

# **NEDLAC'S WORKPLACE CHALLENGE PROJECT IN THE SOUTH AFRICAN PLASTICS INDUSTRY: NEO-UNITARISM OR NATION-BUILDING?**

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## **INTRODUCTION**

This paper looks at co-operative workplace change in the new South Africa. It draws on research conducted in a number of plastic extrusion factories that participated in Nedlac's Workplace Challenge project between 1997 and 1999 (1). The post-1994 South African environment, including a legacy of poor industrial relations, is described, as is the Workplace Challenge project that aimed to transform workplace practices and to help industry face the challenge of South Africa's re-entry into the global market.

The Workplace Challenge in the plastics industry was organised by a tripartite working group. The objectives of stakeholders in the working group are described and placed in the context of the wider environment. The paper addresses the reasons why these often-political objectives – rather than the supposedly non-ideological framework of 'mutual gains' – were instrumental in establishing guidelines for workplace change in the plastics project. The influence of national and sector-level concerns on processes within participating companies is discussed, as are the micro-level politics that were observed during the project's implementation. Factory-level objectives – which did not always coincide with those of higher level representation – and the construction of alliances between management and workers, as well as within management and the workforce, are drawn out as critical factors in transforming the South African workplace.

The role that 'neo-unitarist', pluralist and 'patriotic-unionist' approaches played are discussed in the context of alliance building. The paper concludes that rather than viewing worker leaders as opponents to be defeated or co-opted, management needs to view them as allies that must to be supported in their relationship to rank-and-file workers. It is only by doing this that a durable alliance between management and the workforce as a whole – the basis for continuous improvement of productivity - can be maintained.

## **ECONOMIC REFORM AND ECONOMIC CHALLENGES IN THE NEW SOUTH AFRICA**

Since the 1994 elections and the coming to power of a representative government in South Africa, a major programme of social democratisation has been initiated. Its objectives are to address inequality, joblessness, poverty, and a host of other social ills inherited from the country's colonial and apartheid legacies. An important, if not central, aspect of this transformation is economic development, since without this little else can follow. Given the private ownership of most productive industries in South Africa economic development is dependent not only on government policy but also the actions of the private sector. In addition to contributing to (and negotiating through) this programme, privately-owned economic institutions are constrained by the need to operate with

parameters of maintaining or increasing profit levels. This discipline has been accelerated as the previously-protected apartheid economy has been exposed to global competition with South Africa rapidly bringing its tariff regime into line with World Trade Organisation levels. Thus, the country faces what Webster and Adler (2) have termed the 'double transition' of democratisation and economic restructuring.

An important institution balancing the need for democratic transformation while maintaining economic competitiveness is the National Economic, Development, and Labour Council (Nedlac). This peak-level tripartite body<sup>1</sup> played a central role in the development of a new labour dispensation that the government hoped would provide 'regulated flexibility' (3). The objective of regulated flexibility – to which the new Labour Relations Act of 1995 was central – was to permit adjustment in the labour market without the discriminatory exploitation that characterised the apartheid economy. Further labour legislation aims to de-segment, develop, and lubricate the labour market as a competitive aspect of the economy. The Employment Equity Act (1998) aims to remove segmentation and discrimination based on race and gender by creating a workforce representative of the population by requiring companies with over 50 employees to draw up and implement affirmative action programmes. The Skills Development Act (1998) is intended to increase workplace skills through a payroll levy that can be reclaimed if training, approved by bipartite Sector Education and Training Authorities, is undertaken.

The success in establishing a new national labour market framework was not repeated with macroeconomic policy. The participatory economic policy of the 1994 Reconstruction and Development Programme (RDP) drawn up by the African National Congress (ANC) and the Congress of South African Trade Unions (Cosatu), among others, aimed at economic growth through the expansion and development of South Africa's human capital and physical infrastructure. This was unilaterally replaced in 1996, following a currency crisis, by the government's Growth, Employment, and Redistribution (Gear) policy that focused on fiscal discipline. Seen as overly pro-business by Cosatu, Gear became the focus for popular criticism of economic policy, while government and business grimly stood by it as necessary economic medicine for the country. The resulting deadlock has prevented the forging of an economic development strategy with support from the 'social partners' – business, labour, and government – but it has not removed the imperative of responding to increased competition.

