
A Thesis Submitted to the University of Cambridge for the Degree of Doctor of Philosophy

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National Identity and Economic Development:
The Workplace Challenge Project in the
South African Plastics Industry

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Summary

This thesis investigates the role of national identity in economic development in the context of post-apartheid South Africa. It draws on research carried out during 1997-1998 on a supply-side project in the plastics industry – the Workplace Challenge. The key empirical sections of the thesis are formed by in-depth case-studies of two factories which implemented the Workplace Challenge. This is linked to industry-level pressures and analysis of national-level discourses to illustrate how macro-level processes are reflected in micro contexts.

After an introductory chapter, the research question is framed, in Chapter Two, by means of an interdisciplinary review of theories of nationalism, identity (particularly social identity theory), and economic development. It is suggested that the existence of a superordinate-level identity – such as that held by citizens of a ‘new’ South Africa – provides a potential resource, in the form of unity and motivation, that can be brought to bear in the process of economic development. Chapter Three examines the methodology used to investigate this research question.

Chapter Four considers the national context of post-apartheid South Africa. Particular attention is paid to the national-building project undertaken since the democratic elections of 1994, the government’s economic development strategy, and the main institutions of labour and capital.

The Workplace Challenge project, which aims to raise productivity by improving shopfloor relations, is introduced in Chapter Five along with a description of the plastics industry where the project was implemented.

Chapters Six and Seven present detailed case studies on the progress of the Workplace Challenge in two East Rand plastics factories. Background on the factories, the initial views of management and workers, and key developments during the year of implementation are outlined. An analysis of these developments is then undertaken.

Chapter Eight provides a conclusion. Drawing from the research undertaken, it is argued that the new national identity in South Africa has provided resources for processes of economic change in micro-level institutions. However, given the constructed nature of this new identity, this resource can only be mobilised on a sustainable basis if change is aligned with shared symbolic understandings and an acceptance that resources are equitably distributed by all those subscribing to the new identity.
Declaration

I declare that except for commonly understood and accepted ideas, or where specific reference is made, the work reported here is my own. It includes nothing that is the outcome of work done in collaboration. The work has not been previously submitted in part or in whole to any university for any degree, diploma or other qualification.

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Chapter One: Introduction

1.1 The Thesis Outlined

Chapter Two: Theory

2.1 Introduction
2.2 Nationalism and National Identity
   2.2.1 Introduction
   2.2.2 National Identity
2.3 Identity
   2.3.1 Social Identity Theory
   2.3.2 Imagined Communities – Real Divisions
   2.3.3 A New South African National Identity?
2.4 Friedrick List: The First Economic Nationalist
   2.4.1 Friedrick List
   2.4.2 Economic Development: Policy, Culture, and Identity
2.5 Economic Development
   2.5.1 Economic Policies
   2.5.2 Cultural Resources for Economic Development
      2.5.2.1 Pre-Modern Values
      2.5.2.2 Culture as Social Capital
      2.5.2.3 Cultures of Shopfloor Co-operation
   2.5.3 National Identity: Unity and Motivation
2.6 Formulating the Research Question
   2.6.1 The General Argument
   2.6.2 The Research Question in the South African Context

Chapter Three: Methodology

3.1 Introduction
3.2 Linking National Identity and Economic Development
3.3 The Research Case Study: The Workplace Challenge
3.4 The Choice of Ethnographic Research
   3.4.1 Methodological Options
   3.4.2 The Appropriateness of Ethnographic Methodology
3.5 Undertaking Ethnographic Research
   3.5.1 Researching the Workplace Challenge Project
   3.5.2 Dealing with Two Research Agendas
   3.5.3 Detecting National Identity: Overt Reference, Disappearance, and Re-emergence as Values
3.6 Conducting Ethnographic Research at the Sector Level
3.7 Conducting Ethnographic Research as the Factory Level
   3.7.1 Getting In
   3.7.2 Finding an Appropriate Position in the Factory: The Limits to Neutrality
3.8 Conclusion

Chapter Four: The South African Transformation

4.1 Introduction
4.2 Nation Building and Economic Development
   4.2.1 Background to the South African Transformation
   4.2.1.1 A Brief History of South Africa Leading to the Democratic Elections
   4.2.1.2 The Contours of Political Conflict
   4.2.1.3 The Contours of Social Conflict
   4.2.1.4 The Contours of Economic Crisis
   4.2.1.4.1 South Africa’s Stymied Economic Development
   4.2.1.4.2 The Legacy of Underdevelopment Among the African Population
4.3 Two Key Actors: The Organised Black Working Class and the Organisation of Capital
   4.3.1 The Organised Black Working Class
   4.3.2 The Organisation of Capital
4.4 Nation Building
   4.4.1 The Basis of Nation Building
   4.4.2 The Process of Nation Building
   4.4.3 National Discourses on Nation Building
      4.4.3.1 Affirmative Action: Building Equality or Re-dividing the Nation?
4.5 A National Economic Agenda
4.6 The National Economic, Development and Labour Council (Nedlac)
4.7 Economic Policy
   4.7.1 Black Economic Empowerment
   4.7.2 Labour Market Reform
   4.7.3 Trade Liberalisation
   4.7.4 Macroeconomic Policy
      4.7.4.1 The Redistribution Debate
      4.7.4.2 The Debate over Growth Paths
      4.7.4.3 Policy Convergence?
      4.7.4.4 Post-1994 Macroeconomic Policy
      4.7.4.5 The RDP, Growth for All and Social Equity and Job Creation
      4.7.4.6 Gear
4.8 Division and Disappointment
   4.8.1 Two Nations: A Disappointing Watershed in South Africa’s Transformation
4.9 Analysis: Class Conflict Corralled by Patriotism
   4.9.1 A Call for Patriotic Class Collaboration
      4.9.1.1 The ANC’s National, Modern, and African Vision for South Africa
      4.9.1.2 The ANC’s Insider-led Development Strategy
   4.9.2 Class Conflict
      4.9.2.1 Managing Outsider Groups
      4.9.2.2 Getting Insider Groups to Co-operate with the Strategy
      4.9.2.3 Getting Insider Groups to Co-operate with Each Other
         4.9.2.3.1 Capital’s Social Conservatism
         4.9.2.3.2 Labour’s Response: A Withdrawal to Defensive Positions
   4.9.3 Class Impasse Corralled by National Consensus
   4.9.4 The Implications of Class Impasse on Shopfloor Productivity
Chapter Five: The Workplace Challenge in the Plastics Industry

5.1 Introduction

5.2 The Background to the Workplace Challenge in the Plastics Project
   5.2.1 Nedlac’s Workplace Challenge Project
   5.2.2 The Petrochemical, Plastics and Synfibres Cluster Initiative (PPSCI)

5.3 The Plastics Conversion Industry

5.4 The Stakeholders’ Approach to Restructuring
   5.4.1 Business
   5.4.2 Organised Labour

5.5 The Project in the Plastics Industry
   5.5.1 The Importance of the MPWG’s Earlier Work
   5.5.2 The Structure of the Project
   5.5.3 Disappointing Results from the Flagship Project

