

"Our factory has been under worker control since 1987"

says MBSA head

MBSA chairman CHRISTOPH KOPKE and human resources manager IAN RUSSELL speak to Karl von Holdt.

Worker control is not new to us, we have had a factory with worker control since 1987," says company chairman Christoph Kopke. "Supervisors used to clock in and then lock themselves in their offices for the whole day. They didn't dare go out on the assembly lines. This is result of worker control." These are startling admissions from the head of Mercedes. But as he talks it becomes clear that he was appointed at the beginning of 1989 to rescue a company that was "just about dead."

At a recent talk to the Natal Chamber of Industries MBSA human resources manager Ian Russell explained: "The stark reality was that a highly organised and politicised workforce with very skilled union leadership had in many respects taken control and did not accept that the management of the company had a legitimate role to play in determining its affairs." At times some workers even stood at the assembly lines with mock AK47s or bazookas strapped to their backs. This was a "symbol of



KEY PLAYER:
*Christoph Köpke,
appointed to rescue a
'dead' company*

Photo: Moice/Labour Bulletin



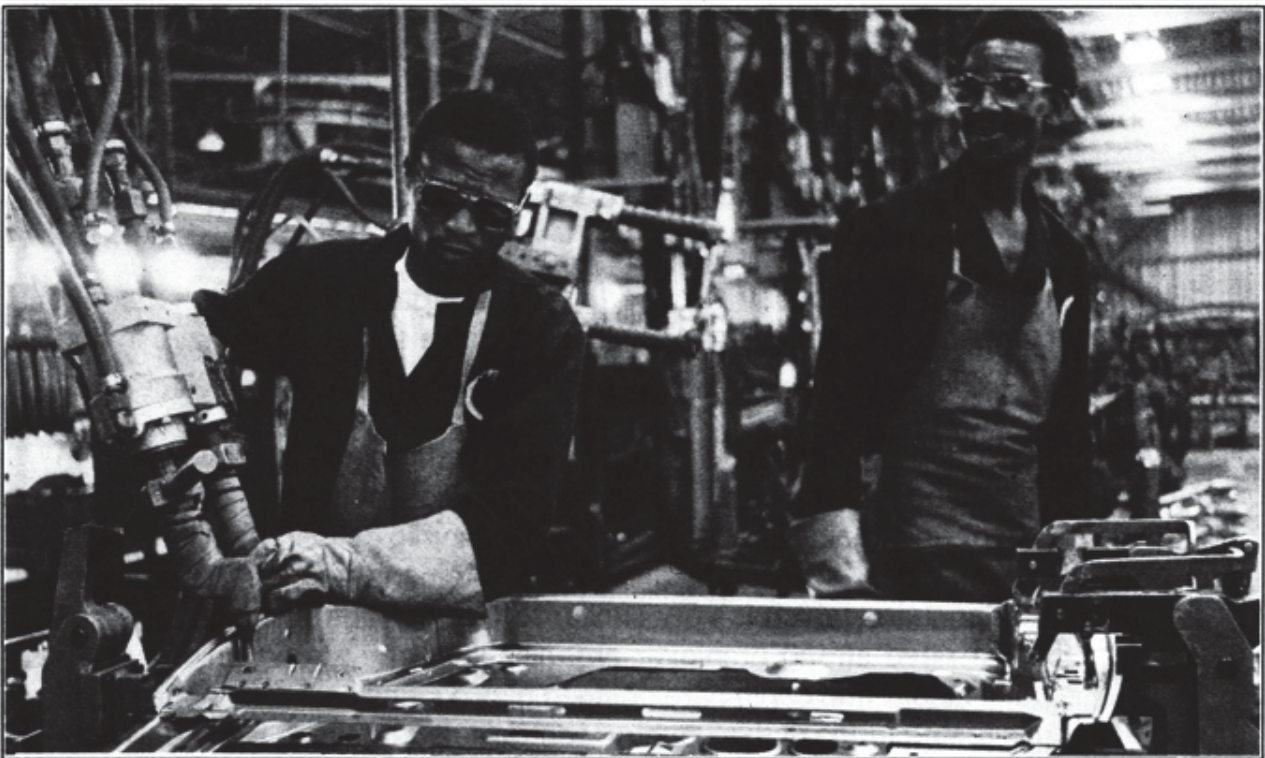
defiance and rejection of the company which many workers believed was merely an extension of the repressive apartheid structures."