The reduction of tariffs and subsequent exposure to increased international competition has forced companies to address their levels of productivity. Productivity is generally identified as a problem for management. However, in the context of a transfer of power, low productivity in South Africa became a problem not only for business, but also for the new government and the wider liberation movement including the black trade unions. An example of this shift in concern over low productivity was the Industrial Strategy Project (ISP). This was a review of economic policy commissioned, though never adopted, by Cosatu in the early 1990s and represents the realisation that it would have to share responsibility for the post-apartheid economy. A theme running through these reports was the effects of poor industrial relations on productivity. Lael Bethlehem's ISP report on the pulp and paper sector found that

Most plants run according to long hierarchies, strict job demarcations and rigid lines of authority. Although these are formally based on skill, they coincide with racial divisions. These rigidities seriously impede communication, and make problem solving and flexibility difficult. Workers' tacit skills are not recognised or tapped, and many workers are locked into menial task-oriented jobs, rather than responsible jobs which encourage conceptual work (4).

Chapter Five of the new Labour Relations Act (1995) attempted to harness the potential for collective action between management and workers through the provision of a statutory framework in the form of Workplace Forums. These forums were intended to supplement collective bargaining by promoting worker participation in problem solving. To date, however, few Workplace Forums have been established. The onus for this lies with organised labour, given its prerogative in triggering such forums. However, fearing that such forums challenge their own operational prerogative, managers are often clearly happy to shield their own misgivings behind those of labour (5). Labour's concern with Workplace Forums is based, first, on the 'productivity dilemma' faced by labour. This dilemma consists of a two-pronged possibility that they face retrenchment: should they not contribute to increased productivity their company may not be able to compete; yet should they contribute to increased productivity in static market conditions fewer workers may be required. The second concern of labour is that of 'union substitution,' in which successful Workplace Forums could become an alternative to the union.

## **THE WORKPLACE CHALLENGE PROJECT IN THE PLASTICS CONVERSION INDUSTRY**

Despite the failure of Workplace Forums to provide widespread workplace change, reform that taps the resources of workers remains a priority if South Africa is to face the challenges of entering the global economy. One initiative that has sought to improve industrial relations and contribute to South Africa's productivity is Nedlac's Workplace Challenge project. The Workplace Challenge project provides an example of workplace change with a number of special features – notably, backing from national institutions. Despite the limited direct reach of the Workplace Challenge project,<sup>2</sup> it represents a high-profile attempt to address the legacies of apartheid within the industrial relations environment.<sup>3</sup>

The Workplace Challenge's pilot programme was carried out in the plastics extrusion industry between October 1997 and December 1999. It emerged from two processes: first, the Department of Trade and Industry's (DTI) attempts to develop supply-side measures that would enhance South Africa's ability to compete as tariff protection was lowered; and second, Nedlac's attempts to explore new co-operative ways of working within the South African economy. These processes came together in the form of DTI funding for Nedlac's national Workplace Challenge project, the purpose of which was to:

Help industry face the challenge of South Africa's re-entry into the global market and to become more competitive in this environment. It is aimed at transforming workplace practises and work organisation as a means to improving equity, efficiency and productivity (6).

The Workplace Challenge in the plastics sector was run by a tripartite, sector-level working group that evolved out of the DTI's supply-side Cluster Initiative programme in the petrochemical, plastics and synfibres industry (PPSCI) that was set up in early 1996. This

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<sup>1</sup> Quadripartite in some processes with the inclusion of community representation.

<sup>2</sup> An estimated 72 companies have now carried out Workplace Challenge projects across a number of industrial sectors. For more details see the website of the National Productivity Institute, that now runs the Workplace Challenge ([www.npi.co.za](http://www.npi.co.za)).

<sup>3</sup> Other initiatives also aimed at improving poor industrial relations exist – some predating the Workplace Forum legislation. Prominent examples of early co-operative workplace change by large companies include Cashbuild and Volkswagen South Africa (see Maller (13)). A number of Bargaining Councils, such as those in the engineering, motor, and mining sectors, have also negotiated productivity agreements that member companies can utilise.

working group, through a long process of discussion and negotiation, drew up a programme for companies that aimed:

- To improve the economic, social and competitive performance of the company as a producer and employer, in terms of world class standards;
- To facilitate constructive dialogue between management and labour;
- To enhance the capacity of labour and management to discuss workplace change issues (7).