5.6 Summary: New Policy Directions Dependent on Shopfloor Processes

Chapter Six: The Workplace Challenge at Plastosheet

6.1 Introduction

6.2 Background to the Workplace Challenge at Plastosheet
   6.2.1 The Company
   6.2.2 Increasingly Competitive Markets and Plastosheet’s Response
   6.2.3 People
   6.2.4 Unionisation
   6.2.5 The Shopfloor Environment and its Implications for the Workplace Challenge
      6.2.5.1 The Shift Dispute
      6.2.5.2 Causes of Shopfloor Conflict

6.3 The Workplace Challenge at Plastosheet
   6.3.1 Introduction
   6.3.2 Initial Perspectives on the Workplace Challenge at Plastosheet
      6.3.2.1 Management
      6.3.2.2 The Workforce
      6.3.2.3 The Consultancy
   6.3.3 The November Meetings
   6.3.4 Committee Training
   6.3.5 Boycott and Resolution
      6.3.5.1 The Project as a ‘Power Tool’
      6.3.5.2 A Review of the Boycott
      6.3.5.3 Resolving the Shift Issue
   6.3.6 Process Implementation
      6.3.6.1 The Pre-Workshop Meeting
      6.3.6.2 Shopfloor Teams
      6.3.6.3 Slow and Sporadic Implementation of the Project Plan
      6.3.6.4 Project Implementation in Cutting
   6.3.7 One Year of the Workplace Challenge at Plastosheet

6.4 Analysis
   6.4.1 Introduction: Alliances and Motivations
   6.4.2 Management’s Internal Alliances
   6.4.3 Management’s Motivations
      6.4.3.1 The Managing Director
      6.4.3.2 The Human Resources Director
      6.4.3.3 The Production Manager
6.4.4 Management’s Alliance with Workers
6.4.5 The Workforce’s Alliances and Motivations
6.4.6 The Workplace Challenge as a ‘Countrywide Concern’
   6.4.6.1 Management’s Message
   6.4.6.2 Enoch Sithole: Bridging ‘Both Worlds’ of the Factory
   6.4.6.3 David Sefala: Reconciling Union Policy with the Workplace
   Challenge
   6.4.6.4 Shaun Adams: Seeing the Benefits for the Country as a Whole
   6.4.6.5 Daniel Masondo: Dealing with a Militant Constituency
6.4.7 The Importance and Limits of the Workplace Challenge as a Countrywide
Concern
6.4.8 Aligning Shopfloor Interests with the Project
6.4.9 Worker’s Alliance with Management

6.5 Summary

Chapter Seven: The Workplace Challenge at Pipeco-Roodekop

7.1 Introduction
7.2 Background to the Workplace Challenge at Pipeco-Roodekop
   7.2.1 The Company
   7.2.2 Production at Roodekop
   7.2.3 The Management Structure
   7.2.4 Human Resources
   7.2.5 The Workforce
   7.2.6 Markets and Strategy
   7.2.7 World Class Manufacturing
   7.2.8 The Shopfloor Environment and its Implications for the Workplace
   Challenge
   7.2.9 Crowded Agendas
   7.2.10 The Workplace Democracy Project
7.3 Approaches to the Workplace Challenge
   7.3.1 Management
      7.3.1.1 Execom
      7.3.1.2 Roodekop’s Plant Management
   7.3.2 The Workforce
      7.3.2.1 The Rank-and-File
      7.3.2.2 Worker Leaders
   7.3.3 The Union
   7.3.4 Line Management
   7.3.5 The Consultants
7.4 The Workplace Challenge at Roodekop
   7.4.1 Starting the Process: Roseneath
   7.4.2 The Framework Agreement
   7.4.3 Training
      7.4.3.1 Day One: Building Trust
      7.4.3.2 Day Two: The Teams Debacle
   7.4.4 Progress
      7.4.4.1 ‘Talking Nicely’: The Workplace Challenge Committee
      7.4.4.2 All on the Same Side?
      7.4.4.3 The Set-up Task Group
      7.4.4.4 Savings in the Slow Lane
   7.4.5 The Boycott: ‘Something for Something’
      7.4.5.1 The Never-Never Land of Pipeco’s Incentive
   7.4.6 The Strike
7.4.6.1 The Strike at a National Level
7.4.6.2 The Workers’ Strike at Roodekop
7.4.6.3 Management’s Strike
7.4.6.4 Conflict: Division and Solidarity
7.4.6.5 The End of the Strike
7.4.7 The Project’s Demise
7.4.7.1 Drifting Away from the Project
7.4.7.2 ‘All on Board’ – Even if the Ship is Sinking
7.4.8 One Year of the Workplace Challenge at Pipoco-Roodekop

7.5 Analysis of the Workplace Challenge at Roodekop
7.5.1 The Intra-management Alliance
7.5.2 Management’s Motivations and Approach to its Alliance with the Workforce
  7.5.2.1 Execom
    7.5.2.1.1 Mike Kerr-Peterson: MD during Workplace Democracy and the Introduction of the Workplace Challenge
    7.5.2.1.2 Peter van Zyl: MD from 1 May 1998
    7.5.2.1.3 Two Approaches to the Same Objective
    7.5.2.1.4 Other Execom Members: ‘Wait and See’
  7.5.2.2 Production Management
  7.5.2.3 Human Resources Management
7.5.3 The Workforce’s Motivations and Alliances
  7.5.3.1 A Spectrum of Views on the Workplace Challenge
    7.5.3.1.1 Distrust of Management
    7.5.3.1.2 Disappointment Over Past Efforts
    7.5.3.1.3 Qualified Enthusiasm from Newcomers to the Process
7.5.4 The Failure to Align Shopfloor Interests within the Project
7.5.5 Bridging the Industrial Divide?
7.5.6 The Workplace Challenge and (New) National Values
  7.5.6.1 A Muting of National Appeals
  7.5.6.2 A Need for (New) National Values

7.6 Summary

Chapter Eight: Conclusions

8.1 Introduction
8.2 Was the Workplace Challenge a Feasible Project?
8.3 From Nation Building to Shopfloor Change
  8.3.1 A National Project in the Factories
  8.3.2 Establishing Unity: Constructed, Not Primordial Identities
  8.3.3 New and Old South African Identities in the Factories
  8.3.4 The Role of National Identity in Motivating Shopfloor Co-operation
8.4 Evaluating the Role of National Identity in Economic Development
8.5 The Implications of the Research for South Africa

Epilogue

Bibliographic and Research References

Appendix A: Research Questionnaire

Appendix B: Photographs
**Acronyms and Abbreviations**

Where an acronym is usually verbalised as a word (e.g. Cosatu), small letters are used. Where not, capitals are used (e.g. ANC).

