

27th NEDLAC Annual National Summit, 09 September 2022

Remarks by ILO Assistant Director-General and Regional Director for Africa,

Ms. Cynthia Samuel-Olonjuwon

Deputy President of the Republic of South Africa, Honourable David Mabuza;

Minister of Employment and Labour, Honourable Thulas Nxesi;

Honourable Ministers present;

Leadership of Organised Business, Community and Labour Constituencies;

Executive Director of NEDLAC, Ms. Lisa Seftel;

Distinguished Ladies and Gentlemen.

Programme Director,

I warmly congratulate the NEDLAC Constituencies for organising this 27th Annual National Summit, and for inviting me to share ILO's reflections on how the COVID 19 pandemic has changed the world of work in Africa and how this is likely to shape workplaces in the future.

In Africa, the pandemic struck when most countries were recovering from the economic crisis, arising from the fall in commodity prices that took place around 2014. According to the ILO World Employment and Social Outlook, 2021, beside the loss of 4 million net jobs and an additional 13 million forgone jobs, the socio-economic shock of the pandemic has further worsened decent work deficits and increased the vulnerability of those in the informal economy. This has exacerbated the exclusion of the youth, migrants and people with disabilities from labour market opportunities. The inadequate social protection systems were further stressed in the continent whose coverage is currently estimated at 17.4 % as compared to the global average of 46.9 %. Furthermore, long standing gender segregation and stereotypes became even more glaring.

The pandemic had a dramatic effect on enterprises, with many struggling to remain afloat due to higher costs, government restrictions, and changing consumer behaviour. Many African enterprises faced new costs, often associated with health and safety measures to ensure customers and workers were not exposed to COVID-19. The immediate effects of the pandemic were lockdowns that forced enterprises to close. An Africa-wide business survey in 2020, led by the UN Economic Commission for Africa, found that the pandemic significantly affected employment, with 18 per cent of staff laid off. Micro and small enterprises were hit particularly hard with findings that at one point in the pandemic, small enterprises were only operating at 30-40 per cent capacity. A significantly lower level than larger enterprises. Business revenues went down. The 8th Edition of the ILO Monitor noted that even in the third quarter of 2021, working hours were still 5.6 per cent lower than their pre-pandemic levels.

Despite these challenging circumstances, many enterprises and their workers across the continent have taken a wide range of steps to adapt. They have changed the characteristics of their working space to their human resource strategies and labour relations, and throughout, all have demonstrated

great resilience and adaptability. In essence, the pandemic has fundamentally changed where and how people work, which will certainly shape workplaces in the future.

To better understand these dynamics, the Bureau for Employers Activities of the International Labour Organization (ILO) and the ILO Regional Office for Africa partnered with Employer and Business Membership Organizations (EBMOs) from across Africa to study these changes, enterprises' views about them, and steps enterprises are taking in response. To try to capture key trends that are most relevant for enterprises, the study focused on four closely related areas: (1) the working space; (2) workplace relations and labour law; (3) skills development, knowledge sharing and productivity; and (4) human resources management. The research covered fifteen countries in Africa, and took a mixed methods approach. One component was a survey conducted covering 1,017 formal sector enterprises, most of whom are members of EBMOs, which collectively employed some 750,000 workers. This was complemented by a broad-based literature review and 126 key informant interviews, mostly with top management and human resources professionals from the private sector.

The following are the major findings:

1. Remote work has grown dramatically during the pandemic

No single trend has defined the pandemic era more than the shift from physical to remote work. Of the people and enterprises surveyed, nearly 36 per cent worked remotely during the pandemic. A survey in South Africa found that 79 per cent of formal workers reported working remotely during the pandemic. About 50% of Kenyan employers reported they were somewhat or very likely to increase the number of staff that worked remotely at least one day per week on a permanent basis.

Remote work was more common amongst certain groups of workers, suggesting that a person's job type and the sector of the economy in which they work, also determines how they work. Higher paying service sector enterprises, with high skilled workers had the greatest share of remote workers. While on the other end, lower-wage sectors such as hotels and restaurants, retail and wholesale trade, and manufacturing reported less remote work. However, remote work in Africa's very large informal economy remained limited, with only 7 to 14 per cent in Africa having the potential to work from home.