The project's progress was measured by a series of Milestone Workshops to which bipartite delegations from participating companies reported developments and received capacity-building inputs. Less-tangibly, these workshops also reinforced to delegates that the processes carried out within their individual factories were part of a wider, national project. This understanding of the project as a 'country-wide concern' was only possible because of backing by unions and government. Such backing was not straight forward; the most important union in the project – the Cosatu affiliated Chemical Workers Industrial Union (CWIU)<sup>4</sup> – had a national policy opposed to workplace co-operation on the grounds that it was another way for management to exploit workers. CWIU officials supporting the Workplace Challenge had to be careful that they did not overtly contravene this policy in allowing the project to proceed in the pilot plants. Business's limited ability to deliver national backing to the project was a reflection of its wider disorganisation. However, individual business representatives in the working group made valuable contributions to the project – noticeably in 'delivering' their own factories as pilot companies. At the factory level the project was run by bipartite committees of worker leaders (generally shop stewards) and managers. They were assisted by jointly-appointed management consultants whose costs were heavily subsidised by project grants.

## **THE ENVIRONMENT OF CHANGE IN SOUTH AFRICA: HOPES AND FEARS**

The fact that the Workplace Challenge in the plastics industry was developed by a tripartite committee meant that the guidelines for the project represented an agreement between sector-level representatives in which they believed their interests were addressed. The process of establishing these guidelines was, however, not an explicit process of compromise between capital and labour in which gains and losses were clearly identified and understood. Rather, though a fumbling process urged on by government, labour and management, representatives reached agreement on how to move forward in a way that kept their hopes alive and their fears at bay. The limited outcome – the agreement for company-level experimentation in workplace change – was not an insignificant achievement in the context of national-level deadlock over economic policy and an almost total boycott of Workplace Forums. It was only made possible through sustained contact between a small number of individual stakeholder representatives in the sector working group. Success in reaching a coherent statement of purpose resulted from a number of factors, including a greater understanding of those who had till recently been regarded as opponents with whom there was no common ground, tacit agreement to veil the more blunt or radical elements of their group's positions, and the stakeholders' uncertainties over the new environment. As a sector-level organisation, the working group straddled – though did not always understand – both the macro-level challenges of South Africa's transformation and the micro-level politics of individual factories. The micro-level politics of workplace change in some of the participating factories are examined later in this paper.

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<sup>4</sup> Merged with Cosatu's paper, pulp, and printing affiliate in February 1999 to form the Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union.

This section will look at some of the higher-level concerns that informed and shaped the sector-level working group's processes.

### Government

With the lowering of tariffs on plastic products,<sup>5</sup> the need to operate in a more competitive market was an immediate priority for government representatives. For government, the strategy of trade liberalisation was a deliberate attempt to raise South Africa's competitiveness and the Workplace Challenge represented a supportive supply-side programme. The fear of government representatives involved in the Workplace Challenge was that the programme would not deliver results quickly enough. This was sharpened by a need to justify the Department's expenditure on the project within its funding cycles.

### Business

For South African business with a strongly-professed belief in free market capitalism, the opening up of the economy – while often unwelcome in practice – could only be publicly supported as it represented a deregulation of the economy. On a practical level, worker involvement in raising productivity aligned with firms' constant need to improve performance wherever some level of competition existed. Consequently the *idea* of workers contributing to higher levels of productivity was attractive – though only as one of a number of possible options that could be pursued in the quest for increased competitiveness.

Two 'ideal types' of firms entering the project can be identified. The first type consisted of medium-sized firms (under 1,000 employees) that had already made some progress in raising competitiveness by addressing marketing strategies and capital investment, among other issues. Such firms now recognised the lack of involvement of employees as a critical restricting factor. (Larger companies, such as Volkswagen South Africa and South African Breweries, have generally arrived at similar conclusions, but pursued their own – rather than government assisted – programmes of employee involvement.) The second 'ideal type' was smaller companies that lacked the capacity to isolate possible areas of improvement and that stumbled into the project as they followed the carrot of government funding. A number of such companies immediately pulled out following the initial Milestone Workshop when they realised that the involvement of unions was central to the process and not simply post-1994 lip service. Others bit the bullet and remained.