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>AECI</td>
<td>African Explosives and Chemicals Industry (Company)</td>
</tr>
<tr>
<td>AHI</td>
<td>Afrikaanse Handelsinsituut (Afrikaner Commercial Institute)</td>
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<tr>
<td>ANC</td>
<td>African National Congress</td>
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<tr>
<td>BSA</td>
<td>Business South Africa</td>
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<tr>
<td>CCA</td>
<td>Competitive Capabilities Africa (Consultancy)</td>
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<td>Cosatu</td>
<td>Congress of South African Trade Unions</td>
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<tr>
<td>CWIU</td>
<td>Chemical Workers Industrial Union</td>
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<tr>
<td>DEP</td>
<td>Department of Economic Planing (ANC)</td>
</tr>
<tr>
<td>DP</td>
<td>Democratic Party</td>
</tr>
<tr>
<td>DTI</td>
<td>Department of Trade and Industry</td>
</tr>
<tr>
<td>Fabcos</td>
<td>Foundation for African Business and Consumer Services</td>
</tr>
<tr>
<td>Fedusa</td>
<td>Federations of Unions of South Africa</td>
</tr>
<tr>
<td>Gear</td>
<td>Growth, Employment and Redistribution (Macroeconomic strategy)</td>
</tr>
<tr>
<td>GNU</td>
<td>Government of National Unity</td>
</tr>
<tr>
<td>HR</td>
<td>Human Resources</td>
</tr>
<tr>
<td>IFP</td>
<td>Inkatha Freedom Party</td>
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<tr>
<td>ISP</td>
<td>Industrial Strategy Project</td>
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<tr>
<td>LMA</td>
<td>Labour Market Alternatives (Workplace Challenge Project Manager)</td>
</tr>
<tr>
<td>LRA</td>
<td>Labour Relations Act (1995)</td>
</tr>
<tr>
<td>Mawu</td>
<td>Metal and Allied Workers Union</td>
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<tr>
<td>MD</td>
<td>Managing Director</td>
</tr>
<tr>
<td>Merg</td>
<td>Macro Economic Research Group</td>
</tr>
<tr>
<td>Moclawu</td>
<td>Motor, Catering, Liquor and Allied Workers Union</td>
</tr>
<tr>
<td>MPWG</td>
<td>Manufacturing Practices Working Group (of the PPSCI)</td>
</tr>
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<td>Nactu</td>
<td>National Council of Trade Unions</td>
</tr>
<tr>
<td>Nafcoc</td>
<td>National African Federated Chamber of Commerce</td>
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<tr>
<td>NP</td>
<td>National Party</td>
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<tr>
<td>Nedlac</td>
<td>National Economic, Development and Labour Council</td>
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<td>NPI</td>
<td>National Productivity Institute</td>
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<tr>
<td>Abbreviation</td>
<td>Full Name</td>
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<tr>
<td>Numsa</td>
<td>National Union of Metal Workers of South Africa</td>
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<tr>
<td>OEE</td>
<td>Overall Equipment Efficiency</td>
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<tr>
<td>PAC</td>
<td>Pan African Congress</td>
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<td>PITB</td>
<td>Plastics Industry Training Board</td>
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<td>PFSA</td>
<td>Plastics Federation of South Africa (Employers’ organisation)</td>
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<td>PPSCI</td>
<td>Petrochemicals, Plastics, and Synfibres Cluster Initiative</td>
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<tr>
<td>PVC</td>
<td>Poly-Vinyl Chloride</td>
</tr>
<tr>
<td>RDP</td>
<td>Reconstruction and Development Programme</td>
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<td>SABC</td>
<td>South African Broadcasting Corporation</td>
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<tr>
<td>Sacob</td>
<td>South African Chamber of Business</td>
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<tr>
<td>SACP</td>
<td>South African Communist Party</td>
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<td>Sactwu</td>
<td>South African Clothing and Textile Workers Union</td>
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<tr>
<td>Sacwu</td>
<td>South African Chemical Workers Union</td>
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<tr>
<td>SAF</td>
<td>South Africa Foundation (Business organisation)</td>
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<tr>
<td>Sanco</td>
<td>South African National Civics Organisation</td>
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<tr>
<td>Sawu</td>
<td>South African Workers Union</td>
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<tr>
<td>Seifsa</td>
<td>Steel and Engineering Industries Federation of South Africa</td>
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<tr>
<td>TRC</td>
<td>Truth and Reconciliation Commission</td>
</tr>
<tr>
<td>Uwusa</td>
<td>United Workers Union of South Africa</td>
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<tr>
<td>WTO</td>
<td>World Trade Organisation</td>
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Notes

Racial Classification

While ‘race’ has no objective basis, racial categories established under apartheid remain important in analysing social developments in South Africa. The following terminology is used in this thesis.

Africans – indigenous people
Indians – people originating from the Indian sub-continent
whites – people of European origin
coloureds – people of mixed origins
blacks – African, coloured, and Indian people

Names of Individuals in the Case Study Companies

The names of the two case study companies and their employees have been changed. The names of other individuals involved in the Workplace Challenge project remain unchanged – including that of Mike Kerr-Peterson who was chair of the Manufacturing Practices Working Group, in addition to being MD of ‘Pipeco’ until 1 May 1998.

The Exchange Rate

The South African currency unit is the Rand (R). During the research period the exchange rate remained at approximately R10:£1.
Chapter One: Introduction

This thesis investigates the role of national identity in economic development in the context of post-apartheid South Africa. Given that the current period is commonly understood to be dominated by processes of ‘globalisation’, this focus on national identity requires some explanation.

While the debate over globalisation is wide-ranging, one important strand is the relationship between localised cultures and identities on one hand, and the global economy on the other. This is not a new question. Nicholas Xenos (1993) has pointed out that, as early as 1795, Immanuel Kant’s *Perpetual Peace* identified the tension between “the particularity of nationalism and the universalism of economic discourse” (126).

The undoubted intensification of international economic linkages since the Second World War has raised pertinent questions about the role of national governments in the global economy. Much of this attention has focused on the state’s ability, or inability, to control macroeconomic variables within the domestic sphere (Baker *et al.* 1998). The focus of this thesis, however, is how a non-economic variable can be mobilised to increase industrial productivity and advance developing economies within an increasingly globalised economic environment.

The growth of the East Asian economies has been significant in underlining the possibility and significance of relatively late industrialisation. From a Western perspective, the emergence of new national economies capable of rivalling their traditional industrial dominance has been sobering. In responding to this competition, there have been wholesale attempts to import particular production methods from these emerging national economies: for example, the attempted ‘Japanisation’ of Western manufacturing industries (*inter alia* Cole 1995, Thurow 1987, and Womack 1990). From the perspective of the majority of developing countries, the rise of the ‘Asian Tigers’ has illustrated that they are not yet out of the starting blocks in this competitive race for industrialisation and economic development (Bhaduri 1998).

How the Asian economies successfully industrialised and competed in global markets has been subject to extensive analysis. Many of these accounts have attempted to explain how the resources of these countries were mobilised into a coherent and sustained process of industrialisation (*inter alia* Castells 1998, Chang
Knowing what resources are available and how they can be best aligned is important. Traditionally, theories of economic development have generally assumed, explicitly or implicitly, that the resources available to industrialising countries are quantifiable factors of production – capital, labour and raw materials. While this approach is not universal, the role of other less tangible resources or variables has been given markedly less attention.

Departing from this traditional approach, this thesis stresses the importance of other variables – particularly national identity. National identity is defined as individuals’ psychological perceptions of who they are. This sense of identity influences individuals’ understandings of what behaviour is appropriate. Other identities, such as ethnicity, gender and class, co-exist with national identity. However, it is argued that national identity, by providing unity and motivation that is congruent to the national economy, constitutes a potential resource that can be mobilised for economic development. In this sense, the thesis explores not the tension between a particular nationalism and the global economy but how national identity might be utilised to articulate a national economy advantageously with the global economy.