Factors associated with remote work included workers' ability to execute relatively independent tasks, health risks for an individual worker, the need for physical presence at the workplace as well as the business model of the enterprise.

2. Most future workplaces in Africa will be in-person or hybrid and not fully remote

Although remote work has been a defining characteristic of the pandemic, most enterprises still have an in-person component of their operations and plan for their post-COVID workplaces to be in-person or hybrid.

Again, the sector of the enterprise is most likely to shape this decision. Hybrid work is likely to dominate in higher-skilled services sectors, from professional services, financial and insurance activities to administrative and support services. It will be far less common in other sectors, for example hotels and restaurants, transportation, manufacturing, and construction.

Furthermore, the location of work will be shaped by the value that enterprises see in the in-person workplace. Physical communication and collaboration, as well as spontaneous interactions, have value that many enterprises feel cannot be replicated virtually. Research in South Africa found that physical

presence at the workplace was particularly important “when tasks are interdependent or reliant on collaborative processes.”

3. Remote work is changing how some enterprises hire

The pandemic has caused significant changes in the way that enterprises think about their future workforce, giving them the flexibility to find workers who best fit their business. Some enterprises have already changed their hiring criteria to include new groups of workers they had not previously considered, including fully remote workers living outside their workplaces. This allows these employers to expand their worker search from local to national, and in some cases even global. This trend was strong in administrative and support services as well as information and communication technology.

However, the eroding connection between location and work presents both opportunities and challenges. One of the biggest opportunities is that it allows employers to access a deeper and more diverse pool of skills. This is especially important for African enterprises that often encounter shortages of certain skills in the local labour market. On the other side, they will have to compete with enterprises from around the world for workers with key skills, which may present the threat of a “digital brain drain” from Africa. This could drive up wages - a challenge particularly for SMEs - and exacerbate existing skills shortages. It could even create disincentives for enterprises to invest in worker skills, if they see that these investments increase the risk of workers being “poached.”

For workers, the change presents opportunities, including access to remote job opportunities domestically or even abroad without migrating, thus reducing rural to urban migration and risks associated with irregular international migration. However, these labour market changes may also present challenges for some workers if these global labour markets are more competitive and reduce the ability of workers to negotiate for better terms and conditions. This trend will also affect trade unions who will face a new challenge when trying to organize and engage with a geographically disparate workforce.

4. Health and safety measures were widely adopted and beneficial for workplaces

Changes at physical workplaces were widespread during the pandemic to improve health and safety of workers or customers, as well as ensuring business continuity. These were most common in the human health and social work sector, though enterprises with a significant in-person presence, such as manufacturing also made changes. It was less for micro & small enterprises.

Many enterprises reported that these workplace changes had positive effects on production efficiency, customer experience, and worker morale. Many of these changes look set to become a permanent feature of the workplace, and one interviewee in Uganda noted that “as we now live and work in globally interdependent communities, infectious disease threats such as COVID-19 need to be recognized as part of the workspace.” Many of the changes enterprises are making now, will most likely remain.

5. Flexibility and adaptability have helped enterprises navigate the pandemic

Flexibility has been essential for business continuity planning and dealing with the many unexpected changes the pandemic has brought. Many enterprises see flexibility, innovation, adaptability, adaptation, agility and resilience as crucial for business sustainability.

Due to the pressures of work and other factors, **issues of mental health for workers have become much more prominent.** Going forward, it will be important to identify and harness the diverse resources required for effective support to address this.

6. Digital, communication, innovation and teamwork skills are now top priorities for enterprises

The changing nature of work has underscored dynamic trends in the skills needs of enterprises. Survey respondents highlighted four different types of skills as being vital to their future success, namely, digital skills, communications skills, creativity and innovation-related skills, and teamwork and collaborative skills. More than 40 per cent of enterprises cited each of these 'skills types' as the top-three that will be needed in the future. Other skills which have been identified as being increasingly important include cognitive, social, emotional and adaptability skills. This is in addition to resilience skill sets such as problem solving and networking skills.

