

Productivity: “participating to achieve control”



Interview with Marcel Golding

The National Union of Mineworkers has just signed a path-breaking agreement on performance bonuses with the Chamber of Mines. It covers 17 gold mines. KARL VON HOLDT interviews NUM acting general secretary MARCEL GOLDING.

Von Holdt: *What is the significance of the new agreement?*

Golding: There were four aspects to our wage negotiations on the gold mines this year. We negotiated a wage increase of around 6%. We supplemented it with the gold price bonus. The third aspect is the agreement which we've just negotiated for a performance bonus scheme. The fourth aspect of the negotiations is the social and trade union rights which we have won on the mines.

The performance bonus scheme is essentially something to augment workers' wages. It is important to have central negotiations and negotiate parameters which will set the basis for negotiations over performance and productivity at mine level.

The purpose from the union's point of view is to improve efficiency by means of the performance bonus, and by means of improved training for workers. The successful implementation of this agreement will contribute to the future viability of mines, enhance conditions of work, and improve safety.

Von Holdt: *You say the performance bonus is not part of the wage. But it is financial and you did get low wages this year. Doesn't this mean that in effect the performance bonus is part of your wage? Wage rates will remain low, and*



Crisis-hit industry: performance bonus to increase efficiency on the gold mines

Photo: Morice/Labour Bulletin

workers will only get a decent increase if they meet performance criteria?

Golding: It will augment existing wage increases, that is true. But the low level of wage increases were because of severe problems in the gold mining industry. The choice we had to make was whether to drive a higher increase with less employment in the industry as a real prospect - or whether we try to achieve maximum employment, and at the same time augment wages and win social rights.

Von Holdt: *Although you have an agreement to protect members against retrenchment where there are productivity gains, there may be a gradual decline as management stops replacing workers who leave or retire.*

Golding: You must realise our wage agreement and performance agreement form part of an overall strategic perspective which the union has on the mining industry, which we put in the mining summit. The problems facing the industry have to be managed and more

efficiently planned, and for that reason we've called for a permanent mining commission that will try to co-ordinate the downscaling of the industry. Resource-based industries do decline.

Von Holdt: *You see productivity and efficiency increases as being one part of managing the crisis?*

Golding: Any industry has to undergo transformation and change. That's the only constant factor you have in society - change, innovation, development. There are two ways we can respond. We can either stand by while the process takes place, or we can become centrally involved in the management of the transition. Our union wants to be a central player and will fight to be a central player in the management of transition, so that we can improve the conditions of employment, extend the life of the mines, and improve social conditions generally.

In our industry, firstly you are dealing with natural resources, secondly you are dealing with the backbone of the economy, and

thirdly it has immense social impact if it is decimated in a piecemeal way. The employers want to leave it entirely to the market to determine, and we want to put in place instruments and processes which could combat the effect of the market. We believe the market has to be managed in a way which is beneficial to the working people. It's not beneficial left to its own devices.

The decisions of how to manage the enterprise and to achieve enterprise objectives - we're not going to leave those decisions to management to decide on their own. Because when they decide on their own they have one motive only, and that is profit. We are saying there are other stakeholders, including workers and their families, and communities which live nearby.

The nature of competing enterprises is that they have to contain costs and wastage. In the mining industry it's not necessarily workers who've been wasting - it's employers who have been wasting through mismanagement, excessive abuses, and their lifestyles. When they need to cut costs they say the first thing to go is labour. We say no, the first to go are some of your excesses. To us it's not a problem to have efficient enterprises. It's important, but not at our cost.

Von Holdt: *How are you going to be able to use the agreement to contest the broader issues of productivity?*

Golding: I think there is scope. The agreement states that criteria for measuring performance must be "fully discussed". Immediately we begin to engage management, the perspectives of our union are put on the agenda. Secondly, the agreement states that training is critical. It is not only workers who require training, but management themselves, because a new culture needs to permeate the mines.

We're going to be challenging prerogatives, challenging abuses. If they raise the issue of containing costs, we'll say yes, but why are you replacing Mercedes Benzes



every two years? Why is the health and safety record going down? Why is management being negligent there? Why do workers still live in hostels? Because people can only be productive if they're educated and trained and

developed, if the conditions under which they live are acceptable, if their work environment is acceptable. That will be a constant struggle.