The fear of union involvement, represented by the withdrawal of some companies from the project, reflected business's wider preoccupation that the post-1994 environment would curtail management prerogatives. At a sectoral level this had been evidenced in the earlier PPSCI Cluster Initiative in which a key tension had been government's desire to address the issue of pricing within the industry's value chain and the resistance of the organised, upstream industry to such intervention. While the Workplace Challenge, with its company focus, avoided such sensitive, industry-wide issues, the involvement of unions in decision making represented an alternative curtailing of management's right to manage. Where senior managers decided to continue with the project they did so as a deliberate calculation in which their perception of potential benefits was balanced against the perceived risks of providing unions with an additional platform of influence.

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<sup>5</sup> Tariffs on plastic products were reduced from between 24-30 percent in 1995 to 15-20 percent in 1999 – below those required by the WTO (DTI (14)).

## The Unions

While unions understood the need for South African companies to compete successfully, they did so reluctantly. With limited capacity – exacerbated by the drain of union officials to government positions – it was difficult for union officials and office bearers to drag themselves from the earlier, straightforward and comfortable political economy equation: under the apartheid regime, this had aligned class conflict, opposition to the racist state, and the upliftment of their members. The new environment, forced upon them by government policy, now pitched trade policy *against* the interest of many of their members. Support for the ISP had been undercut by powerful manufacturing unions who had seen the implications of trade liberalisation on their membership in previously protected industries. What the Workplace Challenge did, however, was to offer the unions exactly what many managers feared – greater power in the workplace. By involving workers in decision-making processes, their capacity to organise and their vocational skills would inevitably be developed. This had the potential to both strengthen union structures in the workplace and to increase the income of members.

It is useful to distil out different ideological currents within the South African labour movement that legitimated any possible move into workplace co-operation. Thimm (8) drew out the two stands of thought – Catholic-Conservatism and Socialism – that underpinned union support for codetermination in post-war Germany. In South Africa, Catholic social teaching has had a limited impact upon black trade union philosophy,<sup>6</sup> but Black Consciousness (BC), which purposely draws on the conservative resource of traditional African culture, has had a major influence. At a national level the National Council of Trade Unions with an estimated membership of 400,000 espouses BC values. Possibly more significantly, the influence of African values is strong among memberships of all black unions – a recently urbanised and often migratory proletariat exposed to political articulations of African nationalism. It can be argued that much of the strength of the socialist-orientated Cosatu federation, with its estimated 1.8 million members, is derived from a linkage between socialist and African belief systems. The official socialist perspective of Cosatu – heavily influenced by syndicalist principles of worker control – connect with the values of solidarity, participation in decision making, and respect for leadership that the rank-and-file membership transfer from real or idealised African social structures into their union organisations.

Both the socialist tradition with its objective of social ownership of production and traditional African ideals of an integrated, organic social structure have the potential to support processes of worker involvement in production – though clearly with different implications. Workplace participation with capitalism fails to address questions of ownership central to a socialist perspective. By contrast, participation from the perspective of Black Consciousness or African nationalism can be reconciled, provided the workplace is de-racialised and that workers receive a ‘fair’ return for their labour. (This later concern provides a strong communal platform for all black unions in South Africa given the current highly unequal, racially determined, distribution of income).

In the Workplace Challenge project in the plastics industry, the Nactu-affiliated South African Chemical Workers Union (Sacwu) was supportive of the process and attended the sector working group meetings, but otherwise played a limited role because few of the participating companies had significant Sacwu membership. Rather, it was the CWIU that organised in most participating factories and the tension resulting from the union’s socialist orientation was transmitted into the working group. The CWIU’s representative was a powerful driving force on some issues, while on other occasions forcefully blocked initiatives that conflicted with the union’s position.

The need to block some actions initiated by other working group members arose from the previously-mentioned union fears of the 'productivity dilemma' and 'union substitution'. These could be conveniently rolled together into an overarching fear of management using the process to further exploit labour. The idea of workplace co-operation being a ploy by management needed little reinforcement in South African workplaces. At 'Pipeco', a company manufacturing extruded plastic pipes with a workforce of 650 spread over four sites, it was only the forceful intervention of CWIU officials that persuaded rank-and-file workers to join the Workplace Challenge. As one union member asked the union officials persuading the workforce to participate,

The management took us to another workshop [a previous attempt by the company to involve workers in decision making] and talked to us very nicely. [But] nothing has been addressed. Now they talk about World Class Manufacturing [the Workplace Challenge]... Can we trust this thing you [the union] and management are bringing?

