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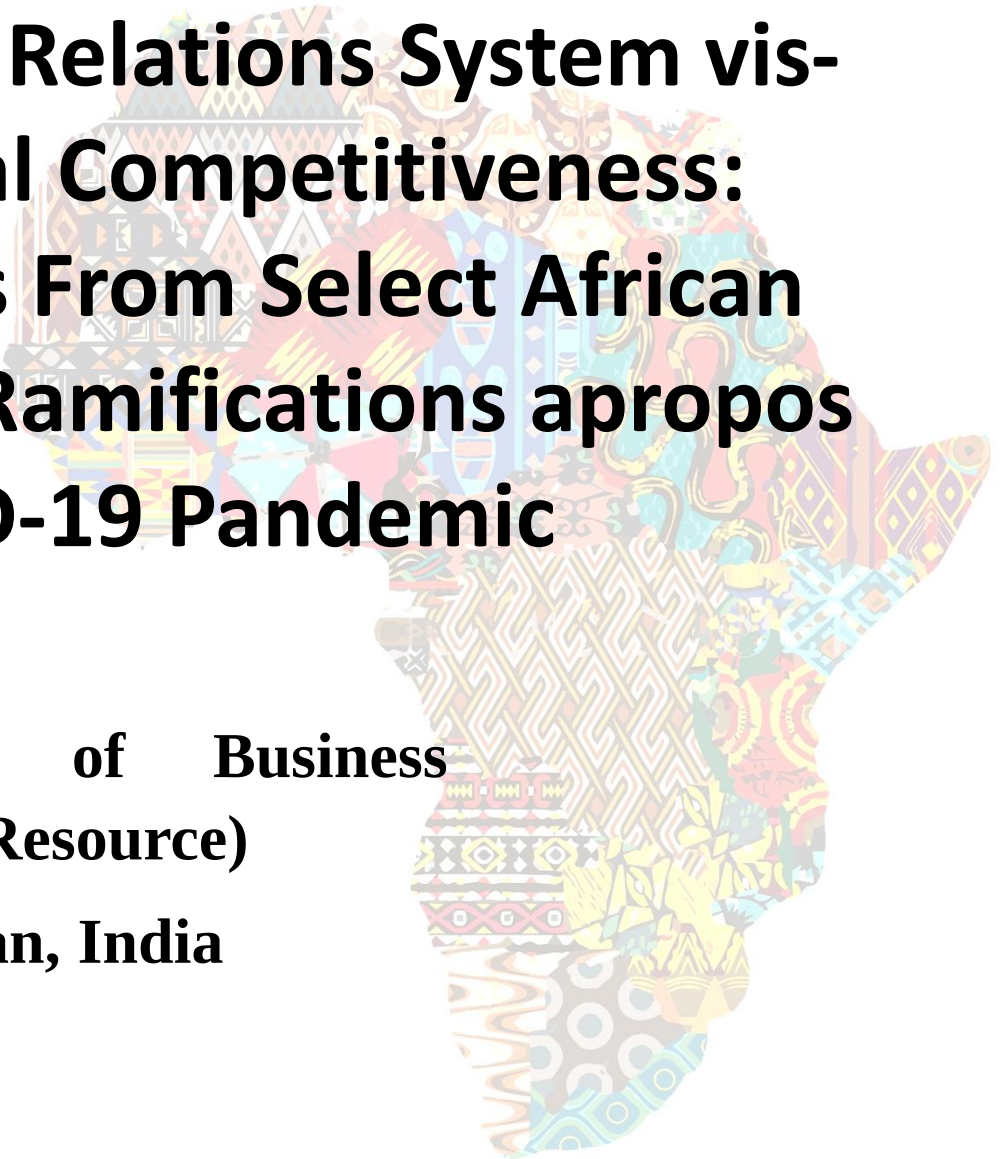


Employment Relations System vis-à-vis Global Competitiveness: Perspectives From Select African Nations and Ramifications apropos COVID-19 Pandemic

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Introduction

ER cannot be dissociated from the external influences and contexts of a nation.