Enterprises face ongoing challenges with the cost of reskilling and upskilling staff. **It is crucial for the stakeholders to agree on how these costs will be covered through effective social dialogue.**

7. Productivity has improved or remained constant at most enterprises

46 per cent of formal enterprises surveyed experienced an increase in productivity gains, and this were especially common amongst service enterprises. Productivity gains have been driven in part by the push to find digital processes to replace analogue ones. It is noteworthy that increased worker dedication and effort were also cited by enterprises as a key factor driving productivity growth.

The gains in productivity are being accompanied by significant changes in the ways enterprises think about and measure productivity. Measuring hours at the workplace is no longer feasible when workers do not come to the workplace, and enterprises "will increasingly focus on work done – outputs - instead of hours worked." This therefore calls **for new tools to manage the performance of remote workers even more.**

Though the vast majority of enterprises have 'rethought' productivity and performance during the pandemic, the growth of performance-based pay—which links some or all of an employee's compensation to their performance against stated criteria—has been modest. This will need to be further explored going forward.

8. The pandemic has deepened gender inequality at work

Gender inequality at the workplace, and economic opportunity for women more broadly, have worsened both globally and in Africa due to the COVID-19 pandemic. One of the most important drivers has been the uneven burden of unpaid care work borne by women, which was exacerbated by school closures and a disproportionate amount of care for sick family members. In addition, women

have a higher likelihood of holding more vulnerable temporary and part-time positions, which are often the first to be laid off in a downturn. Women are also more likely to work in hard-hit sectors such as leisure, hospitality, and retail.

Changes in the workplace and labour market driven by the pandemic may have important implications for inclusion and diversity, and it is essential for enterprises to make special efforts in this regard. When assessing working performance for those working from home, it would be important to consider each worker's unique circumstances.

9. Social dialogue has been reinvigorated during the Pandemic

Workplace dialogue on occupational safety and health and remote work was intensified. In addition, national and sectoral dialogue has also been common, with trade unions and EBMOs taking on important roles of representing their members and contributing to numerous bipartite and tripartite agreements.

While the overall trend in labour relations was positive, some sectors fared better than others. Enterprises with a significant in-person component to their work, such as manufacturers or hotels and restaurants, were among the most likely to say that labour relations had worsened. While human health and social work saw the highest share of enterprises report that labour relations improved.

In addition, the high-profile roles played by EBMOs and trade unions has resulted in the notable improvement in the credibility of these organizations, thus enhancing their standing in society and the workplace in the future.

10. Labour laws have struggled to keep pace with rapid workplace changes

The COVID-19 pandemic has changed many aspects of work, driving new trends and hastening ones that were already underway. **However, the legal and regulatory frameworks in many countries have neither kept up with the changing ways people work, nor reflect the fundamental changes to work that have come about during the pandemic.** Some of the numerous issues that enterprises believe need to be addressed include **workplace health and safety for remote work, questions around the employer's duty of care for remote workers, monitoring of remote work, and the worker's right to disconnect.**

The experiences throughout the pandemic have shown that change is possible. Indeed, rapid and fundamental change is very possible. This calls for urgent and appropriate policy responses to these changes. However, it is important to ensure that policy continues to be evidence based and anchored on social dialogue.

As we move towards recovery from COVID and the building the new normal workplaces, please recall the *Global call to action for a human centred recovery from the COVID-19 crisis that is inclusive, sustainable and resilient*. The 2021 Global Call, which is anchored in the 2019 ILO Centenary Declaration, has under-scored the importance of a human – centred recovery from the crisis, based on solidarity. It has emphasized that the recovery process should be carried out through social dialogue and respect fundamental principles and rights at work. It has also enjoined the ILO to collaborate with relevant regional and international organizations and bodies, in the provision of technical support and coordination of recovery efforts by ILO member States.

We look forward to working with you to advance the cause of social justice and decent work in Africa as espoused in the Abidjan Declaration that was adopted by the 14th Africa Regional Meeting in December 2019. This is even more pertinent within the context I am very expectant that the NEDLAC experience in effectively harnessing these opportunities and responding to the challenges, will provide a good opportunity to deepen south-south cooperation within Africa and beyond.

I thank you.