

# LSOs

## *a bleak future?*

In the aftermath of the historic 1973 Durban strikes, a group of Durban-based academics, unionists and students founded the Institute for Industrial Education (IIE)

The IIE's aim was to educate workers on trade unionism and worker rights. The *Labour Bulletin* was born out of this initiative.

The IIE was the first of many labour service organisations (LSOs) to take up the challenge of servicing the growing needs of trade unions and their members. The organisational demands of the unions in the 1970s resulted in the neglect of broader research and worker education. The LSOs took on these tasks. This situation continued into the 1980s and still persists, to a certain degree, today.

### Funding

The LSOs have always relied heavily on external, mainly foreign, funding to finance their activities. During the apartheid era, overseas governments, unions and NGOs saw assistance to LSOs as part of their contribution to the South African struggle.

Most LSOs received core funding - the exact use of which was not specified, so LSOs could fund both projects and overheads.

Chris Bonner, Ditsela director, says that this type of funding had a number of advantages. The LSOs were able to meet their basic costs, such as rent and salaries

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*Labour service organisations (LSOs) have played an invaluable role in the growth of trade unions. They are currently experiencing severe financial problems. Etienne Vlok argues that to survive, the LSOs must re-examine their ways of operating and their relationship with the unions.*

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and thus secure their position. This gave them the freedom to respond in a flexible way to unions' needs.

### Problems

The majority of LSOs are now experiencing financial problems. The first reason for this is that less funding is available. Bethuel Maserumule, a trade union consultant at the Friedrich Ebert Stiftung (FES), a German funding organisation, attributes this to

- ❑ social problems experienced by funding countries themselves;
- ❑ the view that funding creates dependency and not self-reliance;
- ❑ the establishment of popular democracy in South Africa.

Funds which are available are now being directed to government itself, which donors see as the most important agent of change. Donors perceive LSOs to have more limited scope for intervention

Maserumule adds that foreign donors are also insisting that funding be project-based. Bonner identifies the problems this creates for LSOs:

- the flexibility LSOs previously enjoyed is in danger of being lost,
- short-term, demand-driven work becomes less possible;
- the LSOs are finding it difficult to meet core expenses such as salaries and rent which funders are reluctant to fund, resulting in staff insecurity,
- they are forced to devote more resources to financial management than previously, thus increasing costs;
- they are increasingly being driven by donor priorities, rather than union priorities

The obvious solution for the LSOs is to look to their clients – the unions – for payment for services. Jud Cornell, director of the Industrial Health Research Group (IHRG), which, like other LSOs, is experiencing financial difficulties, points out, however, that donor funding to trade unions has also decreased. Thus, unions cannot always pay for services and LSOs have to find other solutions.

She adds that project funding requires that LSOs submit proposals well in advance. This is not always possible; time frames set by donors do not always accommodate the needs identified by the unions. As a result, LSOs are forced to turn down urgent requests for assistance.

A number of LSOs, such as the Trade Union Research Project (TURP), the IHRG and the Sociology of Work Unit (SWOP), are university based. Some have received direct funding from their host university, whilst others have been indirectly funded

through not having to pay rent and receiving certain administrative services free of charge. With the cutting of government subsidies to the universities, this form of assistance is also likely to dry up

## Solutions

LSOs could take on non-union clients, including government, business and other NGOs, to subsidise their work for the unions. Bonner expresses the fear that this could lead to union work being neglected.

Eddie Webster, the director of SWOP, which is based at Wits University, says that although the university is still their main donor, they also receive funds from the government and the private sector. He feels that, as long as there are no strings attached, LSOs can take money from any source that is willing to fund labour-friendly research. Cornell says that, while employers have paid for some of the work undertaken by the IHRG, such projects are always union-initiated.

Ravi Naidoo, the director of Naledi, warns that funding by business could lead to a conflict of interest, especially concerning policy. Unions could question the reliability of such an LSO. Tanya Rosenthal, the industrial restructuring co-ordinator at the CWIU, agrees. She suggests that, if management is going to pay for research, the union should negotiate the terms of the arrangement.

## Markets

Both Webster and Roger Ronnie, SAMWU general secretary, suggest that LSOs find a niche market. They need to offer a service that unions cannot provide themselves.

LSOs should employ professionals who could assist the unions in confronting the complex questions on bargaining agendas today. Devan Pillay of the NUM says, for example, that his union needs the services

of engineers to help it understand the restructuring taking place in the mining industry

This may not be as easy as it sounds. Cornell points out that the IHRG cannot even compete with the salaries doctors are earning in the public sector.

### Charging

SWOP charges all the unions that they work with. Webster emphasises that there is no profit involved; the amounts charged barely cover costs.

There is general consensus amongst the LSOs that, if unions paid for the work LSOs do for them, they would value this work more. A culture has developed where the unions expect the LSOs to provide their services free of charge. Those unions which are prepared to pay take a long time to do so. Cornell points out that the unions pay commercial rates to lawyers and other consultants, but balk at paying LSOs. The unions do not seem to appreciate the costs involved in running an LSO.

Rosenthal does not have a problem with unions having to pay. She suggests, however, that the LSOs negotiate a lower rate for poorer unions. She adds that university-based LSOs should charge only a minimum rate, as taxpayers subsidise them.