ER model developed by Dunlop (1958) can be effectively utilised and improvised in contextualising ER- present-day perspective in general and the emerging paradigm of COVID-19 in particular.

Linkage between ER and socio-economic aspects has been analysed by some researchers from different perspectives and contexts (Lee & Lee, 2003; Bhattacharjee & Ackers, 2010; McDonough & Dundon, 2010).

“the key environmental forces, institutions, processes, and relationships” are related with the ER system (Kaufman, 2004:71).

Theorisation and Contextualisation

Experts have provided an insight on the business dimension of the COVID pandemic and the concomitant obligations of organisations which have ramification for ER (Levin-Scherz and Allen, 2020; Reeves, Lang, and Carlsson-Szlezak, 2020).

Aspects of the impact of COVID-19 with reference to nations in general and African nations in particular (Hilson, 2021; Lopes and Velde, 2021; Sarkar, 2019).

Employees' line of orientation, safety and health concerns at workplace need to be given utmost priority and, in this perspective, macro-level ER comes into sharper focus.

Theorisation and Contextualisation contd...

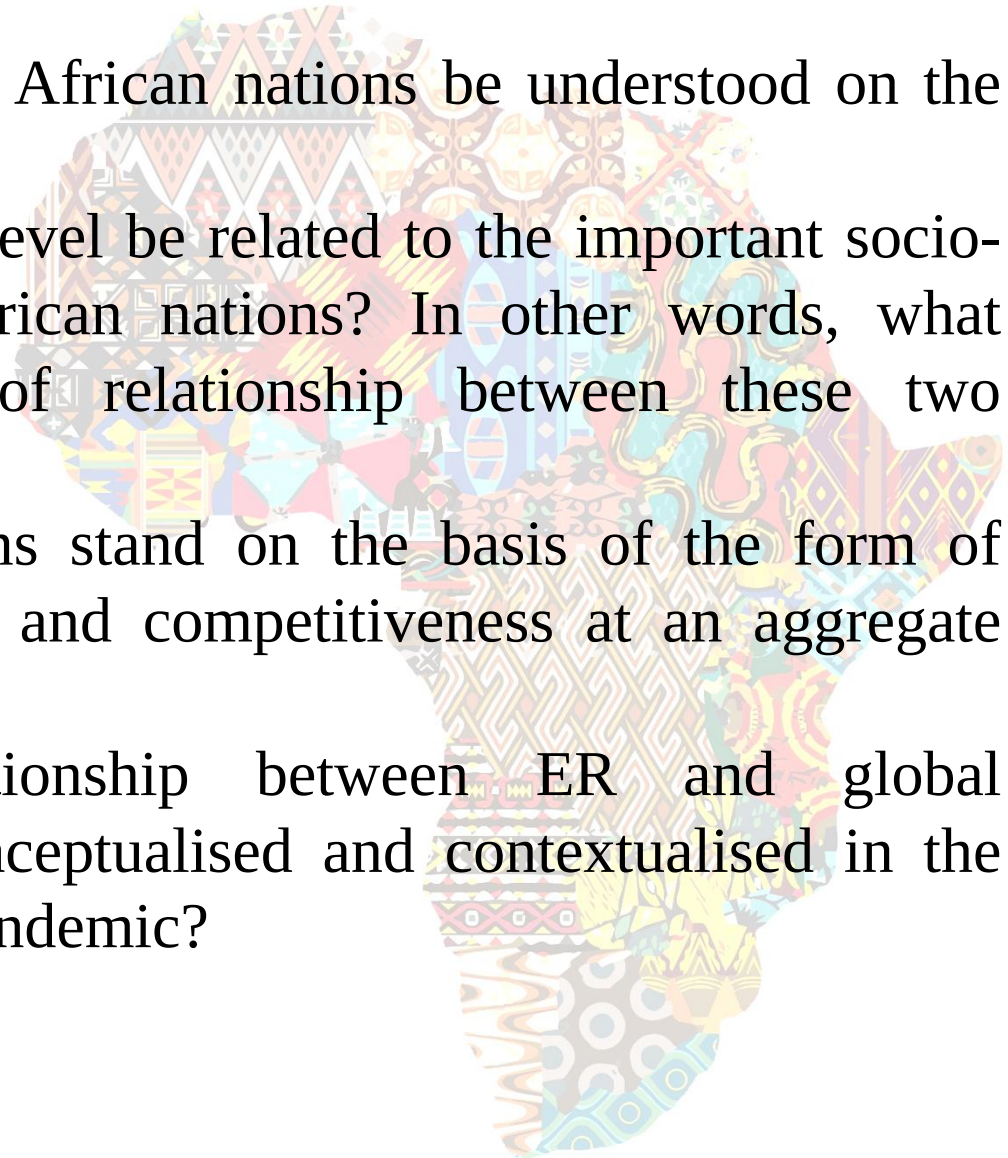
The Global Competitiveness Index (GCI) provides an effective insight of nations on the basis of several “pillars of competitiveness” that signify continuing and crucial factors of economic development and prosperity of nations which in other way pave the way for achieving competitiveness (Schwab and Sala-i-Martin, 2017).