The agreement opens up retrenchment for contestation. If there is a collapse of the gold price we can understand retrenchments may be necessary. But even then, there should be exhaustive negotiations to seek alternatives. But when they reorganise the production process and say they need to retrench five workers, we say hold on. Production levels have gone up, targets have gone up - these workers must be trained for other jobs.

For us the struggle for greater control over the production process is starting with participation. It is the first stage. To achieve greater control requires training, skills, development. It requires that you understand the technology, management, markets, geology and the requirements of the industry.

Von Holdt: *What criteria will the union put forward for measuring collective performance?*

Golding: It's a very new area for us, whereas management has been doing it all the time. We're going to have to start working out how to influence targets. But at the same time you've got to consider other issues like health and safety. Look, it's uncharted territory for us.

Von Holdt: *Will this agreement change the relation between management and labour?*

Golding: It gives us the scope to argue that the behaviour of a local manager is absolutely unacceptable - he's racist, abuses workers, shouts at them. Collective performance will be brought down if the attitudes of some managements remain the same. So you've got to start changing their attitudes. The same could be said of workers. Management can

complain that our workers are always loafing, and argue that if we're going to achieve certain things we need to work together.

This doesn't mean that the interests of management and labour have suddenly converged - they do have separate interests. Or that supervisors and workers have the same interests - they do have separate interests.

But there are common interests. You have a common interest in the life of the mine. I suppose you have a common objective in achieving a greater surplus, and struggles that will involve conflicts over how best to achieve it, whether safety is catered for, or whether there's no training, or whatever. Once you achieve that surplus there's a struggle over how it gets divided. That's critical.

We obviously remain committed to our perspective - which is control of the economic system and social arrangements. We will continue to fight for radical transformation.

Von Holdt: *While broad principles and rules of the agreement have been established in centralised negotiations, it depends on the ability of your workers and organisers to bargain over issues like performance and productivity at each mine. Do they have the capacity and skill? If they don't, you will lose any initiative you have gained.*

Golding: Absolutely. We do believe we have the capacity. NUM head office will provide a lot of back-up. For example, where management makes proposals they will be forwarded to head office and analysed here.

We plan meetings in the regions to discuss the agreement with our leadership. There will also be training programmes for our shopstewards, and we hope to get time off for this.

Von Holdt: *Does the agreement apply to all mines belonging to the mining houses which are party to it? In other words, a mine cannot decide not to participate - the agreement forces all mines to begin discussing performance with the union?*



Golding: Right, it applies to those mines where NUM has recognition, except Harmony Gold Mine, where we negotiated a profit-sharing scheme..

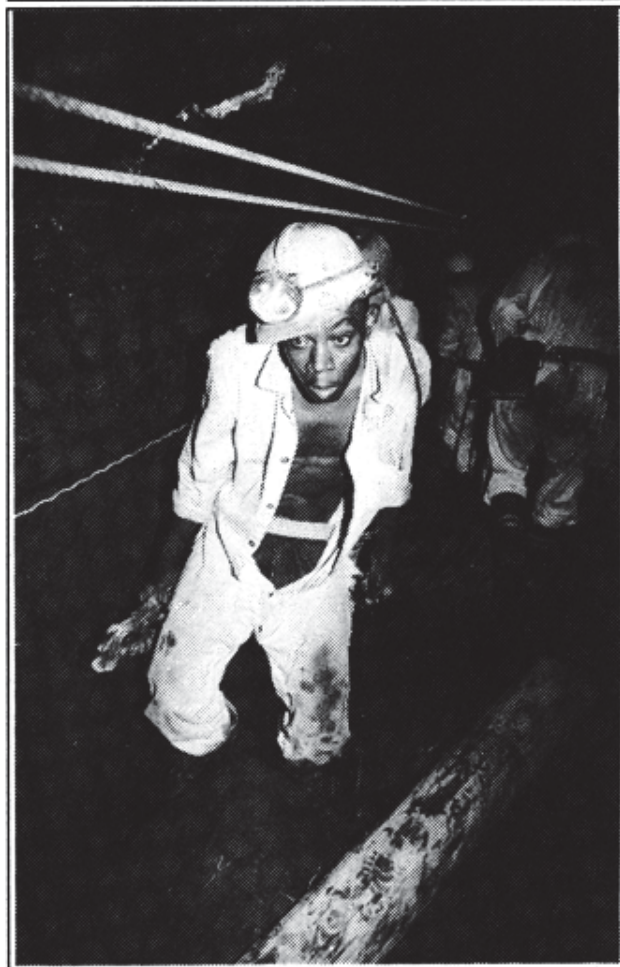
Von Holdt: *One of the principles enshrined in the agreement is worker and union participation. What does this mean?*