### Consultancies?

If LSOs charge unions, what is the difference between them and consultants? Bonner describes an LSO as mission-driven, while consultancies are driven by the profit motive. Many LSOs find themselves between these two poles. They are not trying to make a profit, but they are attempting to be cost-efficient.

If the current trend continues, and LSOs find themselves with less and less funding,



*Chris Bonner.*

they will have to charge more. This prospect does not sit well with either those who staff the organisations, or with the unions.

### Co-operation

Another option is for LSOs and unions to jointly solicit funding. Government could be approached in the same way. Some LSOs, like the IHRG, are now doing work for government.

### Union views

If LSOs had to close down, would this have a devastating effect on the unions? There are different views on this issue.

Rosenthal and Pillay say that LSOs that they use are quite secure. Both their unions would cope without such services. Pillay suggests, however, that the labour movement as a whole would definitely suffer from the withdrawal of LSO services.

How do the unions feel about always

## Ditsela

Ditsela was set up by three trade union federations, COSATU, FEDUSA and NACTU. NACTU has since pulled out. Its aim is to contribute to the strengthening of the labour movement by providing education and support to union staff and leadership. It depends on core funding to be able to develop and sustain a trade union education system and infrastructure a long-term and

ongoing objective

Ditsela receives funding from the Department of Labour's Strengthening Civil Society Fund and from various overseas donors. Initially, it did not charge the unions for its services. This year, however, there is a small charge. It is trying to encourage unions to budget for its services. However, if a union genuinely cannot pay, it can be exempted.

paying for services? Rosenthal says that if they have to pay to get the best, they will, but they will not pay consultancy rates. Pillay adds that if LSOs charge unions, then unions take the service more seriously.

Alfred Tshabalala, PPWAWU media officer, says that LSOs should charge, and his union is happy to pay. He says, however, that if the organisations are merely presenting their own research, and not work that was directly commissioned, they should not charge. Otherwise, they will be charging for the same work over and over again.

SAMWU budgets for work it commissions from the LSOs and pays whenever it uses them. Ronnie suggests that they develop minimum and maximum rates for different services. He says that even the smaller unions could pay if they prioritise their funds. However, the LSOs must take into account the unevenness between unions. Unions should decide whether to use LSOs or to set up their own internal service departments

Ronnie says LSOs can get funding directly from the International Trade Secretariats (ITSs). They can also access this funding through the unions. He adds that some international unions have 'South African Solidarity' funds that LSOs could secure.

## Donors' views

The FES has moved away from institutional

support and now provides financial assistance for work that contributes to policy formulation. Maserumule says that, while the foundation does not prescribe to funding recipients, LSOs which design joint projects with unions stand a better chance of being in line for FES funding. He feels that LSOs should specialise and not continue being 'general dealers'. They must assess their strengths and weaknesses and identify niche markets in order to eliminate duplication.

The Department of Labour sees LSOs as playing an important role in building capacity, and will support them through the Civil Society Fund. However, it suggests that LSOs need to develop a culture of self-sufficiency. The Fund only covers project costs, not running costs

## SALDT

The South African Labour Development Trust (SALDT), which was established by COSATU, FEDUSA and NACTU last year, might offer LSOs some kind of solution. The Trust was set up with a R22,6-million grant from the EU. It will distribute this money over a period of three years.

Thereafter, the interest generated from the investment of this capital will be used. The SALDT board has also started a fundraising campaign to supplement the Trust. The board consists of members from the union federations and observers from the Department of Labour and the ILO

Michael Madumo, acting director of the SALDT, says that to qualify for funding, an LSO must receive an endorsement from a union federation. LSOs cannot apply for funds directly to the SALDT.

The Trust has four key objectives:

- leadership training,
- specialised skills,
- training of general membership,
- affirmative action.

Each objective contains different facets within it. The Trust will provide money for salaries and other fees.

## Relationship

Rosenthal points out that, while many LSOs are doing interesting work, it is not always in line with union priorities. The documents that they produce are often not accessible to workers. At a recent workshop held with the NUM and CWIU, LSOs raised the frustrations they experience.

Ronnie says that SAMWU's relationship with LSOs has been beneficial to both parties. The union has, however, had to turn to consultancies for certain services (such as job evaluation and grading), because LSOs do not have the necessary expertise.

Tshabalala says that, while PPWAWU is generally happy with the service they receive, he is not sure that the training LSOs offer always has the expected outcome. He urges the LSOs to find out from unions exactly what their expectations are before commencing training. The problem is that the LSOs often adopt a homogeneous approach. Each union has different needs.

If they are to survive their uncertain future, LSOs need to:

- co-ordinate their activities and rates;
- make sure that unions and donors know who they are and what they do,



*Bethuel Maserumule.*

- employ professionals to enhance the value of the services they offer;
- work with the unions to raise funding;
- find niche markets, such as the public sector, which is currently under-serviced.

A final consideration: if unions are marginalised in the future, the same will happen to LSOs. Whether or not this happens depends partly on their relationship. If LSOs are successful, unions will become stronger and increase their capacity to take on the complex issues of the day. Stronger unions will be able to pay LSOs for their services and thus ensure their survival. However, even if unions do pay, it might still not be enough to cover the core costs of LSOs. ★

## References

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*Thanks to all those interviewed*