The GCI-2019 is comprehensive and all-inclusive in nature and comprises 12 pillars namely, Institutions; Infrastructure; ICT adoption; Macroeconomic stability; Health; Skills; Product market; **Labour market**; Financial system; Market size; Business dynamism; and Innovation capability.

The Labour market comprises two sub-pillars named as “Flexibility” and “Meritocracy and incentivization”.

Research questions

- Can ER system of select African nations be understood on the basis of specific aspects?
- Can ER at an aggregate level be related to the important socio-economic aspects of African nations? In other words, what would be the nature of relationship between these two dimensions?
- Where do African nations stand on the basis of the form of relationship between ER and competitiveness at an aggregate level?
- How can the relationship between ER and global competitiveness be reconceptualised and contextualised in the light of the COVID-19 pandemic?



Methodological considerations

Table1: Aspects of Employment Relations

Aspects	Description as per GCI
Redundancy costs	Cost associated with the requirements of advance notice and severance pay due while a redundant worker is terminated computed on the basis of weeks of salary to be paid.
Hiring and firing practices	Based on the scores computed from executive survey signifying the extent to which regulations permit the flexible hiring and firing of employees.
Cooperation in labour-employer relations	Based on the scores computed from executive survey the perception regarding labour-employer relations? (Confrontational to cooperative continuum)
Flexibility of wage determination	Based on the scores computed from executive survey on wage setting ranging between a centralized bargaining process to each individual organisation
Active labour market policies	Based on the scores computed from executive survey signifying the extent to which labour market policies enable unemployed people to get reskilled and get access to new employment opportunity.
Workers' rights Score	Degree of protection of internationally recognized core labour standards.
Ease of hiring foreign labour	Based on the scores computed from executive survey signifying the degree to which restrictive regulations are prevalent relating to the hiring of foreign labour.
Internal labour mobility	Based on the scores computed from executive survey signifying the extent to which people move to other parts of the nation for professional pursuits.
Pay and productivity	Based on the scores computed from executive survey signifying the extent to which pay is related to employee productivity

Source: Adapted from Schwab, K., 2019. The Global Competitiveness Report, Geneva: World Economic Forum

Table 2: Socio-economic aspects of nations

Aspects	Description as per secondary data source
Global Competitiveness Index	Cost associated with the requirements of advance notice and severance pay when a redundant worker is terminated; computed on the basis of weeks of salary to be paid. Source: The Global Competitiveness Report 2019, Geneva: World Economic Forum, available from http://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf
Doing Business Index	Objective measures of various aspects relating to business regulations for local firms in different nations Source: Doing Business: Measuring Regulation, World Bank, available from https://www.doingbusiness.org/en/doingbusiness
Regulatory Quality Index	Objective measure signifying the ability of the government to formulate and implement effective policies and regulations Source: https://www.theglobaleconomy.com/rankings/wb_regulatory_quality/
Subjective Wellbeing	Subjective well-being, alternatively considered as happiness, signifies the degree to which an individual judges the general quality of life all together favorable. Data on subjective wellbeing (2017-19) obtained from The World Happiness Report 2021, Sustainable Development Solutions Network, Source: https://worldhappiness.report/

