

Economic Meltdown and Job Losses: A Challenge for Corporations

By: Bishop Jo Seoka

Chairperson of the Bench Marks Foundation

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"Companies forecast almost 70,000 job cuts in a single day as the rampant crisis born in the banking sector struck workers in factories and offices across the world, and brought down a government yesterday." (Business Times, Tuesday January 27 2009, p14).

The economic crisis we are faced with today is a threat to humanity that must not be ignored. It has cost many people their livelihood as they lose jobs - both professionals and the general work force. The citation above is a wakeup call for many of our citizens who depend on employment for their livelihood. The economic crisis, as it is right now, has affected family life as reflected in recent divorce cases, homicides and suicides.

The Bench Marks Foundation is very concerned about the developments resulting from the global economic meltdown, which are forcing corporations to let go of their employees. Two weeks ago BHP Billiton announced that it was retrenching 7,000 people. And more recently other companies have been talking about scaling down their labour force and restructuring their operations because of a weaker demand and lower prices.

Political parties and organisations, such as the Congress of the People (COPE), are launching their 2009 election Manifesto and are responding to the economic crises and job losses by proposing the establishment of "a national Fund to save jobs by helping struggling companies to survive the economic crisis" (Sunday Times, January 25 2009).

The proposed "stabilization fund" is based on the Obama stimulus package that is meant to rescue the economy by creating a favourable climate in which workers can prosper, business can thrive and the economy grow" (Obama, January 2009). Since then, we have had on the one hand companies such as those in the motor industry and banking institutions, to mention just two, retrenching staff to save themselves from bankruptcy and on the other hand, we learn of people whose lives have been devastated by losing their employment.

The primary purpose of this article therefore is first to highlight the plight of the people which results from the credit crunch and secondly to challenge the captains of industry to be innovative in their cost cutting restructuring and put people first - before they retrench they must look at alternatives that will serve the people.

The Bench Marks Foundation believes that corporations should allow all employees participation in decision making at all levels particularly in those that affect their lives. In some developed countries, as early as 1970, companies working with labour introduced the philosophy of codetermination that resulted in employees saving companies from bankruptcy. This approach proved to be a solution for all parties who were affected by economic difficulties. The same can be tried here in South Africa working with both professionals and labour.

Of another concern to us are the salaries of the CEOs that are inflated beyond the corporate income. Sometimes even when the corporation is experiencing some difficulties the CEOs still get their bonuses and that to an ordinary person does not make sense. This is not at all necessary as banks such as Citi Group never paid its CEO more than a \$1million per year but still had a committed captain who made enough profit for the company.

In conclusion, we are asking that restraint be placed on executive salaries, that workers are protected, because as we know, one worker in South Africa supports up to 5 or 7 dependents. Any bail out of struggling corporations should focus on subsidising wages and not company profits. Shareholders have gotten rich over the past few years, often at the expense of long-term sustainability. Now is the time to consider the bigger picture and not short-term profit maximisation at the expense of workers' lives and livelihoods.

The Rt. Rev Dr. Jo Seoka
Chairman Bench Marks Foundation