Golding: We are now talking about one of the most critical areas itself, the workplace, and participation in decisions made at the workplace. We are firing the first shots in beginning to challenge managerial prerogative in the production process. We've already challenged managerial prerogative on dismissals and other abuses. But I think through this we are beginning to challenge management's prerogative in decision-making over what they believed was their exclusive right - setting targets, setting the production plan.

I wouldn't say we've achieved that, because to do so you need great insight into the management of resources, you need the technical expertise. But, as we develop the capacity of workers, I believe we could reach that stage. The agreement arms workers with an instrument to say you must talk to us. By engaging with employers you begin to understand their psychology and perspective, to test your own views against the realities which they put on the table. Not everything an employer says is necessarily wrong. You've got to assess it. So you participate in order to achieve control. It's a process.

Von Holdt: *From what you say, you don't believe you have been forced by an unfavourable situation in the industry into accepting participation. You are using the crisis - which faces management too - to force them to open new space for you.*

Golding: To be quite frank, most of the principles in the agreement are our principles: employment guarantees, health and safety,



"A tool for workers to contest control": will it work?

Photo: Paul Weinberg/Southlight

disclosure of information, worker participation, training, equitable sharing of bonuses. Never before have the employers agreed to these things. Never! I don't think this is on their terms. We've turned the concept around, so that it is something that makes sense for us to battle on, rather than to ignore. It's the first shot - we'll revisit it later when our capacity improves.

Whether we like it or not they're going to change the production process. They're going to do that. They've done it. What we're saying is we're not going to be a whining chorus and moan on the side. We're going to say, hold on - these are our interests, our concerns, our rights. We see these principles in the agreement as our *rights* in the production process.

Von Holdt: *Currently employers are arguing that unions will have to agree to wage restraint and productivity increases to get the economy going. Management is*

hailing the Ergo agreement, the auto sector settlement and the NUM-Chamber agreement as breakthroughs, that at last unions are abandoning confrontation and accepting co-operation. Are they right?

Golding: I think its a false dichotomy to suggest that when we reach agreements we are pliable, and when we don't we are being confrontationist. Our settlement this year was a recognition of the constraints in the mining industry. But the other aspects which we won - the social rights - were a major advance which in my opinion places our organisation in a better position to defend the rights of workers in the long term.

For us it was not a case of being persuaded to accept productivity - we've actually gone on the offensive and changed the perspective on productivity by having these principles accepted - principles which I don't think are part of the employers' vocabulary when it comes to production.

They have always operated on the basis of authoritarian management, with the assumption that it is their unilateral right to determine targets and not to disclose information. They have been forced, through the struggle of workers, to deal with us properly and coherently. Changes have not taken place because of employer benevolence. Bitter struggles have been fought to reach this stage, and the casualty list of victims and worker matyrs is high.

On the coal mines we reached a wage agreement which was 17%-12% - that wasn't wage restraint. There we're not involved in a productivity drive with management. Our position is based on realism, on the circumstances which face the organisation and the defence of workers' rights and the organisation itself.

Von Holdt: *But if it's so good why don't you take it onto the coal mines?*

Golding: We will have to consider this. But we would only do it in the context of an acceptable national wage level - which would have to be substantially higher than at present.

The coal industry can afford this.

Von Holdt: *How do you see the significance of this kind of agreement more broadly?*



Golding: We've got them to accept that productivity cannot be undertaken without a rigorous perspective of managing transition.

It's not a question of unions all of a sudden being realistic. One must understand that unions have gone through different phases of organisational development. The first phase was to build unions' strength and capacity, and they had different priorities and different concerns. It's not a case of employers always having been realistic. In fact, employers have lagged behind in creative industrial relations perspectives and solutions for many years. It's been the unions on the offensive changing that. To say the unions have suddenly become concerned about production is rubbish.