The countries that figure in the list of African Union have been considered in the study (available from https://au.int/en/member_states/countryprofiles2). The countries for which the data for all the identified variables were not available, have not been considered in the list and have been dropped from the list. Eventually, data has been obtained for 38 countries from the list of African union.

Intercorrelation among the 9 aspects of ER have been examined. The implications of the relationship based on correlation analysis has been explicated

Relationship between the aspects of ER system and other socio-economic aspects comprising global competitiveness, doing business, quality of regulation and subjective wellbeing has been examined

Nation-wise factor scores have been computed using the factor analysis and deliberating extracting a single factor score for a particular nation. Subsequently, correlation analysis has been carried out considering the aggregate ER scores and the socio-economic aspects.

Findings have been contextualised in the light of COVID-19 pandemic. Here the effect on employment has been considered and the data on job loss has been obtained from ILO Monitor, Seventh edition.

Generic observations

Relationship among the aspects of ER: Horizontal alignment of ER aspects

Table 3: Correlations among the aspects of Employment Relations

	Hiring and firing practices	Cooperation in labour-employer relations	Flexibility of wage determination	Active labour market policies	Ease of hiring foreign labour	Internal labour mobility	Pay and productivity
Hiring and firing practices	1	.534**	.647**	.374*	.644**		.404*
Cooperation in labour-employer relations	.534**	1	.461**	.411*	.405*	.331*	.551**
Flexibility of wage determination	.647**	.461**	1		.711**		
Active labour market policies	.374*	.411*		1			.669**
Ease of hiring foreign labour	.644**	.405*	.711**		1	.354*	
Internal labour mobility		.331*			.354*	1	.449**
Pay and productivity	.404*	.551**		.669**		.449**	1

Hiring and firing practices aspect has strong relationship with flexibility of wage determination signifying the prevalent approach in labour market which probably goes against the interest of workers and their protection and these two aspects are in unison with one another.

Labour market policies that enable unemployed workforce to get reskilled and get access to new employment opportunity would lead to better human capital thereby facilitating effective human resource development.

Generic observations

Relationship between aspects of Employment relations and Socio-economic aspects of Nations

Table 4: Correlations among the Employment Relations aspects and Socio-economic aspects

	Global Competitiveness Index	Doing business index	Regulatory quality index
Active labour market policies	.514**	.353*	.390*
Workers' rights			.365*
Internal labour mobility	.339*		
Pay and productivity	.563**	.414**	