### **THE OPTION OF A 'MUTUAL GAINS' APPROACH TO WORKPLACE CHANGE**

The apparently ideology free concept of mutual gains through co-operation<sup>7</sup> as described, for example, by Kochan (9), was articulated – almost implicitly – within the project objectives. It also was raised by working group members but generally as an afterthought to their own reasons for participating. This relative silence over what would appear to have been an easily-constructed framework of action is instructive. At a general level, it reflected the highly-politicised South African environment in which all aspects of life are understood not only through their technical dynamics, but also in their underlying political implications – especially racial ones. Additionally, business and labour were inhibited from promoting the concept of mutual gain too strongly by specific concerns.

For managers there was the fear of raising worker expectations. This was a concern that resonated with wider fears among the white population of raised expectations among the newly enfranchised population post 1994. Managers feared that they might not be able to deliver or that raised expectations on the part of workers would prevent *them* maximising *their* share in the wealth created. This was reinforced by the moralistic view held by many managers that workers had to first prove themselves – by raising productivity on a sustained basis – before they could be rewarded. Even suggestions of rewards prior to workers proving their commitment were regarded as presenting a moral hazard.

By contrast, for the unions – especially socialist-orientated Cosatu affiliates – overtly basing their participation on mutual gain from increased productivity could easily be interpreted as abandoning principles and selling out to capitalism. As an article in the influential labour-orientated South African Labour Bulletin had explained, raising productivity was ideological. "What characterises competitiveness as an ideology is that it presents the development of the productive forces as having only one possible channel: the strengthening of the capitalist class and of individual companies" (10).

This is not to say that the concept of mutual gain was not an important aspect with the Workplace Challenge project. The managers who ended up responsible for implementation of the Workplace Challenge in their workplaces, along with the project consultants, often relied on the prospect of mutual gain to roll out the project. As we shall see, mutual gain was – in fact – critical to the Workplace Challenge's success or failure,

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<sup>6</sup> Via the Urban Training Project, see Lowry (15).

<sup>7</sup> Ideology free in terms of the relationship between stakeholder groups. As Murphy (16) points out, the concept of a 'team South Africa' in competition with other economic powers in which all social partners are urged to pull together is highly ideological in nature.

but it was never possible to isolate this process from the political context that participants placed it within.

## **THE WORKPLACE CHALLENGE IN PARTICIPATING COMPANIES**

Although expectations varied, there was a widely-held assumption among members of the sector working group that the long process in which they had mediated their objectives and fears would allow rapid mobilisation at the factory level.<sup>8</sup> When launching the project emphasis was placed, not surprisingly, on the need to rapidly construct an alliance between management and workers. What this approach overlooked was, first, that factory-level agents had their own concerns which overlapped but did not coincide with those of the sector working group. These concerns had to be worked through to their satisfaction before the project could proceed. Sector-level agreement could support, but not replace, factory-level agreements. Second, while emphasis was placed on the need to locate project 'champions' within management and the workforce, only scant attention was paid to the possibility that internal alliances – within management and within the workforce – would have to be constructed. Without these, champions would not be able to deliver on any agreement reached within the factory's bipartite committee. This section looks at these two important aspects of the Workplace Challenge project at the factory level – the motivations of significant actors in these institutions and the need for alliances within management and the workforce as well as between them.

### Objectives and Fears of Factory-level Participants

#### Management

The Managing Directors (MD) and other senior management tended to take what Fox (11) identified as a 'unitarist' perspective in which employees are expected to identify with the company and its objectives. Consequently, they believed the Workplace Challenge should help achieve such loyalty. The MD of Plastosheet, a company making rigid plastic sheets with a workforce of just under 200, argued that it would only work "provided that the black workers...see this process as not being a political process, but rather what is good for the company." Unsure as to whether this would be the case, his support for the project was muted. Other MDs, such as Pipeco's, who also chaired the sector working group, championed the project more enthusiastically. Understanding that South Africa was changing, he attempted to grasp and wield the new symbols of national unity in order to promote co-operation in the company. Such 'neo-unitarism', linking country and company within the new South African context, was demonstrated by Pipeco's MD at a company-wide meeting. He explained that the company needed to embark on the Workplace Challenge because Pipeco was good on technology but weak in other areas, especially human resources. The country needed jobs and hence economic growth. This meant that the economy needed to be competitive. So did the company. People, he concluded, had to ask themselves whether they wanted the country to succeed.

