

Restructuring of work

examining union responses

The challenges facing South African trade unions have changed dramatically over the past decade. An increased emphasis on global competitiveness has transformed workplace relations in ways that raise new questions about how unions can, or should, intervene to advance their members' interests. Above all, the restructuring of work has forced unions to consider how to respond to globalisation.

Responses to globalisation

One can identify two broad responses to globalisation, the 'sceptics' and the 'radicals'. (Webster and Mosoetsa, 2001) The sceptics think nothing much has changed. For many in the developing world, 'globalisation' is a manifestation of imperialism, the subordination of the 'South' within the world capitalist system. The 'radicals' argue that everything has changed. Manuel Castells, for example, sees a new phase of informational capitalism in which labour becomes fragmented and diversified. (Castells, 1996:476)

We are not persuaded by either the sceptical or radical approach. We agree with Burawoy, who argues that what is required is a 'grounded globalisation'. This, he argues, is the antidote to the sceptics who ignore context and radicals who have no sense of history. (Burawoy, 2000: 341-344) By 'grounding' globalisation, we are able to see how old forms of production, what Von

Karl von Holdt and Eddie Webster examine trends in the restructuring of work and how unions have responded to those.

Holdt calls the apartheid workplace regime, exist side by side with the new (Von Holdt, 2000) In South Africa there is continuity with the past, which 'the radicals' ignore, together with elements of the new, which the 'sceptics' deny

This report traces recent trends in the restructuring of work identified by our research. We have divided the report into two parts. In part one we identify trends in restructuring; and in part two we identify union responses to restructuring

Trends in restructuring

We have identified four broad trends, the first of which is limited markets/sectoral decline.

This report was prepared by the Restructuring Cluster Group, the Sociology of Work Unit (SWOP) and the Workplace Research Unit at Naledi. The report arises out of research by SWOP and Naledi over the past 15 months. Naledi undertook a number of pilot projects with unions, while SWOP undertook a series of case studies attempting to develop a deeper understanding of the new economy

In several sectors we found that limited markets and the increasing pressure from imports has led to sectoral decline and significant job losses. The leather sector, for example, has been decimated by cheap imports and an inability to compete internationally. (Mosoetsa, 2000)

Competition from imports in a static market in the leather industry has led to mergers and the closure of factories and companies.

Kelvinator came under threat when Barlows closed the company and imported its products more cheaply. (Barchiesi, 1999) Closure was staved off by a local buyout supported by NUMSA. Output increased, but cash flow problems eventually led to closure. (Bezuidenhout, 2000) Master Fridge based itself in Swaziland to take advantage of cheap labour. It grew rapidly in the local market. However, it was also brought down by financial problems, and is under provisional liquidation.

The second broad trend is growing competitive pressure resulting from the integration of the South African economy into the world economy. PG Bison, for example, negotiated retrenchments in 1994. It failed to find an international partner to give it access to new technology and markets. This led to further restructuring and retrenchments.

At Highveld Steel, management gradually reduced the workforce by means of attrition, increasing the workload through multi-tasking. It also moved to sub-contracting and casualisation, and started experimenting with multi-skilling and teamwork. (Von Holdt, 2000)

The third trend is casualisation, informalisation and sub-contracting. In many sectors, employers have divided the workforce into a core of permanent, skilled and unionised workers, and a periphery of casual, temporary and sub-

contracted workers. In the retail sector, flexibility has been achieved through a large pool of casual workers. (Kenny, 1999) Naledi research indicates increasing use of non-standard contracts in the auto and motor sectors

In mining, the growth of sub-contracting has increased the workload, compromised safety, reduced wages, divided workers and weakened the union. (Kenny and Bezuidenhout, 1999) In the leather industry, a new category of 'bush-workers' has been invented. Instead of working at home, individualised workers contracted to deliver shoes work in the bush outside the factory. (Mosoetsa, 2000)

The fourth trend is the privatisation of parastatals. Telkom and SpoorNet face a move to private ownership and internal restructuring, or turnaround.

Thirty per cent of Telkom was sold to a Malaysian/American consortium, and a further portion is to be sold by means of a stock market listing. This will leave government with a minority stake.

SWOP research indicates what the 'information/service economy' may mean in a developing country like South Africa. (Omar, 2001) To meet their licence requirements and prepare Telkom for competition, the new equity partners introduced a strategy to improve customer service. Dedicated call centres were established to handle sales, new services and faults. New information technology was introduced. This improved customer service by providing each operator with information at the touch of a button, allowing immediate testing of lines and equipment. But it also allowed for intensive control and surveillance of operators' work.

The number and duration of calls can be monitored, while supervisors have access to recordings and can listen to operators. Targets, both in terms of quality

and quantity, are set for workers. The result is heavier workloads and higher levels of stress

Government plans to divide Spoornet into six operations and concession them to private operators. Its goals are to transfer the financing of investment to the private sector and introduce new business-oriented management.