It is not surprising that management was desperate. Some of their comments at the end of 1988 were:

- "It is the end, we cannot go on."
- "Management has lost all control of the shopfloor."
- "We should close the plant down for six months."

This led to a process of consultation, evaluation and restructuring. Kopke was appointed, a new industrial relations (IR) manager was employed, and a new IR structure developed. There were a series of relationship-building meetings with the union, NUMSA, and the shopstewards. A pathbreaking 'third-generation' recognition agreement was signed, which significantly extended trade union rights.

The situation has improved, says Kopke, but he sees this as a long term process. "Changing the culture of the company" could take five years. In the meantime,



Autoworkers: who controls the shopfloor?

Photo: Cedric Nunn/Afrapix

worker control is still with him. The sleep-in was “the result of worker control. There have been workers in the factory who have made it unmanageable by design and now things have overtaken them. Basically we’ve got a split in the union. They cannot hold back the momentum, others are seeing the weakness and going for it.”

The lack of management control severely affects production. “Since 1987 we have never achieved our weekly production targets. Five years ago the Honda plant built 70 Hondas a day. In August 1988 workers said they were working too hard, and since then we’ve only built 40 a day.” In April this year there was a dispute over unprocedural action and the factory was closed for 10 days. The company said that

workers would get backpay for that period if they made up lost production: “By 3pm we hit 70 cars a day. The same workers with the same tools did it with ease. That’s what I call worker control. These are the most capable workers in the world. If you can steer that energy in the right direction this would be a land of milk and honey.”

This year workers negotiated to build ANC leader Nelson Mandela a Mercedes, making up the production time by working unpaid overtime. Kopke says he would like to build a Mandela car every day. “If you look at how they built Mandela’s car, that car came off the line with nine faults. In this company cars don’t come off the line with less than 68 faults. In Germany, about 13 faults. Normally it takes 14 days to build that car - Mandela’s

was built in four days! Only nine faults!”

Back to the problem of worker control: “There is nothing more difficult than to answer the question, ‘Why are we only building 40 cars a day?’ To nail a go-slow is very difficult. The guys are working like hell producing 50% of target. You have certain stations in the plant, buffer zones. If the zones are full or empty shows what is or isn’t working. But working at two speeds is difficult to define. This relates to motivation, the culture of the company. The hourly paid have been radicalised to such an extent that they don’t feel part of MBSA. Until we reach a stage where hourly paid workers in this factory and management find common ground we will get nowhere.”

And this is where Kopke

MBSA and the new South Africa

"Business has a price to pay for the legacy of apartheid," says Russell. "That's the only way you are going to establish a viable society. You have to find a solution which secures the position of organised labour, organised capital and the forces of democracy."

MBSA is inspired by the German system of co-determination, developed "in times of great difficulty which called for co-operation between the forces of organised labour and capital in addressing the economic devastation caused by a prolonged war." This is one reason why the company supports centralised bargaining. In language which is very similar to that of trade unionists, Russell argues that "we need strong employer organisations and strong unions at an industry level. If labour and capital are going to play a significant role in the social and economic restructuring of this country, centralised bargaining is the only way to go."

Kopke also echoes a concern of the unions. "There are hundreds of thousands of unemployed in this area. MBSA workers are an elite. If we were really productive we could make a contribution to those who have nothing. Workers who have jobs, and business, have to understand that." MBSA sponsors education programmes. "We should be pouring millions into that, not into disputes."

MBSA also suggests a degree of economic planning: "co-operative advisory boards consisting of employer and union representation at plant and industry level to ensure that future planning is carried out in a spirit of co-operation and consultation for the benefit of all." These could address the shortage of skills, housing, job security, education and social responsibility programmes. But like many schemes of 'participatory management', these planning bodies are "advisory" and there is no suggestion that they can interfere with investment decisions.

Russell believes that "the creation of a non-racial democratic society is not going to remove the political tension from the shopfloor, unless there is a meaningful formula for addressing the basic social needs of the majority of our society in such a way that it is to the mutual advantage of of the working class, business and society.

"We believe that it is possible to develop an effective model in co-operation with the union, which may provide a partial solution to the inequity in the socio-economic distribution of social security and wealth. It is not good enough to cry nationalisation does not work and point to the collapse of Eastern Europe which, for many of our people subjected to the trauma of apartheid rule, may still be seen as a better alternative."