By and large, production managers were generally sceptical of the Workplace Challenge. It challenged their control of the production process by proposing to involve workers in decision making. However, when the project did not disappear, despite their attempts to ignore it, they found ways in which it could usefully serve their own workplace concerns. At

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<sup>8</sup> The most optimistic set of players was government, followed by business, and lastly labour. Business, while differing with labour over the intrinsic value of participation in decision making, did share with them an understanding that difficulties were likely to be encountered on the ground. Although a number of key government officials had previously held union positions pre-1994, they had either forgotten or chose to ignore such difficulties.



Pipeco, for example, the production manager utilised the more receptive workplace environment created by the Workplace Challenge to introduce his own idea for a more rapid die change on machines. At Plastosheet the production manager who had initially shown impatience with the idea of involving workers in the organisation of production came to see it as a tool for promoting greater worker understanding of the technical aspects of the machines they ran. Once workers understood the production process, he believed, production would then increase since they would view the challenges of production the same way as he did. These perspectives were deeply rooted in the production managers' technocratic approach to production. As such they represented a form of technical unitarism that differed from that of senior management in that the primary focus of loyalty was not the company, but the machines of production. Such an approach could be linked to the wider environment of change in a similar way to the MDs' neo-unitarism. As Plastosheet's production manager put it. "The guys have never really understood it [productivity], so I think with the Workplace Challenge they are really going to understand what productivity means. What sort of impact it can have on the [economic] environment and the workplace."

By contrast, human resources managers and the project's management consultants, to whom the project was often delegated, took what Fox (11) identified as a pluralist perspective on co-operation and stressed the benefits of mutual gain. Thus, the HR manager at Plastosheet argued that, "From management's point of view, we want to see an improvement on the bottom line and from the employees' side, they also want to see an improvement in their pay packets." While this was true, it was not what got the projects moving at the factory level.

## The Workforce

Workers' initial responses to all management appeals for co-operation were highly sceptical. As one Pipeco shop steward explained, his initial reaction to the project was that "the company was coming out with another of its tricks to persuade the workers to work harder without benefiting anything out of it." Productivity, a Plastosheet worker explained, was a word introduced some years earlier for management's benefit. Yet for the project to have any chance of success, it was critical that worker leaders join the process with the backing of their constituents. Within the long-strained and confrontational South African industrial environment, management appeals to patriotism, pay packets, or productivity had little if any impact on the workforce. Rather, worker leaders established for themselves what the implications of the project might be. In doing this they took a 'patriotic-unionist' perspective that prioritised the upliftment of their members and the development of the new South Africa. As a past chairman of the union in Plastosheet put it, "Should all these three parties [unions, business, and government] agree on some common issues and decide to work together, they can make South Africa a big nation." He was concerned, however, that management thinking was not aligned with their own: "Some of the members of management see it [the Workplace Challenge] as an improvement of productivity rather than as something that can benefit us all as workers and the county as a whole."

It was the status of the Workplace Challenge as a national project that was key in convincing worker leaders that they should support the project. Despite the often-heavy handed emphasis by management that the project was initiated by the government and supported by the unions, it was the Milestone Workshops and internal discourse between worker leaders that established the project's national character. Once this was understood they attempted to sell it to their membership.

It is not surprising that management explanations of the Workplace Challenge as a patriotic endeavour were (politely) ignored, given the history of industrial conflict and the limited claim that South African management can make on its contribution to South Africa's liberation.<sup>9</sup> What is interesting to note, however, is that it was this patriotic understanding on the part of worker leaders, rather than the pluralist logic that promised to align company profits and workers' pockets, which enabled the project to proceed. Put another way, it was not possible to depend on trust in order to proceed in a low-trust environment.

Worker leaders stressed not only the national economic development aspect of the project, but also the importance of worker upliftment. While their understanding of the former brought the majority of worker leaders in both Pipeco and Plastosheet behind the project, this support remained conditional on tangible benefits for workers. The slow materialisation of such benefits limited worker leaders' ability to maintain the alliance with their constituencies on which their influence depended. This slow delivery – and the unravelling of support for the project as a result – was in large measure a result of the failure to construct internal alliances within management and the workforce on which any alliance between the two depended.