Management has used an international consultant to develop a turnaround strategy. The aim is to improve operational efficiency so that rolling-stock can be reduced, allowing management to cut the number of depots and maintenance. Work organisation is to be transformed with the introduction of new technology, upgrading and multi-skilling. In addition, the plan is to privatise loss-making low-density lines. About

15 000 workers will become redundant.

Change or continuity?

The research suggests a number of trends in the restructuring of work. Some of these may be regarded as attempts to reproduce aspects of the apartheid workplace regime, while others seek to overcome the bottlenecks of the apartheid workplace regime and its racist human resource practices.

One trend is the return of apartheid workplace flexibility. Under apartheid, many black workers, particularly in the public sector, were employed as 'permanent casuals', generally without protection from dismissal. Progressive unions established the right of black workers to job security. The dramatic



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increase in casualisation, informalisation, outsourcing, bush-working and sub-contracting is a way of reintroducing apartheid flexibility.

The closed apartheid economy, with its inefficient production regime, relied on large numbers of unskilled and semi-skilled black workers. The restructuring of the manufacturing sector, which started in the late 1980s and intensified when the economy was opened in the 1990s, has brought massive job losses. Parastatal restructuring has had a similar impact. The current job losses, involving the shedding of the large numbers of unskilled workers, are a new phenomenon.

Intensifying competition in the South African economy has translated into a heavier workload for many workers. At Telkom, this is linked to new information technology. At Highveld Steel, new work organisation and multi-tasking have increased the workload of individual workers.

At the same time, new technology and work organisation often create

opportunities for core workers. Their status as permanent workers with union rights is relatively secure. Multi-skilling, upgrading and better promotion prospects are creating a new experience of work. This is especially true of black workers who have benefited from affirmative action programmes.

Responses to restructuring

Unions have responded to restructuring at workplace, regional, national and global levels. At the national level, labour has engaged at Nedlac in developing a social plan and promoting more 'labour-friendly' legislation. At the global level it engages with international institutions, as well as being part of 'South-South' initiatives such as the Southern Initiative on Globalisation and Trade Union Rights (SIGTUR)

Union investment companies can also be seen as an attempt to respond to restructuring. Union investment companies have tendered as sub-contractors for outsourced services. Arguably the most successful union attempt to create jobs has been the Mineworkers Development Agency (MDA). From the case studies, we have identified six union responses to workplace restructuring.

Compliance

In many cases, unions have complied with restructuring. This is clearest in cases where apartheid-style work flexibility has been reintroduced. In the Pietermaritzburg leather industry NULAW complied with management. Workers felt let down, as the union did not negotiate effectively on their behalf or come up with alternatives.

Unions in the retail, metal and mining sectors, have failed to contest large scale casualisation, outsourcing and sub-contracting in a systematic way, and seem happy to represent core workers. Highveld Steel was an exception.

Telkom shopstewards tried to fight the intensification of work and the introduction of new technology, but with very little support from their union.

Resisting/negotiating the effects

At Telkom, the union has used industrial action, lobbied government and used the National Framework Agreement to prevent retrenchments. At Spoornet, SATAWU has demanded a three-year moratorium on retrenchments during restructuring. At the same time, it has negotiated an innovative social plan in terms of which a development agency is to be established, using a R50-million loan from the company. This will provide the material and training resources to help retrenched workers earn an income.

Contestation

The classic union strategy is to use industrial action, combined with negotiation, to change or reverse management initiatives. In the Telkom call centres, shopstewards organised to resist and renegotiate targets, and to negotiate agreements dealing with stress. These initiatives were weakened by the lack of union support and coordination.

At Highveld Steel, shopstewards and workers contested casualisation and the intensification of work. They were able to negotiate a procedure for converting casual into permanent workers, and were able to insist on protection for sub-contractors' employees. Stewards themselves negotiated with Highveld Steel. Workers resisted the intensification of work through wildcat strikes. This enabled shopstewards to negotiate the employment of new workers, as well as new job descriptions and upgrading.

Concession bargaining

The case of Kelvinator in the white goods

sector can be seen as concession bargaining. NUMSA agreed to the employment of new workers on the minimum wage set by the bargaining council, rather than the wage agreed in the recognition agreement. It also supported increased output. Nevertheless, the company went into liquidation. It could be argued that raising production was the wrong strategy, as it flooded the local market.

Restructuring of state assets

We have identified three different responses to restructuring of state assets.

Telkom unions chose not to resist the initial sale of a 30% equity stake. CWU opposes the planned listing of Telkom, but the union's strategy is unclear.

At Spoornet, SATAWU also opposes the concessioning of profitable operations. By analysing the consultants' proposals and drawing on the experience of the International Transport Workers Federation (ITF), the union and Naledi have developed a critique of privatisation. This appears to have opened the door to serious talks with government over restructuring, through a joint task team.