If MBSA can surmount its problems and "become viable, it would have an enormous affect on this area," says Russell. "The potential for MBSA to influence other foreign investors is tremendous. If the symbol of capitalism can survive like this in difficult times, then when things are secure others will take their chance."

References: Russell, I: 'The Mercedes experience - new wave recognition agreement'. Talk given to Natal Chamber of Industries, 5 June 1990.

and Russell's project begins. Russell says: "Before 1989 we had a real war of attrition. The union did not recognise management's right to manage. Management did not recognise that the union had a role to play. We had no structures to institutionalise conflict, no procedures, no recognition agreement."

Restructuring industrial relations

In the course of 1989 management set out to change this situation. It identified the structure of company authority as a crucial problem. Before 1989 the IR department was responsible for all discipline as it was a "specialised function". Line management lost its power to discipline. This meant that line management "lost all authority and respect", while the IR dept was incapable of handling discipline for 3 600 employees. In addition, "lack of adequate procedures" led to "inconsistent and unfair discipline". This according to Russell "led to a complete breakdown in discipline and the relationship between workers and management."

The IR dept was restructured, new personnel were employed, and "line management was made responsible for its own people again."

Kopke talks about another aspect of restructuring. "We used to have nine levels from the chairman down to the cleaner - we have reduced this to six. We still have one supervisor for nine to eleven workers, whereas we want

one per twenty." His aim is to build a "flat" organisational structure, rather than a "steep" one: a flat structure requiring less supervision would show that "people are motivated" and that management is competent.

But the key to overcoming the crisis of the company is building a better relationship with the workers and their union. For the first six months of 1989 the company and union negotiated a recognition agreement based on the 14 point code recommended by IG Metal, the German metal union (see *Labour Bulletin* Vol 14 No 2). In September that year the company initiated a 'relationship by objectives exercise' (RBO) in which shopstewards and management met together with IMMSA mediators.

The aim was "to identify problems in our relationship and set out ways to deal with them". This exercise established some key objectives: mutual commitment to the terms, spirit and procedures of the recognition agreement; management commitment to "upgrade the performance and understanding of supervisors" and "to improve managers understanding of language and culture"; that the parties should "jointly identify criteria and processes for advancement of employees", and develop training programmes; and that they would share responsibility for social responsibility programmes. Joint RBO committees were

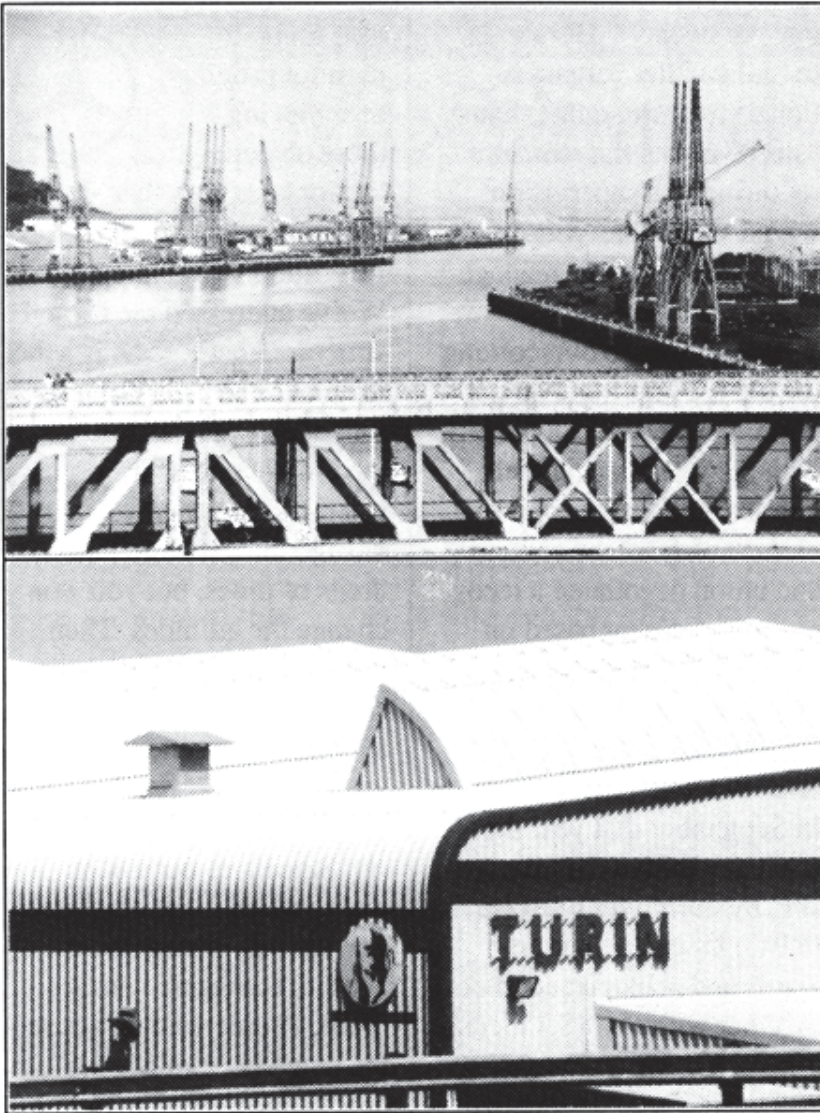
also set up to monitor progress in achieving these objectives.



