

The business of truth

Dorbyl, one of South Africa's largest industrial groups in the manufacturing and engineering industries, conducted a Transformation Commission - modelled on the Truth and Reconciliation Commission (TRC) - throughout its companies.

Transforming the machine

Dorbyl's business restructuring has included buying new companies, relocating others and getting rid of unprofitable ones. It decided that it could not restructure without changing the way that it manages people. It decided to do this by working with the two recognised unions, the unaffiliated National Employees Trade Union (NETU) and NUMSA.

Unblocking the past

Dorbyl established a Transformation Commission in 1996 as part of its

Dorbyl

Dorbyl is a holding company, 61,8% owned by Rembrandt. It has divisions in auto components, construction, retail, transport, white goods, iron and steel, and mining. In a *Financial Mail* interview, Dorbyl chief executive Bill Cooper said that Dorbyl plans to do 50% of its business outside the country in the next few years. He believes 'South Africa is dead as a manufacturing base'.

Etienne Vlok investigates Dorbyl's transformation commission and finds that while parties thought the process was successful, implementation of recommendations is more difficult.

transformation process. It wanted 'to ensure that the issues of the past are aired, understood and left behind'. It also wanted to identify immediate blockages to full commitment and productivity.

Dorbyl appointed commissioners chosen by employees. Commissioners included church ministers and retired employees. They conducted internal truth commission style hearings and heard submissions by anyone who wanted to speak about the past.

Each division had one black and one white commissioner. One commissioner had to be totally independent and the other had to have some knowledge of Dorbyl. At each division, the employees were encouraged to talk about anything they wished. Complaints ranged from unfair labour practices and racism to a lack of job descriptions and common courtesy. There were no rules so as not to restrict anyone. 'We needed to discover;

explains Osborne Galeni, NUMSA national organiser for engineering.

Ketan Lakhani, director of the Centre for Managed Change, facilitated the Dorbyl transformation. He argues that the commission was necessary at Dorbyl because 'like all South African companies that have a long history, it was necessary to understand the organisation's past if we were to chart the way forward'.

Galeni, who had previously been a shopsteward at Dorbyl for 13 years, supported the commission: 'The commission came about because Dorbyl was one of the worst companies regarding relationships. It blocked unions in negotiations. There were various disputes at the company, but, according to Galeni, Cooper decided to change it: 'We agreed that we cannot go forward without going back and we therefore initiated the commission.'

The reasons for the commission can also be linked to Dorbyl's desire to compete globally. Gilbert Vusani, the NUMSA shopsteward council secretary, explains: 'The commission was initiated by Dorbyl management to promote good relations for us to compete globally.'

Both NUMSA, which is the majority union

NETU

NETU was founded in 1995 when four unions merged. One of these unions, the Bollermakers' Union, had been organised in Dorbyl. NETU has 46 000 members, of which 30 000 are in the metal industry. According to Willie Coetzee (NETU's metal industry secretary), NETU is a multi-racial union and represents the higher categories of workers, such as tradespeople, specialised operators, and managers. Coetzee says that NETU 'offers members benefits in service delivery, representation, training, death and sickness benefits and legal representation in work-related issues'.

at Dorbyl, and NETU have been happy with the transformation process. They were represented at all the negotiations regarding the process and the commission.

'The unions were enthusiastic but perhaps a little sceptical as to the independence of the commissioners. Senior management was fully supportive. But the middle-managers were very concerned about its possible impact on their prerogative,' adds Lakhani on the different groups' reactions to the commission.

The findings

After the commission, Dorbyl released a report on the commissioners' findings. The report found that racism and mistrust of management still existed. Galeni emphasises that the company was also found to have gone back on certain agreements. In many instances those involved in 'abuses' were mentioned by name. For Vusani, the most important results were those which identified workers' dissatisfaction and suffering.

Dorbyl management claim that they were not surprised by some of the findings. 'If we were surprised it would have meant that we did not go down to all the levels,' argues Absal Ngubeni, the group's transformation co-ordinator. Yet NETU's Coetzee believes 'management was shocked by the findings on how managers ran this place like the previous government'. Lakhani agrees with Coetzee's view that: 'Senior management was never aware of some of the issues.'

Was it a success?

Lakhani regards this as a complex question: 'If the purpose was to identify burning issues, it was hugely successful. It opened communication channels between workers and senior management. It is now less likely that things that happened in the past will be repeated.'



Dorbyl head office in Parktown, Johannesburg.

The feedback that NETU received was that their members experienced the commission positively. NETU members also reported success because the commission treated everybody equally. Issues that had been swept under the carpet, such as separate canteens and toilets, came to light.

Galeni says that initially NUMSA members were afraid of the commission, thinking that managers would discipline them if they came forward. However, NUMSA encouraged the workers to make submissions. Galeni regards the commission as successful, but identifies the implementation of findings as a shortcoming. 'We should have finalised discussions and set up a way forward before the hearings. The company did not think that the report would be so severe and this impeded progress.' However, for Vusani, the commission's non-delivery makes it unsuccessful.

Lakhani attributes the limited implementation to market collapse in sectors Dorbyl operates. This shifted

Dorbyl's attention away from the findings of the commission to survival.

The winds of change

NUMSA believes that the Transformation Commission brought some change. One example of change is the agreement that each region's general managers - not junior managers - meet with the unions to discuss regional problems. Dorbyl will bear the costs.

