Waging war

*It's a constant struggle that we see played out every year come wage-negotiation season: workers demanding, employers offering. And somewhere in-between lies the delicate balance between profits, sustainability and a living wage, writes **Katherine Graham**.*

I'LL BE HONEST – I have some sympathy with Boland religious leader Marthinus Gouws, who said at a recent public hearing to discuss minimum wages for farm workers: 'R150 a day is total peanut-butter-and-jelly money.' Who can honestly survive on so little money a day, even living in a shack? I'm sure most of us pay our domestic workers more than that. And R150 is what farm workers are *hoping* to earn. Their current minimum wage is even more pitiful – R69 a day (probably what you paid for breakfast in the airport this morning).

But let's avoid the temptation of getting sucked into the complexities of the farm-workers' strike and whether or not farmers are paying them (or can afford to pay them) enough for their labours. What I'd like to unpack here is the whole issue of state-regulated minimum wages. Should we have them at all? What purpose do they serve? Whose best interests do they serve?

Like a true economist, I shall start with: 'On the one hand...' The first argument is, of course, that if we didn't have minimum wages, workers would be paid peanuts. As Kay Vittee, CEO of Quest Staffing Solutions, puts it: 'The concept of a minimum wage enjoys widespread support, particularly among low-income earners, as it goes a long way in preventing the exploitation of unskilled workers.'

But, on the proverbial other hand, there are unintended consequences to having minimum wages, including redistribution of wealth, higher levels of unemployment and inflation. And some, like Adcorp Analytics labour economist Loane Sharp, believe that we should do away with them altogether.

Speaking like a true free marketeer, he argues that wages are determined by the supply of and demand for skills, not the 'false idea' that they should be connected to some minimum floor in terms of the cost of living. Where unskilled labour abounds, it is cheap, he says. Where skilled labour is scarce, it is expensive. The bottom line is that having more skills means you stand to earn more money.

You also can't help but feel that workers are being cheeky to expect a wage increase higher than the inflation rate when their productivity hasn't increased at all (Sharp actually says current productivity has slumped to a 46-year low).

And then there's the prickly issue of engagement (and its ugly twin sister, disengagement). Do your workers enjoy coming to work each day? Bearing in mind that it's usually the lowest-paid workers who interact the most with your clients, shouldn't you be ensuring that they are happy and fulfilled?

'Research indicates that companies with engaged employees can be as much as 43% more productive,' asserts Vittee. This can take the form of incentives (the carrot-in-front-of-the-nose approach), but often it's the human touch of a caring supervisor that makes the real difference. 'Employees need fuel to go on when they no longer feel like working (encouragement), a reason to do it well (motivation), and a feeling of achievement (reward) and self-worth (recognition),' she explains.

My sincere wish for the future of labour relations in South Africa is that it ceases to become a warzone whenever the topic of wage increases is brought up. I'm not the only one. Msizi Cele, of Magaye Consulting, sums it up brilliantly when he says: 'People who have a reasonable relationship with their employees through trust and open communication will not have such violent strikes. Violence is reserved for enemies. If we work on the animosity that is rooted in historical unrestituted situations, we have hope that such animosity can die out.'