Von Holdt: *What will the effect of the performance bonus be on NUM's wage policy and on centralised bargaining?*

Golding: It doesn't affect that in any way. Firstly, the Chamber is still committed to discussing wage policy with us. We're going to try to work out a long term vision of where we're going with wage policy. Secondly, it doesn't affect centralised bargaining in any way. This year was an attempt at a creative solution to the problems we find in the gold-mining industry. It may be that the gold price bonus was not the right direction to go, and that we'll assess next year.

Von Holdt: *It does, however, open the possibility for some workers to get decent wages, and others - whether on poor mines or poorly managed mines - will not be able to get decent wages because they cannot get the performance bonus.*

Golding: That relates to our broader perspective - our campaign for a permanent mining commission is aimed at bringing some

of the irrationality in the mining industry under control. We are arguing that there has got to be more efficient management of South Africa's mining resources, and the only way that can be done is through better

co-ordination and planning.

We can either go the German route, where down-scaling seems to be managed efficiently, or we can go the British route where there's direct confrontation - where the union five years ago was 180 000-strong, and is now 50 000 and is likely to be 11 000 in three years time. There the mines were nationalised and yet they were decimated.

We're saying nationalisation itself is not the solution. The solution is the capacity of workers' organisations to manage the necessary transition, and not to try to ignore the realities. And one critical factor is that we need a sympathetic and democratic government. That is important. We need a political regime and a political policy that is sensitive to our needs. ☆



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Marcel Golding describes the gold performance bonus agreement

The performance bonus covers 17 gold mines at Anglo American, Genmin, Rand Mines and JCI. Anglo Vaal and Goldfields are not party to the performance bonus or the gold price bonus agreements – they gave a higher basic wage rate instead.

There are a number of principles which we've identified.

- 1. There ought to be a fair wage structure - that is critical.** The performance bonus scheme is not a productivity-linked wage scheme. Wages are independent of productivity. But gains in efficiency will come to workers as a bonus. This agreement explicitly recognises the right of workers to negotiate fair basic wages at industry level.
- 2. Employment guarantee: no employee will be retrenched or down graded as a direct result of improved productivity.** We do however realise that industry is in a process of downscaling - that is being negotiated separately from the wage agreement.
- 3. Health and safety: increased production efficiency should not be attained at the expense of accident, injury or fatality rates.** Injuries are to be monitored at mine level, with full disclosure of information to our local committees. Health and safety should show improvement under the scheme. Under no circumstances will we accept a deterioration. If that does happen we terminate the agreement.
- 4. Information and monitoring: all information relevant to the scheme will be discussed and disclosed.** After eight sessions we got management to agree to disclose information regarded as sensitive at mine level on request.
- 5. Worker participation: in our view worker and union participation is critical for the improvement of workplace efficiencies and the successful operation of the scheme.** The Chamber has recognised the integral role of the union in the mining industry and restructuring.
- 6. There must be no discrimination in the performance bonus scheme in terms of race or gender.**
- 7. Training commitment - both parties recognise it is only through thorough and**

broadly based training that sustained improvements can be achieved in production and efficiency. All participating mines will specifically address the ways training can be acquired to improve efficiency.

- 8. Equitable sharing of the gains: we agreed on two tiers for sharing the bonus.** The first 25% of the bonus will be split equally between all employees. The other 75% will be divided according to wage grade, so the higher your wage the bigger your bonus.

We also agreed on several rules governing the performance bonus scheme. Two of the most important are:

- **The scheme will be based on collective performance, not individual performance.**
- **Criteria for assessing collective performance will be 'fully discussed' at mine level and should be as simple as possible.** Against these criteria a realistic and achievable target will be fully discussed and recorded. The Chamber rejected our proposals that criteria and targets should be 'negotiated' or 'agreed'. However, 'fully discussed' is sufficient to begin to make inroads into - not control, but greater say - over how targets are set, why they're set, whether they're achievable.

The agreement states that the mine will not pay a bonus, or the whole of a bonus, if this causes the mine to make a loss, unless by agreement at mine level. Our view is that if targets are set and met, the bonus ought to be paid irrespective of profit, but we had to compromise.

Disputes will go to arbitration

These are the principles and rules which will regulate the process of negotiating at mine level. The agreement is a tool workers can begin to use to gain greater control over the labour process and combat alienation. It's a first attempt at an industry-wide framework of productivity, trying to guarantee employment and at the same time improve efficiency. ♦