Ngubeni agrees with NUMSA: 'From the start we did not see it as a once-off thing. Although we have had ups and downs, the process survived due to the commitment of all.' He adds that the number of conflicts has decreased. 'Management is largely changing its style from autocratic to participatory and we have set up structures to deal with issues.'

Managerial prerogative

The commissioners' report could not put forward a proper view on management as few managers made submissions. The managers who did, were mostly black, and

spoke about racism and intolerance of cultural diversity. Galeni explains: 'We did not get management's view. Some managers were scared because they did not know what would happen after the report.' Dorbyl tried to address this by using outside facilitators to put these managers at ease. There were also allegations that some managers discouraged workers, but top management intervened.

Vusani strongly believes that the few management submissions can be explained by managers not supporting the commission. 'They perceived it to be a waste of time and money.' Lakhani draws a comparison to the national TRC: 'The managers (mostly white) did not really make submissions because they thought the commission was for the workers (mostly black).'

Coetzee also highlights another problem: 'One still finds resistance from some line managers who do not want to leave behind the old way of doing things. They believe that their jobs are threatened by workers. They should realise that this is about the company: it must not go overseas. It must stay here and create jobs.'

Ngubeni says that some managers saw the commission as a threat. Workers were given power in the Transformation Council. The line managers saw this as eroding their own power. Lakhani explains: 'Often top management realises the need to transform but fails to convince line management. Yet the line managers are often the ones who must implement the changes. This happened at Dorbyl to a great degree.'

'This situation can be avoided by setting a budget aside to attend to these problems; working transformation issues into the performance agreements of stakeholders; and ensuring that the process is not held to ransom by middle managers,' adds Lakhani.

TRC II?

Asked how he would change the commission if he could do it over again, Lakhani responded that he would 'improve communication, budget in advance for implementation, shorten the length of the commission and ensure that human resource managers do not own the process'. Galeni agrees: 'We would have to look at what to do after the commission and how to deal with the findings.' For Vuyani: 'If we did it over, the commission should be given powers to make recommendations and changes. This will rectify the poor delivery after the commission.'

Ngubeni would like Dorbyl to do a follow-up exercise during which he would change the commissioners around: 'In the second phase we will ensure that all identified issues have been satisfactorily addressed.'

Endorsing the truth

When asked whether he would recommend a similar process to other companies, Lakhani emphatically says: 'I cannot see how a company can move forward without a process to leave the past behind, rather than just avoiding it. It showed how the past weighs heavily on people. I believe that this commission helped Dorbyl through some dramatic changes it undertook in response to different market conditions.' This included a major retrenchment process, including the closure of plants.

Coetzee identifies a problem for other companies who wish to do the same: 'Other businesses might not have the money to do it. The commission cost Dorbyl a lot. It has to be a long-term process. It cannot be done quickly.'

Current relations

Another problem has emerged. Last year NUMSA engaged in a sympathy strike and its members at Dorbyl participated. 'Now,'

says Galeni 'some managers are unhappy that we went out.

They said that we targeted Dorbyl, but it was a national decision. These managers want to derail the process. There is pressure on Cooper who has effected certain changes, speaks to workers and has created openness.'

Broader transformation

As part of its transformation programme each company in the Dorbyl group established a Workplace Transformation Council (WTC) and each region established a Regional Transformation Council (RTC). Representatives are elected to the National Third Millennium Council (NTMC). Shopstewards, workers, managers and salaried staff are represented on these councils. The NTMC debates and develops policy. The RTC co-ordinates and monitors implementation and the WTC implements processes.

Galeni argues that the WTC is different to workplace forums: 'Participants discuss their problems. If the problem is not resolved at company level it goes to the RTC. If it is not resolved at the RTC it then goes to the NTMC. The shopstewards lead the workers. This addresses the workplace forum's shortcomings.'

Vusani does not believe that the company is transforming, especially at the shopfloor level. 'Certain managers are resisting the transformation process and want to derail it. It is difficult to point out these individuals because senior managers do not attend regional meetings. Some shopstewards are not allowed to attend to union business during working hours even if they hold senior positions in the union.'

It is not only the management that is at fault. Vusani believes that the shopstewards are not engaging management effectively on workers' interests. They are using the structures to

complain rather than push for transformation.

The truth of the matter

Dorbyl says that the commission was started to air, understand and leave behind the issues of the past. It is important to ensure that this 'leaving behind of issues' does not mean forgetting the past. Ngubeni explains it well: 'Once we have gone through the process we have not forgotten about the past, but dealt with it. This is a good foundation to build the future on.'

However, in mid-1997, during its Transformation Commission, Dorbyl closed its bus company in Port Elizabeth with the loss of 167 jobs, and according to the *Financial Mail*, intends to re-open in India. According to Cooper, Dorbyl closed the plant because of a drop in demand, increasing labour costs and unfavourable tariffs. He said the lowest wages in South Africa were R1 700 a month, whereas in India the lowest wages were R150 a month. The company had met with the unions, but failed to reach an agreement on cutting labour costs. Interestingly, Cooper does not mention what managers get paid in India compared to South Africa.

Galeni believes that the old way of doing things regarding retrenchments is still prevalent at Dorbyl. It is difficult to have transformation if there are retrenchments taking place: 'Transformation does not equal retrenchments.'

The truth of the matter is twofold: Dorbyl should be commended for conducting this commission; Dorbyl's closure of the bus company and its possible move to India shows that talk is fine, but at the end of the day, it's money that really matters. ★

References

- Mpho Mantjhu, Business Report, 3/6/97.*
Mzwandile Jacks, Business Day, 28/5/98.