SAMWU has adopted a third approach to municipal government in Johannesburg. It rejected restructuring outright, and launched a resistance campaign. The campaign seems to have had little impact.

Strategic engagement

The September Commission on the future of unions argued that strategic engagement is 'a strategy for engaging with restructuring on the basis of a union agenda and union independence as a way of transforming and democratising the workplace. The union's aim is to increase workers' control of production, gain access to training and skills, and improve wages and working conditions'.



Restructuring in Telkom means heavier workloads.

(September Commission, 1997:111-112) This requires a union initiative, which is then negotiated with management.

NUMSA pioneered strategic engagement in the early 1990s. It sought to introduce a new system of skills development, grading, training, career-pathing and pay in the metal industry. The strategy had two flaws. Firstly, it involved very technical and complex proposals for grading and training, which disempowered many officials and shopstewards. Secondly, the focus was on sectoral bargaining, with too little attention paid to the enterprise. This often led to deadlocks in the bargaining councils. The strategy has had very little impact on workers' lives. An early example of a union management partnership is the involvement of the Paper, Printing, Wood and Allied Workers Union (PPWAWU) in the restructuring of

PG Bison (Bethlehem et al, 1994). After management hired consultants, the union asked if it could conduct its own study of the plant and present its findings. It approached SWOP and management paid for the research. The research findings confirmed some of management's findings and challenged others. It led to a union-management agreement.

The restructuring at PG Bison was distinctive in three ways. Firstly, both parties had the power and information to influence the process. Secondly, both parties moved away from a confrontational approach. The union accepted the need for some retrenchments if the company was to remain viable, while the company agreed to union participation in areas considered a management prerogative. Thirdly, there was full disclosure of company information. This made it possible to make a qualitative assessment of the firm, rather than simply measuring profitability. (Bethlehem et al, 1994)

At Highveld Steel, shopstewards tried to negotiate the NUMSA programme with managers hostile to its proposals, who went ahead with piecemeal restructuring. Stewards resisted every management initiative to force it to take the union proposals seriously. The strategy failed. A contributing factor was NUMSA's inability to support the stewards

Naledi is working with COSATU affiliates to implement the September Commission's recommendation of pilot projects for workplace change. This idea is to overcome problems with NUMSA's strategy by focusing on the workplace, and coming up with proposals based on workers' own views.

Naledi has also worked with SAIAWU in developing union proposals for Spoornet. The plan is to increase volumes, rather than close unprofitable lines; increase efficiency through investment; improve

the quality of management; implement a progressive human resources management policy; and through workplace projects improve work organisation, skills and supervisory practices. The union has also demanded a three-year retrenchment moratorium. Given management's push for operational efficiencies involving job cuts, the union faces a difficult challenge.

The second project of this kind is at Chris Hani Baragwanath Hospital, where NEHAWU and Naledi have worked with shopstewards on a proposal to restructure the hospital from below. The first challenge will be to get management and the health department to buy into the idea.

The September Commission

In 1997 the September Commission organised a two-day seminar with 30 shopstewards from COSATU's manufacturing and mining affiliates to discuss their experiences with workplace change.

The seminar identified weaknesses in union responses to restructuring. It was found that unions lacked policies, and were reactive. As a result shopstewards developed their own initiatives without union support. Sometimes the union was sidelined as workers responded directly and accepted voluntary retrenchments or promotions. Unions lacked the capacity to engage effectively and support shopstewards. (September Commission, 1997:110-111) The commission identified three union strategies in response to restructuring:

Militant abstentionism

This response is limited to defending workers' interests by fighting retrenchments, sub-contracting and other forms of non-standard employment. The union often ends up defending the way work is currently organised, and opposing

any change. Our research suggests this is the most common response.

Strategic engagement

This response has been identified by our research and a number of new initiatives are emerging.

Institutionalised participation

This strategy takes engagement further by enabling unions to participate in enterprise-level decision-making. Usually called 'co-determination', it exists in many European countries and in a limited way in South Africa through workplace forums

It gives unions the advantage of having access to information at an early stage, and forcing management to cooperate. The danger is that unions are drawn into management structures, losing their independence, and cannot cope with institutionalised participation.

Local unions have not used this option much. In 1999, 56 organisations had applied to the CCMA to establish workplace forums. Research indicated that only six organisations had established a forum. (Psoulis et al, 1999) In 50% of the cases, the unions opposed the establishment of a forum, either withdrawing from the process or in terms of COSATU's policy. (Psoulis et al, 1999)

Conclusion

To respond to restructuring, labour will have to engage with globalisation while building a strong presence at workplace and sectoral levels. It will also need to recruit the new kinds of worker constituency emerging in the labour market and develop new forms of representation for such workers. This is a challenge that requires new ideas and new knowledge. Above all, it requires new forms of organisation and new alliances. ★

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