The actual mobilisation of a resource such as national identity is more complex than the theoretical argument. The empirical research for this thesis locates the research question within a concrete situation – that of the new South Africa. The explicit nation-building discourses underway since the democratic elections of 1994 provide a clear illustration of how national identity can be mobilised in the interests of economic development. In investigating whether nation-building discourses are replicated in the actions of agents in micro-level economic institutions – such as the factories implementing the Workplace Challenge project that this thesis examines – it is apparent that the lines of causality are far from clear or simple. Analysing these complex lines of causality is necessary, however, if we are to understand how change, and the role of national identity within such change, is effected. While time-consuming, dissecting these institutions and the processes within forces us to ground theory in the practice of the South African case study. What hopefully emerges is a considered and useful account of the role of national identity in the process of economic development.
1.1 The Thesis Outline

Following this introduction, Chapter Two examines a number of theoretical approaches of relevance to the research question. This leads to a discussion on economic development and, in particular, its relationship to national identity. This multidisciplinary approach allows us to develop and clarify the research question both in its general form and in the particular South African context.

A brief review of the literature on nationalism and national identity focuses on how national identity has been explained as a constructed concept. Gellner’s (1997) definition of nationalism as a demand for the congruence of culture and organisation is extended to understand national identity as being created and mobilised for a variety of objectives, including national economic development. ‘Social identity theory’ (inter alia Turner and Giles 1981) provides a model for understanding how multiple constructed identities relate to each other. This allows national identity to be understood as a potentially superordinate identity that, if salient in individuals’ minds, may influence behaviour relevant to processes of economic development. Friedrick List (inter alia [1841] 1904), who can be considered the first economic nationalist, provides a starting point for examining the relationship between national identity and economic development. List’s work is seminal in articulating issues of economic policy, cultural resources, and national unity as themes in economic development.

These three issues – economic policy, cultural resources, and national unity – are then addressed in turn. First, the economic policies legislated and regulated by governments and their agencies, which constitute the bulk of development literature, are noted. Second, cultural resources, given their close relationship to identity, are explored in more detail. In particular, the debate begun by Max Weber ([1904-5] 1976) over pre-modern values in economic development and the more recent debate on social capital are outlined. Attention is paid to the role of social capital within the shopfloor environment given its relevance to the empirical section of the thesis. Third, and critically, the literature on national identity as a resource providing unity and motivation is examined. Although national identity has frequently been recognised as playing a role in economic development, little theoretical or empirical work has been carried out on its actual influence. Where attention has been paid, this resource has generally been considered as a feature of elite power struggles.
Chapter Three discusses the methodology used to investigate the research question. If national-level discourses over national identity occur and are not merely rhetorical, evidence of this identity having an effect within micro-level economic processes should be detectable. The chapter provides a description of the ethnographic research methods employed to investigate these micro-level processes in two South African factories.

The factories researched were implementing the South African government’s Workplace Challenge project. This tripartite project aims to improve productivity as the economy is opened up to increased global competition. Although the Workplace Challenge is a national policy initiative organised in industrial sectors, its point of implementation is within participating factories. Here it is hoped that workplace change, organised jointly by management and labour with the support of unions, will bring changes on the shopfloor that improve productivity and create jobs – thus contributing to national economic development.

A high-profile nation-building project is underway in South Africa. Chapter Four describes some of its manifestations. What is contested is the basis, and the implications, of this nation-building project. Evaluating with certainty the outcome of this project will require many more years – though a number of attempts to assess where South Africa is heading have already been made. Most of these agree, to differing extents, that South Africa’s transformation consists of an ‘elite pact’ as described in ‘transition theory’ (O’Donnell, Schmitter, and Whitehead 1986 and Przeworski 1991). This provides an important shared point of reference for most analysts.

Several writers have appraised the moves towards industrial corporatism that have accompanied the opening up of the South African economy to increased competition. Pessimists argue that these corporatist projects simply serve the interests of elite groups by hiding the conflicting interests of capital and labour under the cover of common interests (Bond 2000, Klerck 1999, and Marais 1998). Optimists argue that within this elite pact there is room for strategic action by organised labour to engage with progressive elites and to direct events in the interests of workers (Adler and Webster 1995 and 2000, and Ginsburg and Webster 1995). Both optimists and pessimists note the importance of wider social values in the process of industrial change at the shopfloor level. However, in parallel to the more general development
literature, little has been done to investigate what influence national identity might have.

In addressing this gap, Chapter Four reviews the nation-building project, social forces – particularly organised labour and business – and economic policy in South Africa. In brief, the chapter argues that South Africa is currently facing a situation of class impasse in which neither capital nor organised labour is able to impose a coherent agenda. However, escalation of the conflict between the two is corralled by a patriotic consensus resulting from the partial success of the nation-building project. Open class conflict is proscribed by a shared acknowledgement of the need for a national consensus. Given this deadlock, it is to be expected that, at some point in the future, the two parties will seek to move from the current status quo to develop and implement a national agenda. This will entail co-operation on a more sustained basis than has been evidenced to date.

While the emergence of a corporatist programme underpinned by consensus between peak-level organisations will create a more benign environment for workplace change, it is argued that grassroots change will not automatically follow national agreements. The experience of the Workplace Challenge project supports an understanding that management and labour on the shopfloor are not simply extensions, but also microcosms of peak-level organisations. Consequently, even with national support, workplace change aimed at raising productivity and enhancing national economic development will need to be carefully constructed at the sector and factory level before implementation by shopfloor agents will be possible.

Chapters Five, Six, and Seven examine the actions and beliefs of sector and factory-based agents in the plastics sector’s Workplace Challenge project between October 1997 and November 1998. This provides a study of agents attempting to implement co-operative workplace change. Chapter Five outlines the background to the Workplace Challenge project and to the plastics sector before assessing the work of the sector working group responsible for the project. Chapters Six and Seven present detailed case studies of the project at Plastosheet and Pipeco-Roodekop, two factories in Johannesburg’s East Rand.

The experience of the sector working group was dominated by the slow pace of implementation at the factory level. This highlights the need to analyse factories as institutions that represent microcosms, and not extensions, of peak-level organisations of labour and capital. It also shows the requirement for detailed analysis of factory-
level processes. The question as to whether a superordinate national identity provides unity and motivation is examined at Plastosheet and Pipeco-Roodekop through an analysis of the alliances constructed during the Workplace Challenge project. While the central alliance for the Workplace Challenge was an inter-class alliance between management and workers, the successes and failures of this alliance can only be understood through an analysis of the internal alliances constructed within management and within the workforce.

The thesis asks whether a new South African nationality might provide a common identity that, in uniting previously divided groups, serves as a resource for economic development. In analysing the sets of alliances within factories implementing the Workplace Challenge, it concludes that national identity does provide motivation in micro-level processes of economic development. However, maintaining unity over the direction of the changes this entails is conditional on both the form and content of the processes undertaken. Such processes must incorporate the values of those subscribing to the vision of a common superordinate identity. This can only be achieved, on a sustainable basis, if change is aligned with shared symbolic understandings and an acceptance that resources are equitably distributed by all those subscribing to the new identity.
Chapter Two: Theory

2.1 Introduction

In asking how national identity influences economic development in the new South Africa, we begin in Section 2.2 with an examination of Ernest Gellner’s (1997) understanding of nationalism as a principle seeking to unite culture – *how people do things*¹ - and political boundaries. Gellner’s understanding of nationalism as a constructed phenomenon is accepted but his definition is expanded in two ways.