Kopke argues that there are "formal and informal organisational structures. We've addressed the formal structure, that's easy. It's the informal structure, the culture of an organisation, that's the critical one. If the culture is a racist one then you can change the structure hundreds of times, but you won't change the attitudes. Then there's the culture on the shopfloor, which is that management is the enemy. We have to change that culture, not just sign agreements."

"Since I've been here we've taken some drastic action against management. We fire managers who are racist. People who do not see the new vision of MBSA don't have a place in our organisation." Referring to the sleep-in in his factory Kopke argues that the union has to adopt a similar attitude: "The union has to come to the point of saying, 'I can't identify with that group of people and they can't be my members.'"

Since worker control is the source of so many of his problems, is he trying to re-establish management control? "Yes. The right to manage has been accepted by NUMSA in the recognition agreement. People must start work on time, absenteeism must be reasonable., That's discipline. But the most important thing is that discipline must be fair. It's



Above: the empty docks of economically-depressed East London. Below: a supplier of components to MBSA which had to retrench workers during the dispute

Photos: Morice/Labour Bulletin

the relationship between supervisor and worker that we have to change. Worker control is not only the fault of workers, it's sloppy management." While the plant was shut down during the current dispute, management spent five weeks on supervisor training: "this time has been used very productively from a supervision point of view".

Shared vision

But if the company seeks to impose discipline, won't it

run into resistance and trigger off the old cycle again? "The most important element is the shared vision, there can be no discipline without it. It is important to set joint objectives."

Does MBSA use just-in-time or quality circles? "You can't work with JIT in a country with a labour situation like here," says Kopke. "You can't do it when you're reaching 50% of your targets, suppliers can't operate on that basis. That's my monthly debate with the

union - tell me what we're going to produce in February, then I can get my inventories right. We have a supplier who supplies a Daimler Benz subsidiary with exhausts - it's frightening what stocks he has to keep. We'll never be competitive in the world."

Russell points out that 'participative management' is often seen as a cure-all. "We believe the important thing is the collective bargaining relationship. We are trying to build that, and let it permeate down. QCs and so on can come later."

So how successful has the changed approach from management been? In his talk, given in June this year, Russell said, "From January to November 1989 there was a progressive improvement in the collective relationship and some very positive relationships appeared to develop between members of management and the shopstewards." From November 1989 to April 1990 this relationship continued to develop "but serious problems" of discipline began to develop on the shopfloor.

"What became clear was that whilst the relationship between senior management and the union shopstewards had improved this had not been transmitted through to the shopfloor. The pace of events and in many instances the inability of some employees to identify with and understand the new structures which had been created was to give rise to serious

problems and was to test the leadership of both management and NUMSA to the full."

In April the company suspended production for 10 days in response to "absenteeism" and "unprocedural industrial action". In May Kopke addressed the entire workforce on the objectives and vision of the company, and the shopstewards addressed the entire bargaining unit, ie the hourly paid workers, on the need to honour the recognition agreement. After this Russell was very optimistic about the company achieving its goals.

Then came the August sleep-in, where a significant number of workers flouted all agreements and procedures and "ran amok" in the plant. This was obviously a blow to Kopke's project of establishing the legitimacy of negotiation and the right to manage. Russell says, "No doubt there is an element both within management and the union that doesn't want the structures to work. The people who are occupying the plant are defying every conceivable structure." The company saw this as the key issue in the strike, and demanded that the union and the shopstewards reaffirm the legitimacy of agreed structures and procedures. Those who flouted the procedures were dismissed.