### Alliances

While much industrial relations literature utilises the convenient simplification of dealing with 'labour' and 'management' as single and coherent entities, this is clearly not the case. Just as differences were earlier identified among sector-level stakeholders, so too there is a need to look at the divisions and alliances within the management and workforce of individual workplaces. While analysis of such micro-politics is potentially endless, a number of factors that had a significant impact on the implementation of the Workplace Challenge can be usefully identified. Two of the most important of these are the different objectives held by managers as a result of their portfolio positions and the tension between shop stewards and their members. These dynamics are not original observations; the purpose of this section is to outline the impact that such internal dynamics had on workplace co-operation in companies participating in the Workplace Challenge.

### Management

The different conceptualisations of the Workplace Challenge and its value to managers have already been discussed. As the success of the tripartite sector working group in thrashing out a guide for participating companies indicates, different conceptualisations do not necessarily prevent agreement on a streamlined set of objectives. However, similar processes of rationalisation of objectives generally did not take place between factory-level managers involved in the Workplace Challenge. Rather, the different concerns or desires for delivery tended to be added uncritically to a growing list. At the first factory meeting of the Workplace Challenge committee at Plastosheet, the production manager asserted that in implementing workplace change "everything comes down to scrap," to which the HR manager added that it was "also a communication problem". The MD then explained that the most important thing was "keeping the customer happy". This divergence of objectives was reflected in the project plan that was drawn up with 12 target objectives (later unilaterally increased to 13 when the human resources manager remembered another pet concern) set under the broad – almost all-embracing – title of 'material handling, utilisation and extrusion.' This lack of strategic prioritisation on the part of the company's

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<sup>9</sup> The Truth and Reconciliation Commission (17) concluded that "business was central to the economy that sustained the South African state during the apartheid years... Most businesses benefited from operating in a racially structured context."

management was not offset by the consultants who, with limited time battled to keep key managers on board, let alone to get agreement over whose priorities would be collectively prioritised.

It was clearly not helpful to have such a lack of focus stemming from the only group within the companies with the capacity to organise the logistics and resources for a workplace change programme. More significantly, the failure by management to co-ordinate resulted in divergent interpretations and implementations of the project. At Pipeco, human resources managers stressed the need for worker involvement in any production changes. Yet on the shop floor, the first significant change was the production manager's own die change scheme that was driven through a project sub-committee with shop stewards providing credibility for something they did not have the capacity to influence. Consequently they concluded that the committee was "going management's way".

## The Workforce

Such developments undermined shop stewards, especially those who championed the Workplace Challenge and attempted to sell it to their members, and this created tension between them and their rank-and-file constituents. Given the still-polarised nature of industrial relations, any co-operation with management could be interpreted as 'selling out'.<sup>10</sup> While shop stewards exposed to the Milestone Workshops and training session provide by consultants could justify to themselves why they should participate, it was harder for them to justify their actions to their members – including some who would be happy to replace them as shop stewards. As a shop steward at Plastosheet explained "The main difficulty is that...if you talk to people they think that management buy you to tell them the way the project must be."

It was at this point that management's failure to prioritise objectives, in both Pipeco and Plastosheet, snapped the fragile internal labour alliance between shop stewards and their constituents. While worker leaders had been able to work out for themselves that the Workplace Challenge could benefit the country and their members, such arguments could only carry their members so far. For rank-and-file workers to engage in a sustained way in workplace change there had to be tangible returns. Despite promises from management in the Workplace Challenge committees that 'working smarter' would be rewarded through negotiated incentive schemes, this did not materialise. A lack of management focus that workers could respond to, combined with previously-discussed management attitudes towards financial rewards meant that there were neither rapid improvements in productivity as a result of worker participation, nor significant benefits for workers. The result was that the Workplace Challenge was discredited, as were the worker leaders who had been its champions. Despite strenuous efforts by project champions, workers mandated withdrawal from the Workplace Challenge in both companies during the second year of the project.<sup>11</sup>

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<sup>10</sup> Prior to the political transformation that eased, though did not remove, tension between capital and labour, most black unions maintained a strict distance from management and limited contact to formal interactions. The need to ensure that they were not influenced meant, for example, union organisers refused cups of tea from management during negotiations. Despite this rigour, accusations over real or imagined sell-outs by worker leaders were common. One Plastosheet worker who had been a founding member of the union in the company described an incident in the late 1980s when their union (Numsa) had called on its members to challenge racial segregation in the workplace. The shop stewards committee decided to enter the company bar one Friday after work. Fully expecting to be thrown out, they intended to take the issue up and also identify racist managers based on who took the initiative to eject them. In the event, the room went quiet but they were not asked to leave. After ordering and drinking a beer they departed. However, the following Monday they faced accusations from some workers that they had been 'drinking with management'.