First, in Section 2.3, using ‘social identity theory’,² we argue for the idea of multiple social identities, which form a hierarchical structure. The *salience* of any particular identity within this hierarchy is determined not by its position, but by its perceived relevance in a particular situation. The possibility of superordinate identities to which all members of an otherwise divided national community can subscribe is addressed. Thus, although we begin with a definition of nationalism we increasingly lay emphasis on national identity. National identity pertains to individuals’ subjective and psychological understandings, while nationalism refers to the active use of that identity. In many situations these terms are practically synonymous, however, given that it is not possible to act in a nationalistic way without a subjective understanding. Nor will a sense of national identity persist if it is not activated – even if only through the recognition of other national identities.

Second, in Section 2.4, by drawing on theories of economic nationalism, beginning with Friedrich List in the nineteenth century,³ we argue that the principle of nationalism can be expanded beyond cultural and political integrity to, *inter alia*, national economic development. In this thesis, economic development is restricted, in terms of stages or levels, to the process of industrialisation. However, examining the implications of this process is not restricted to increased GDP but also incorporates other aspects of development, including the level of equality.

¹ Our primary concern when referring to culture is the behavioural patterns, values, and norms that determine particular cultures. It should be noted, however, that culture reflects more than behaviour, values, and norms. Material culture – physical products of these ways of doing things are an important element, though not one dealt with extensively in this thesis. Nevertheless, in emphasising behavioural culture the role of material culture is not discounted. Material culture – food, music, literature, symbols, etc are often vital in allowing individuals to make sense and validate their behaviour and identity.

² *Inter alia* Turner and Giles (eds.) 1981.
Section 2.5 identifies three resources for economic development: economic policies, cultural resources, and national identity. Economic policies form the bulk of the development literature but are not the focus of this thesis. Cultural resources have been theorised in different ways, notably in the form of pre-modern values, and in the ‘social capital’ of reciprocal norms. Both these discussions are closely related to the central thrust of the thesis and are discussed in some detail. The question of shopfloor cultures of co-operation is also given particular attention. National identity is a third resource that can provide unity and motivation. It is argued that a salient national identity provides unity which would otherwise be difficult to generate, while motivation comes from the resulting understanding of a shared future which provides a focal point for groups, that might simultaneously be in conflicting relationships, to work towards.

Section 2.6 notes that the role of national identity in economic development has been recognised previously but remains underdeveloped both theoretically and empirically. Although a number of writers have suggested that national identity facilitates economic change this is envisioned primarily as a resource that can be mobilised by elite groups. Few writers have suggested that it may play a role beyond such restricted groups. Where such suggestions have been made they have not been pursued. Consequently, empirical research to investigate this possibility has not been carried out.

The general argument that national identity may provide unity and motivation for economic development addresses two important issues. First, it may shed some light on the still unanswered question as to why some economies, at particular historical moments, begin a sustained process of accumulation. Second, understanding national identity as a mass, and not only elite, influence may illuminate the relationship between culture and development.

Finally, attention turns to the appropriateness of the research question within the context of post-apartheid South Africa. A legacy of social division, the possibility of a new superordinate national identity, and the clear attempt to accelerate economic development indicate that contemporary South Africa provides a rich context in which to ask what role national identity may play in economic development.

3 Inter alia List [1841] 1904.
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2.2 Nationalism and National Identity

2.2.1 Introduction

Ernest Gellner (1997) defines nationalism as a political principle which maintains that similarity of culture is the basic social bond. Whatever principles of authority may exist between people depend for their legitimacy on the fact that the members of the group concerned are of the same culture (or, in nationalist idiom, of the same ‘nation’) (3-4).

In this definition Gellner links together the concepts of culture and organisation, arguing that nationalism is based on the demand for their congruence.

While this linkage is critical to an understanding of nationalism, it is necessary to question whether nationalism always means that congruence between culture and organisation must form the ‘basic social bond’. That some nationalists hold this view strongly is not in doubt; genocide, ethnic cleansing, and apartheid provide evidence that, for some, the importance of this bond means that those who are understood as being outside the national culture are not permitted to partake in the life of the nation. These examples, however, represents an extreme view. By contrast there are programmes aimed at constructing inclusive national identities, for example emphasising the need for tolerance of diversity.

We can identify three major features that expand this narrow academic understanding of nationalism. This enables us to comprehend a wider range of nationalist projects than those represented by exclusive nationalist programmes that draw heavily on a perceived need to unify culture and polity. These three features are: first, the nature of national identity – particularly the fluidity permitted by understanding identity as constructed rather than ‘primordial’; second, the possibility of multiple identities; and third, the expansion of possible national programmes beyond the congruence of culture and polity.

2.2.2 National Identity

The simplest conception of national identity is the ‘primordial’ view that national cultures are natural phenomena created at the origin of man. While emotionally appealing, such an argument can be swiftly demolished on a number of grounds, for
example, by highlighting the actual lack of correlation between political entities and cultures, or the lack of continuity between existing nations and earlier political structures. That as early as 1882 Ernest Renan (1990) had clearly illustrated the fallacy of such a primordial view has not restricted its power for nationalist mobilisation. The most common method by which the relatively recent arrival of national identity has been explained within a primordial paradigm has been the concept of national ‘awakening’ in which it is argued that national identity remains latent until called (Gellner 1997:8). While the concept of primordial identity, and indeed any other objective criteria of nation, does not withstand scrutiny (Hobsbawm 1990:5), the concept of an ‘awakening’ needs to be taken seriously given the successful creation of nations complete with apparent histories and projected futures, or even ‘destinies’ – such as a thousand year Reich.

The construction of national identity forms an alternative view to that of primordialism. As Gellner (1983) describes it,

nationalism is not the awakening and assertion of... mythical, supposedly natural and given units. It is, on the contrary, the crystallisation of new units, suitable for the conditions now prevailing, though admittedly using as their raw materials the cultural, historical and other inheritances from the pre-nationalist world (49).

The construction of national identity therefore involves an appropriate re-creation of the past that serves the present. As Tom Nairn (1981) has described it, nationalism is the ‘modern Janus’ looking both backwards and forwards.

Creating national identity also involves active agents or nationalists who set out to construct the nation and a population that responds to both the past and future that nationalists offer. In creating or recreating national identity, nationalists, as Gellner points out, have to use plausible material if their call is to resonate with the masses. Calls to the nation need to account for material realities more convincingly than competing ideologies, which form potential obstacles to the credibility of nationalist projects. Nevertheless, through suggestion and omission, particular versions of history relevant to perceived contemporary challenges are not difficult to construct (MacKenzie 1992). For example, the national identity of the Afrikaner volk

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4 Gellner (1983) points out, there are some 8,000 languages in the world that could, but don’t, form the basis for nationality and a distinct language is not even necessary for the claim of nationality.
was created, primarily during the twentieth century, through the rediscovery and reinterpretation of historical events, such as the Great Treks and the covenant supposedly made between God and the volk at the Battle of Blood River.

