



Navigating the complexity of retrenchments and layoffs in the mining industry: In search of a collective ubuntu-based approach



The mining industry is an integral part of the South African economy. According to the Minerals Council of South Africa, the mining industry contributed around 425 billion rands (or 6.2%) to the country's GDP in 2023. In the same period, the mining industry also employed over 470,000 people, thereby contributing significantly to the socioeconomic wellbeing of mining and nearby communities. More details on the most recent statistics are available here: <https://www.mineralscouncil.org.za/reports/2023/>. As has been in the past, the mining industry remains a cornerstone and plays an inseparable role in the economy through multiplier contributions, such as investing in social projects and infrastructure, training and skills development, health and education.

The cyclical nature of mining sector profitability presents unprecedented challenges to the long term stability of the industry. Despite the net-positive impact of the clean energy transition on some commodities, domestic and global headwinds such as capital scarcity, declining commodity prices, disruptive technologies, rising operating costs, and harsh domestic economic conditions, among others, continue to present long-term viability challenges to most mining operations in the mining sector. These industry headwinds naturally affect the mining sector differently, with some operations being affected more adversely than others. The platinum group metal (PGM) industry, for example, was severely impacted by the long-term decline in commodity basket prices for PGMs in the global markets, mostly driven by the growing concerns about the demand disruption from electrical vehicles.

In order to survive these headwinds, the mining industry finds itself with the need to cut costs and implement drastic restructuring strategies. The recent cost cutting and restructuring measures implemented by some companies in the South African mining industry naturally resulted in the significant reduction in the workforce through retrenchments and layoffs. Within the last two years, notable retrenchments and layoffs were observed across the various commodities in the sector, with the PGM sector being the most affected. Being one of the largest employers within the South African mining industry, employing over 38% of the total mining workforce in 2023, any impact on the PGM industry will have an oversized weighted impact on the overall employment statistics and perception of the mining sector. Regrettably, retrenchments and layoffs are not common to the mining sector alone, but are also being experienced across the other core segments of the economy. Recent public reports attest to this painful reality in the manufacturing sector as well.

Retrenchments and layoffs can be viewed as an inevitable consequence of every bad business cycle. While retrenchments and layoffs might seem inhumane, they can sometimes be necessary, albeit drastic, measures to ensure the survival of the company during economic downturns. This means that implementing cost reduction and restructuring decisions can sometimes be a matter of survival and a necessary step to ensure long-term business continuity. However, if managed properly and conducted in good faith, retrenchments and layoffs can result in improved efficiency and profitability growth in the long term, leading to future protection of jobs and improvement in employee welfare.

Retrenchments and layoffs represent some of the most challenging and delicate decisions any organisation can make. Nonetheless, retrenchments and layoffs should be used as a last resort and should not be used as a tool to solve challenges emanating from temporary economic shifts, Trump-like

President's Corner *(continued)*

geo-economic disruptions, and poor strategic decisions by management. Due to the irreversible damage to organisational brand and the emotional and socioeconomic wellbeing of employees and affected communities, there is a strategic need to balance humanity over short-term profits. Although easier said than done, a more feasible approach would be to focus on cutting costs through improving operational efficiency and business model innovation, rather than arbitrarily reducing the employee headcount. In the worst case scenario, it is also important to explore alternative and more humane strategies to reducing headcount, such as natural attrition, voluntary separation, and early retirement, among others. Open communication and taking collective responsibility beyond what are mandated by national labour laws and company policies are crucial requirements to navigating the complexity and impact associated with a retrenchment process.

Job loss is always an emotive process. In addition to the usual feelings of anger, resentment, and sense of inadequacy, the feelings associated with a lack of job security often leads to the poor physical and mental health of affected individuals and their families. Since the impact of retrenchments and layoffs extend beyond the affected employees to their families and communities, there is a need for a collective approach to explore viable 'beyond the fence' support to assist affected individuals and communities to cope with the changes and losses. For example, collaborative efforts involving the state institutions, mining companies and their suppliers, industry bodies, organised labour, communities and local municipalities, among others, can have significant impact in assisting the affected individuals through community based social and enterprise development projects. It is also important to retain an active register of affected employees and giving them first preference in case of a successful turnaround.

A people oriented strategy is also required to support those affected by restructuring processes leading to a reduction in the workforce. For example, a longer term view on career transition support, through reskilling and multi-skilling the individuals who are at risk to acquire artisanry, technical and enterprise skills, can help to mitigate the socioeconomic impact of retrenchments and layoffs. Reskilling the workforce through artisanal, professional, and postgraduate training also increases employability of affected individuals in transversal industries. These approaches can only be successful if implemented early in one's career so as to increase the chances of internalisation of the knowledge and skills, which in themselves are core determinants to building individual self-efficacy and the likelihood of entrepreneurial success. As SAIMM, we offer a wide variety of self-mastery and industry relevant CPD-accredited training courses, conferences, and webinars that can assist individuals to navigate the complex self-learning space. Self-learning through the various open access online platforms can also increase one's ability to acquire new skills and adapt to shifting employment trends.

In conclusion, retrenchments and layoffs are very emotive issues. Thus, the purpose of my article is neither to take a moral position against retrenchments and layoffs, nor is it an attempt to glorify workforce reduction as a viable and moral corporate cost-cutting measure. Rather, the sole purpose of this article is to stimulate a healthy and constructive debate on how we can collectively navigate the complex needs for business continuity while mitigating the emotional and socio-economic impact on affected colleagues and communities.

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