaders be seen to actively address the issues of downsizing, plant closures and retrenchments at least in terms of setting up support structures for the displaced workers;
- * mediate between the workers and the employing bodies before the retrenchments are effected with a view to finding ways to soften the blow;
- * mediating between the displaced workers and government, as well as non-governmental bodies, regarding prospects for further employment or self-employment. This may involve re-skilling and other forms of short courses to empower the workers to be able to successfully run their own businesses.

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