Such historical constructions provide the myths that ‘explain’ the legitimacy of the nation. As such, myths have to be understood as creations that are accepted or as “stories stamped large with social approval” (Burridge 1972:127). Myths of national origin, like all myths, are not only approved but, because of their acceptance, have real effects. As Pierre Maranda (1972:12) argues, “Myths solve problems or declare them unsolvable as elegantly as pure mathematics….” One of the problems that the myth of national origin helps to solve is the lack of any objective basis, primordial or otherwise, for national unity. National myths are able to overcome this weakness by constructing unity through a belief that there is unity. As Geoffrey Bennington (1990:121) has put it, “At the origin of the nation, we find a story of the nation’s origin.”

2.3 Identity

This section broadens our investigation from that of national identity to identity more generally. It does this primarily through the work of the European School of social psychology. The approach of this school enables us to highlight four important points.

First, the European School’s characterisation of identity as ‘self-categorisation’ defines identity as a subjective and psychological phenomenon – identity is who individuals believe themselves to be. In contrast to other, often reductionist, approaches to social psychology, this stresses the importance of the collective in one’s sense of identity.\(^5\) Second, national identity is one of many identities that exist. This helps us avoid the danger of over-emphasising national identity as the ‘basic social bond’. Which identity is effective within a particular

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\(^5\) Whether such agents believe they are awakening primordial identities or are consciously creating (new) identities is not relevant in the process of creating nations, though it may have important bearings on any programme that the created nation then follows.

\(^6\) That group behaviour cannot be explained solely along functional lines is axiomatic to the European School. This distancing from functional explanations is based on Henri Tajfel’s findings that minimal social categorisation had an influence on behaviour. That is, individuals exhibit ingroup favouritism even when the group is formed on explicitly arbitrary grounds, a phenomena which has been consistently confirmed. Here a group identity, which influences behaviour, emerges with no possible functional justification, suggesting that social identity, rather than fulfilling a functional role was, in fact, primary (Turner 1981).
situation depends on its salience. Third, while identities are psychological they have real effects. Fourth, the collective nature of social identities reinforces our understanding of identities as constructed rather than primordial.

2.3.1 Social Identity Theory

The European School's 'social identity theory' identifies three levels of identity or 'self categorisation' (Turner et al. 1987). First, a superordinate level of the self as a human being; second, an intermediate level of 'in-group – out-group' categorisations based on social similarities and differences; and third, the subordinate level of personal self-categorisation, or 'self-concept', based on differentiating between oneself as a unique individual and other in-group members. As Turner et al. (1987) points out, however, all these levels are integrated within the individual. "The self-concept in social psychology is usually equated with the personal self, but...the personal self reflects only one level of abstraction of self-categorisation, of which more inclusive levels are just as valid and in some conditions more important" (46).

The availability of a number of identities whose validity and importance varies requires that we understand the effects of the 'salient' identity operating within particular conditions. Penelope Oaks (1987:118) describes salient group membership as that "which is functioning psychologically to increase the influence of one's membership in that group on perception and behaviour." The salience of group membership, Oaks goes on to point out, also influences one's impression of and behaviour towards people in other groups. Thus, the salience of a particular identity modifies an individual's behaviour in conformity to that expected by 'their' group when interacting with a particular 'other'.

The salience of particular identities becomes more obvious in situations of change. For example, during normal operations, company managers often identify themselves most closely with their particular department. As a result, their relationships to other departments are often conflictive with, for example, sales managers demanding that production be run to meet the immediate needs of customers and production managers demanding that machines be run in the most efficient sequence. In the event of a strike, however, the salient identity – and consequently behaviour – shifts from the departmental portfolio to that of management as a whole. The 'other' is no longer other management departments, but
the workforce. All managers attempt to stand shoulder-to-shoulder against a common opponent. As Chapter Seven outlines in a case-study of a particular factory, it is not that the divisions resulting from intra-management identities are forgotten during a strike. Rather, these divisions are now seen as secondary to the more important task of maintaining unity around the superordinate management identity that is salient in the strike situation.

Turner et al. (1987:204) describes the effects of a salient identity on the individual as 'depersonalisation'. As he admits, this is an unfortunate term for what he wishes to describe. It is not meant to imply the loss of identity, but rather the use of the group identity by the individual. This process has important implications given that "depersonalisation of self-perception is the basic process underlying group phenomena (social stereotyping, group cohesiveness, ethnocentrism, co-operation and altruism, emotional contagion and empathy, collective action, shared norms and social influence processes, etc.)" (50).

In explaining this process Turner uses two interlocked explanations. The first is a mechanical process of averaging individuals' belief, with the important caveat that the average is not only of opinion within the group but, when relevant, also 'calculated' with reference to opinions held by out-groups, from which the group wishes to be distinctive. This provides an explanation both for the convergence of opinion in groups during the 'autokinetic experiment', and for the group polarisation observed in some small group discussions.

A second, less mechanical approach is also taken to explain the significance of depersonalisation. Here the value of utilising social norms is stressed. Norms are inherited from past processes of consensus and are continually being modified under the impact of new situations and individual interpretation - with some individuals being more influential than others. Thus, what is persuasive, and hence who is

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7 In this experiment subjects are asked to estimate the distance moved by a light spot on a far wall. In fact, the light is not moving but appear to do so due to physiological reasons - the autokinetic effect. Groups that are not aware of this fact converge to an average of their individual perceptions of movement. These group averages appear to hold consistently for the individuals of the group over long periods of time. Groups who are informed of the autokinetic effect (and believe it) do not converge to an average estimation of its movement (Turner et al. 1987).

8 It has been observed that groups comprised of individuals holding similar beliefs polarise their opinion during discussion so that the final consensus is more extreme than observed when group members are questioned individually. With reference to this Turner argues that the group is not only finding a medium opinion with reference to its own members but that it is also positioning itself with perceived outsider groups who hold different opinions on the issues concerned (Turner et al. 1987).
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persuasive, in the group is ‘prototypicallity’, i.e. the “past, present, and anticipated relative consensual support” (Turner et al. 1987:77). For example, a group of workers deciding on whether to engage in a co-operative project with management will reference past norms, the expressed opinions of current leaders, and projected outcomes, not only through individual calculations, but also through collective discussions.

This process helps the individual to manage information consistently with the relevant or salient group identity. As long as information is not overwhelmingly contradictory, these identities remain stable. Such stable conceptions of groups, when widely shared, form ‘stereotypes’. These stereotypes encapsulate individuals’ understandings of others and themselves in particular situations by ascribing common group attributes. These include: “social attitudes, prestige, needs, motives or goals, social norms and perhaps even emotional states” (Turner 1981:39). Referencing these stereotypes enables individuals to establish appropriate action for the situation they understand themselves to be dealing with.

Because stereotypes determine particular responses they are often viewed as the cause of conflict. However this misses the point that stereotypes facilitate co-operation as well as conflict. Consequently, the European School regards stereotyping as a valid and useful process. By making generalisations, stereotyping constructs a reality that enables action. Conflict arises not because false generalisations are made, but because differences exist.