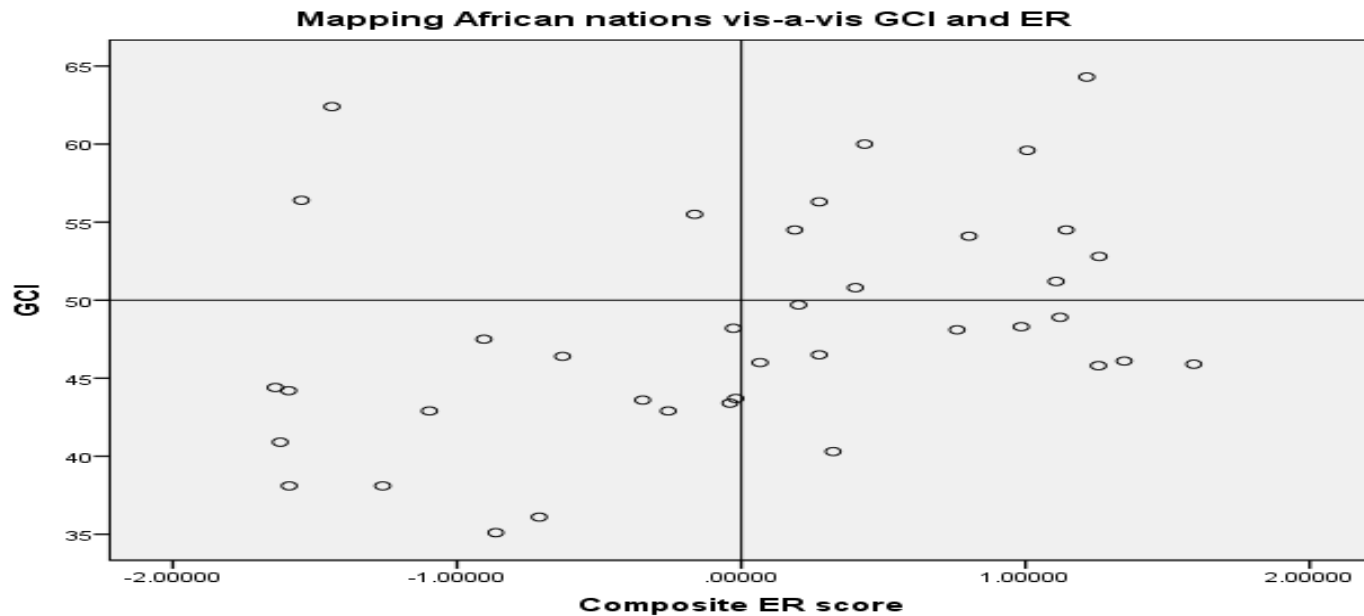
Labour market policies aspect has statistically significant relationship with the three identified socio-economic aspects

The results also reveal that protection of internationally recognized core labour standards has statistically significant correlation with regulatory quality signifying the relevance and significance of compliance to regulatory issues.

Pay and productivity aspect has statistically significant relationship with two socio-economic aspects which indicates the fact that when pay is related to performance, it facilitates a nation to gain competitive advantage.

Mapping African nations based on the relationship between composite ER score and GCI

Mapping the positions of the select African nations on a two-dimensional matrix on the basis of composite ER score and GCI.



Ample scope for these nations to reorient the ER aspects

In the third quadrant, there are ten African nations, that have high scores on both ER as well as GCI. For these nations, the relationship between ER and GCI appears to be mutually reinforcing.

Ramifications apropos COVID-19 pandemic

As per the ILO data on working hours lost, it has been observed that among the African nations, some of the African nations experiencing higher working hours lost include Eritrea (14.7%), Morocco (14.1 %) and South Africa (13.6%).

No specific pattern could be identified.

Nations that figure in the third quadrant have relatively high degrees of working hours lost compared to the countries that figure in the fourth quadrant. Interestingly, nations reporting higher working hours lost figure either in the second or in the third quadrant.

In terms of percentage of working hours lost and full-time job loss, maximum loss has been observed during Quarter 2 of 2020.

According to the ILO monitor, it has been observed that working hours in Africa got reduced by 7.7 per cent in 2020. It has further been estimated that Southern Africa experienced the highest annual decline (12.6 per cent) while the lowest decline has been observed in Western Africa (6.4 per cent)

Need for greater application of ICT in ER comes into sharper focus.

Conclusion

Are hiring and firing practices going to be more prevalent in the post COVID-19 period?

Will the pandemic impose an obligation on the ER actors for giving greater emphasis on cooperation in labour-employer relations?

Will flexibility of wage determination be more prevalent and tolerable from a policy perspective?

Can labour policies at the national level enable unemployed workforce to get reskilled in order to provide emerging opportunities and meet the skills challenges in the post COVID period?

Will policies facilitate the workforce to move to other parts of the nation for professional pursuits for facilitating smooth supply of human resources?

Will pay for performance be more relevant in the post pandemic situation?