The final agreement explicitly reaffirms all agreements and procedures. The company is clearly pleased that not only the union but also the ANC and the SACP

backed this. It appears as if the company has used the dispute over the sleep-in - where the union was in a weak bargaining position - to try to regain control of the shopfloor.

What chances of success?

Kopke and Russell are outlining a programme to change the "company culture" among both management and workers so that a "common vision" and "common objectives" can be established. Their programme is geared to reduce conflict, achieve motivation and discipline, and drastically increase profitability.

What chances are there of success? Shopsteward Mtuzeli Tom agrees that the relationship has improved. "Management recognises the social and political factors that impact on the shopfloor," he says. But he challenges Russell's analysis: "Workers on the shopfloor are just as clear as the shopstewards. But when management sees no strikes, they say the relationship is improving. When they see strikes, they say it is getting worse. That is how management views things.

"The problem is top management's - they see the sufferings of the workers, but they don't pass the message to their subordinates. Lower management still sees workers just as tools without human dignity. When we see injustice we have to take action to root it out. That is what happened in April."

Tom believes manage-

ment adopted a "harsh position" in negotiating the agreement to restart production after this year's sleep-in. "The situation can change in one of two ways," he says. "Either workers start asserting their position again, or they remain demoralised and management can impose its oppressive rule."



Tom says management cannot use its 'right to manage' in order to unilaterally make decisions that affect workers. Workers do not, however, have problems with management's right to manage more broadly - that is, make marketing and investment decisions. But he points out that the 'right to manage' is a way of entrenching capitalism, and says that may be challenged after apartheid. In fact, he sees the entire approach of liberal industrial relations as "dangerous - it is designed to make capitalism respected."

Despite Tom's reservations, if the company continues in the direction described by Kopke and Russell, it will probably be able to improve industrial relations at MBSA. Indeed, they could hardly get worse.

But Tom's comments focus attention on the fact that MBSA management has more radical goals than 'sound industrial relations': their aim is to achieve a partnership of capital and labour - both in the workplace and in society more broadly - which will build a prosper-



ous non-racial democratic SA (see box on p 40). Society

built on this partnership could "address the basic social needs of the majority of our society to the mutual advantage of the working class, business and society."

Social democracy

In other words, Kopke and Russell are talking about a social democracy in which the basic principles of capitalism are preserved - private ownership, the right to profit, the right of the owner to manage and to control investment. But the dynamics of capitalist exploitation and accumulation would be curbed by labour's bargaining strength, and its right to influence social and development goals and social responsibility programmes.

Many of MBSA's shop-floor problems can be traced back to apartheid. With apartheid gone the social democratic project may well be possible. This vision is not only held by MBSA management - it is shared by many of the more advanced thinkers in business. But is it possible for capitalism - even social democratic capitalism - to meet the "basic social needs of the majority" of South Africans? The danger is that it would incorporate and meet the needs of a new elite and a privileged labour aristocracy, and leave the great majority to a life of poverty on the margins of society (see for example Alec

Erwin's argument in *Labour Bulletin* Vol 14 No 1)

The question for the working class movement is how to engage and challenge the social democratic project and push it further towards socialism - to give the broad working class real power over decisions about production, investment and economic development. This will mean continuing to challenge the right of capitalists to

own, control and manage. To do this will require penetrating analysis and well-organised struggles - in Tom's words, "It will depend on the strength of workers generally, and on the programme of the working class." But it may be the only way to establish a society in which the needs of *all* are taken into account, and the needs of the *majority* are paramount. ☆

No worker control at MBSA

says shopsteward Mtutuzeli Tom

Management's understanding of worker control is different from our own understanding. Anyway, this is not surprising to us since we belong to two different and contending classes with different political agendas.

Whenever workers challenge unilateral, stupid and deliberate decisions made by management, that is 'worker control' to their thinking. To management it is alright when workers are "*Ja baas, enkosi mlungu wami.*" [Yes baas, thank you, my boss/white man]. This is an old and outdated approach in industrial relations.

It is not true that worker control was in existence in the plant since 1987. During that era, MBSA management was ill-treating our members. In fact, the workforce was subjected to severe punishment. To prove that fact, the number of dismissals and also of strike actions during that period is very high, as compared to 1989-1990. If that had been a period of worker control, we would have reduced unemployment in the area, improved housing and education, been part of deciding about profits or losses the company has made or suffered etc. All in all, no worker control was exercised here. There has only been the struggle to defend our interests against theirs. ❖