It follows, then, that if conflict arises from differing aims, contact between groups is not going to remove the problem by breaking down stereotypes. Fredrik Barth (1981), looking at ethnic identity, stresses that contact between groups may not simply fail to break down stereotypes, but that differences may well be maintained by such contact:

Ethnic distinctions do not depend on an absence of mobility, contact and information, but do entail social processes of exclusion and incorporation whereby discrete categories are maintained despite changing participation and membership in the course of individual life histories. Stable, persisting, and often vitally important social relations are maintained across such boundaries, and are frequently based precisely on the dichotomised ethnic statuses... Interaction in such a social system does not lead to its liquidation through change and acculturation; cultural differences can persist despite inter-ethnic contact and interdependence (1989).
2.3.2 Imagined Communities – Real Divisions

In contrast to Barth’s anthropological work, much of the European School’s work has been conducted in laboratories or with small groups. The more complex problems raised by larger and more socially-relevant groups have generally been ignored within the European School. While explanations of small groups can be located in interpersonal interaction and understanding, as the group size increases the only link remaining between individual members is identity (Turner and Giles 1981). A group that exists above some threshold size must, therefore, exist through bonds other than those afforded by direct contact.

The notion of an ‘imagined community’, to which individuals understand themselves to belong to without the benefit of face-to-face contact with all members, is one that has emerged independently of social psychology, notably in Benedict Anderson’s (1983) work. However, the idea can be traced back to earlier sources. For example, Max Weber ([1919-20] 1978:389) wrote that “ethnic groups’ [are] those human groups that entertain a subjective belief in their common descent.... Ethnic membership (Gemeinsamkeit) differs from the kinship group precisely by being a presumed identity, not a group with concrete social action, like the latter.”

Such ‘imagined’ groups, while more difficult to study since they cannot be replicated for psychological experiments, should not behave differently with respect to the process of self-categorisation. We should also note that although these communities are imagined, this does not mean that their basis is without substance. Rather, these groups are a social construction of both understanding and symbolic representations.

In analysing ethnicity in Northern Ireland, Ed Cairns (1982) shows that the high level of sectarian understanding by which Catholics and Protestants are able to distinguish each other is relatively difficult to construct. It has to be learned through a variety of clues (area of residence, school attended, names, appearance – especially clothing and facial features – and speech). These are more difficult to learn than racial prejudice, which is based on more visible signs, and ‘full’ sectarian understanding does not appear in children in Northern Ireland until the age of eleven. As Cairns

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points out, this indicates that sectarianism in Northern Ireland is a learned rather than an inherent trait. Social reality is constructed, making use of whatever material is at hand; in this case, the material used is quite diverse and difficult. Simultaneously, this constructed understanding is represented and reinforced by the use of symbols, such as Protestant marches and the use of different flags.

If many different social identities are available to individuals the question arises as to how these identities are managed by individuals, since different identities brought to bear on the same situation may suggest alternative courses of action. Turner argues that social identity is only meaningful if it can be subsumed within a higher level. This allows the construction of hierarchies of identity. It is important to stress that a hierarchy of identities does not determine the importance of any particular identity because of its relative position. However, it does allow us to conceptualise not only the individuals’ constructions of their own identities but, also the identity structures that exist in society as a whole. This ‘mapping’ of society may be, in itself, a revealing process. Thus, Cairns in looking at Northern Ireland describes the situation as a ‘pyramidal-segmentary structure’ because two ‘terminal identities’ (Protestant and Catholic) embrace and integrate a number of lesser identities, while crosscutting identities, such as gender and class, are relatively unimportant.

2.3.3 A New South African National Identity?

In relating our understanding of identity to the contemporary South African context, an obvious question is whether a society that has been deeply divided through apartheid is able to construct a new national identity as a superordinate identity over other divisive social identities such as race or ethnicity. Given our understanding of identity hierarchies, the mere existence of a shared superordinate identity would not in itself impact on the importance of other divisive social identities. Rather, the new embracing national identity would have to be salient in particular situations and

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10 That is, social identity only exists because of ‘the other’ outside of that category. These categories must, if it is to be significant be located under a common superordinate identity, ultimately that of being human (Turner et al. 1987). For example, a white person is only able to meaningfully view black people as socially different from themselves because both black and white people are understood to be humans – even when such categorisation is taken to the extreme of viewing other ‘races’ as untermrenchen. Racism does not socially categorise black (or white) animals as different, despite them holding the apparently key characteristic of colour, because the two groups do not form subsets of a superordinate identity and such a contrast is meaningless.
individuals would, as a result, have to behave differently than if other subordinate-level identities were salient.

From our discussion we are aware that salience of identity cannot be divorced from an understanding that different identities are based not on misconceptions, but on actual differences. Nor can we claim that the effect of a particular identity is necessarily straightforward or determined. Rather, appropriate behaviour for a particular social identity is determined through past, present, and anticipated consensus. The research carried out for this thesis attempts to tease out these complexities in order to interrogate the question as to whether national identity has an influence on economic development. Before proceeding with this, however, we look at what others have said concerning national identity and economic development.

2.4 Friedrick List: The First Economic Nationalist

2.4.1 Friedrick List

Friedrick List (1789 – 1846), who grew up Wurttemberg, then one of thirty-eight German states, argued that the ‘popular’ or laissez faire school of Adam Smith and his disciples failed to take into account “a vital intermediate stage between the individual and the whole world. This is the nation to which its members are united by the tie of patriotism” (1983:29). Failing to take account of the nation, List asserted, led to a misunderstanding of economic development. National wealth rested on individuals, but their success depended on the nation’s “unity and power” (1904:87).

List’s conviction of the nation’s central role in economic development11 runs through his thinking and locates him as the founder of economic nationalism. Like all nationalisms, List’s economic nationalism is Janus-faced. His view of nations’ pasts is often primordial, seeing the nation as distinguished by “its special language and literature, with its peculiar origin and history, with its special manners and customs, laws and institutions...a society which, united by a thousand ties of mind and interest, combines itself into one independent whole” (1904:141). His view of the future is that of economic development leading to industrialisation since “[i]ndustry [i.e.

11 At least for the immediate future. In the longer run List argued that, “We regard nationalism as simply one particular stage of human development, which will one day be replaced by cosmopolitanism” (List 1983:189-190).
manufacturing] is the mother and father of science, literature, the arts, enlightenment, freedom, useful institutions, and national power and independence” (1983:66).

Although Roman Szporluk (1988) has pointed out that List, given his enthusiastic embrace of American citizenship, cannot be regarded simply as a German nationalist, his views are firmly based within a Western paradigm. This is illustrated by his understanding of what constitutes the ‘productive powers’ of a nation and in his division of the world into the ‘temperate zone’ where, he believed, industrialisation was possible and the ‘torrid zone’ where it was not.

For List a country’s productive powers were the source of wealth. These included: “...Christian religion, monogamy, abolition of slavery and of vassalage, hereditability of the throne, invention of printing, of the press, of the postal system, of money, weights and measures, of the calendar, of watches, of police, the introduction of the principle of freehold property, of means of transport...” (1904:113). However, a nation’s wealth also depended on the mobilisation of these productive powers. Economic development demanded that a country build on the achievements of former generations within physical and political constraints, to “develop as completely and symmetrically as possible all sources of wealth within its boundaries...” (1904:114).

It is this symmetrical development that links List’s conception of productive powers to his economic nationalism. In contrast to Smith’s emphasis on the division of labour as the source of wealth, List argues that it is the unity of labour that is critical – both in individual enterprises and for the national economy as a whole. “Only where the interests of individuals have been subordinated to those of the nation, and where successive generations have striven for one and the same object, [have] nations...been brought to harmonious development of their productive powers...” (1904:132).