<sup>11</sup> For a more detailed account of events at Pipeco and Plastosheet, and other participating companies, see my work on the Workplace Challenge project (1).

### Successful Alliances and Sustained Improvement at 'Vinco'

This failure of the project at Pipeco and Plastosheet contrasts with its success at a third participating company, Vinco. Vinco employs just under 600 people at two sites and produces vinyl sheet products. At one of Vinco's sites a critical mass of senior managers, with the assistance of a project-sponsored consultant, realised the potential of the project and forced through a co-ordinated management approach. Recognising the need for active worker engagement, a number of steps were taken. These included training for the entire workforce, rather than just project committee members, and restructuring the committee to prevent management representatives dominating discussion. Since management had ample opportunities elsewhere to put forward their ideas it was decided to reduce the number of management representatives on the Workplace Challenge committee. While the remaining managers were now in a minority (in contrast to the normal parity of such committees), it was felt that this numerical disadvantage was outweighed by the opportunity for worker representatives to raise problems and discuss solutions. Sustained improvements in machine utilisation, 'on time orders', 'cost of quality', and absenteeism levels were recorded at this Vinco site (12).

### **CONCLUSION: MUTUAL GAINS EMBEDDED WITHIN MACRO AND MICRO-LEVEL POLITICS**

The case of Vinco illustrates that co-operative workplace change programmes can succeed, though the cases of Pipeco and Plastosheet indicate just how difficult they can be. Achieving workplace change from which both capital and labour – and consequently the national economy – can benefit rests on an approach that incorporates a number of dimensions. The key to linking these dimensions is understanding South Africa as an intensely politicised and deeply divided society. Any change process must address the different perspectives that stem from this environment, if it is to proceed. South Africa should be regarded not as an exception in this regard but rather as an extreme point on a spectrum on which all countries are represented. In this respect, the lessons from the Workplace Challenge also have relevance in other societies.

The concept of mutual gain is critical to the success of workplace change and needs to be the basis of the alliance between workers and managers. But because of the political nature of the South African environment this can only succeed when it is embedded within a wider process that incorporates both macro and micro-level politics. Within the South African context the vast inequalities of income and the limits to redistribution as a result of the negotiated transition provide a powerful motivation for raising productivity. However, it is precisely this inequality – and the socio-political system that constructed and maintained it – that politicises any participation in productivity. As outlined in this paper, the social partners at a national level remain some way from consensus over the economic growth path that should be pursued. This deadlock of ideas at a national level restrains any widespread programme of change. To date workplace change initiatives have occurred largely below the radar screen of national politics. The resolution of this impasse would be beneficial, but even this would not end the political dimension of productivity since the micro-politics of each institution remain.

What this paper has attempted to draw out is the critical role of internal alliances within management and labour to the success of the alliance between management and labour. The issue of capacity is critical here, although it remains a political issue since the construction of alliances always has a political dimension. In brief, management needs to forge alliances between the different portfolio holders of an enterprise in order to approach workplace change strategically. In doing so it can support the alliance between worker leaders and their members in enabling the former to 'prove' themselves to the latter. This,

of course, entails a shift in mindset for many South African managers. Neo-unitarism will capture the rhetoric but not the content of the new South Africa in which the concept of nation building has to be understood not only as economic growth, but also as economic development that includes direct action to uplift the previously disadvantaged. Rather than viewing worker leaders as opponents to be defeated or co-opted, management needs to view worker leaders as allies – both within their companies and within the wider environment of the new South African nation - that need to be supported in their relationships with the rank-and-file worker. It is only by doing this that a durable alliance between management and the workforce – the basis for continuous improvement of productivity - can be maintained.

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# **NEDLAC'S WORKPLACE CHALLENGE PROJECT IN THE SOUTH AFRICAN PLASTICS INDUSTRY: NEO-UNITARISM OR NATION-BUILDING?**

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