In explaining how the nation could harmoniously develop its productive powers List exposes a tension within his thinking. On one hand, List adumbrates stages of development through which all nations must progress towards industrialisation. On the other hand, in emphasising the uniqueness of each nation, he argues that “every nation must follow its own course in developing its productive powers...” (1931:124).

In as much as this can be reconciled within his thought, it is through the strength that a specific nationalism offers in galvanising a population and driving the economy onto a new stage of development. “Let us only have the courage to believe
in a great national future, and in that belief to march onward. But above all things we must have enough national spirit at once to plant and protect the tree, which will yield its first richest fruits only to future generations” (1904:156). That is, faith in the future of one’s own nation provides the driving force to elevate the next generation onto a higher level of development.

Such spirit involves sacrifice since the “nation must... give up a measure of material property in order to gain culture, skill and powers of united production; it must sacrifice some present advantage in order to insure to itself future ones” (1904:117). For List, a willingness to sacrifice for the nation is “right and proper” given that “individuals owe to a nation their culture, their language, their opportunity to work, and the safety of their property.... They share in its memories of the past and its hopes for the future.... If a nation declines, the individual shares in the disastrous consequences of its fall” (1983:30).

That the state should organise this national sacrifice on behalf of its citizens is, for List, obvious. “It [the State] does not thereby do something which its individual citizens could understand better and do better than it; on the contrary, it does something which the individuals, even if they understood it, would not be able to do for themselves” (1904:135-6). The state therefore acts in the collective interests of the nation, resolving problems of collective action necessary to promote economic development at a rate faster than would occur under a laissez faire regime.

2.4.2 Economic Development: Policy, Culture, and Identity

List’s economic writings prefigure much of later development economics, especially non-laissez faire trade and industrial policy. As well as outlining the case for ‘infant industry’ protection, he also conceived of stages of economic development. The importance of identifying stages of development lies not in its analytical attraction,

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12 It is useful to note that List’s infant industry argument was not a crude form of protectionism bordering on autarky as is sometime suggested. List saw tariff protection for infant industries as conditional on their ability to compete. “It may in general be assumed that where any technical industry cannot be established by means of an original protection of forty to sixty per cent, and cannot continue to maintain itself under a continued protection of twenty to thirty per cent. the fundamental conditions of manufacturing power are lacking” (1904:251). Moreover, List viewed retaliating to foreign tariffs as “reasonable and applicable only if it coincides with the principle of the industrial development of the nation, if it serves as it were as an assistance to this object” (1904:255).
but in the fact that List and subsequent writers focus attention on the process of moving from one level of development to the next, or even leapfrogging stages.

The important question raised for economic development is whether late industrialisers’ advance through stages of development can be accelerated by interventions (Hirschman 1981). Within List’s writings and, to a lesser or greater extent, subsequent approaches to interventionist economic development, we can identify three categories of resources that can be mobilised as part of such interventions. These are policy capacity, cultural resources, and identity.

Policy capacity involves the design and implementation of economic policies. This represents the most obvious resource that can be utilised given the apparently clear lines of control. Cultural resources are constituted by behavioural patterns, norms, and values that support economic development. The ability to promote behaviour that supports development provides a degree of leverage, albeit far less responsive in the short term than the promulgation of policy. Identity – generally, though not necessarily, national identity – draws in part on individuals’ understandings of culture, but represents two distinct resources in terms of development – that of unity and motivation. A common identity, if successfully established, creates a shared future and if this shared future is salient enough, there is reason to act in ways that will improve that future.

These three resources – policy, culture, and identity – are generally found in all explanations or programmes of economic development from List’s onwards. However, the emphasis placed on each, and whether each is implicit or explicit, varies. As we have outlined, List sees national identity, which he is in part attempting to ‘awaken’, as providing a unity and motivation that will allow the implementation of the technical interventions which he supports and develops. His views on cultural resources are more ambiguous. While for List cultural resources are central to a nation’s productive powers, the degree to which he believes these can be mobilised is limited given his primordial conception that some parts of the world are capable of industrialising while others are not.

Other writers seeking to explain or promote economic development have placed different emphases on these three developmental resources. We now look at these three resources thematically.
2.5 Economic Development

This section examines the three themes of policy, culture, and identity previously noted as resources for economic development. To clarify, by economic development we are primarily concerned with the process of industrialisation. Of course, industrialisation does not constitute the only form of economic development. Nevertheless, since the first industrial revolution in Britain, industrialisation has presented a critical goal for most societies seeking to modernise and it is likely that this will remain the case for some time to come.

On a number of occasions in this discussion, the state, acting within nationally-defined boundaries, is considered as an active agent in economic development. While the state is far from the only agent of economic development, its inclusion may need some justification given the contemporary emphasis placed on economic globalisation. That economies have become more exposed to global processes in recent decades is not in doubt. It is certainly true in the case of South Africa. While this changes the role of the state in economic development, it does not necessarily reduce its importance. The state may have less direct control over its domestic economy, but how it responds to a more globalised environment remains critically important.

2.5.1 Economic Policies

Which policies should be implemented to promote economic development constitutes a central concern in development economics. Although there is some minimal consensus on the need for basic factors of production to be present, beyond this there is little agreement. For example, while it is agreed that finance capital has to be available, there is no consensus over how much is necessary, how it is accumulated, how and under what conditions it is invested, and so on.

The resulting debates focus, first, on whether policies should be interventionist or whether, in fact, policies ensuring the free flow of market forces are preferable. For a summary of some of these debates see Hirschman (1981) and Shapiro and Taylor (1990). For an example of an attempt to reconcile these two approaches in the case of East Asian industrialisation see Wade (1990).
debates over what these should be, how they should be implemented, and what sequencing is most effective. The debate over how states should intervene in order to promote growth and development began, as we saw, with List and continues to this day. One of the most recent interventions within this tradition is Michael Porter’s ([1990] 1998) influential idea of ‘industrial clusters’.

Neither of these debates are the direct focus of this thesis. Nevertheless, what approach is taken over policy is important in setting the environment in which other developmental resources, central to this thesis, operate. Consequently, we examine key economic policies of the new South Africa government in Chapter Four.

Before moving on it is valuable to examine how the state is perceived as an agent of economic intervention. Writers such as Chalmers Johnson (1982), examining the economic development of Japan, emphasise the role of a ‘developmental state’ which is placed firmly in the tradition of ‘economic nationalism’. The industrial policy pursued by Japan does not, Johnson points out, define economic nationalism; rather, “industrial policy [as organised by MITI] is a reflection of economic nationalism, with nationalism understood to mean giving priority to the interests of one’s own nation…” (26).

The important point to note here is that Johnson, like other writers who stress the importance of a developmental state, see the economic nationalism of elite groups who direct state policy as important in economic development. They do not consider, however, that nationalism beyond that of the elites controlling national policy might also play a role in economic development. We shall return to this point in Section 2.5.3.

2.5.2 Cultural Resources for Economic Development

Three facets of cultural resources for economic development are discussed in this section; first, pre-modern values – in the form of religion; second, networks and norms – often placed under the rubric of ‘social capital’; and, third, cultures of shopfloor co-operation. These three facets do not explore every aspect of culture that could be considered, and the three-part scheme is only one of a number of taxonomies

14 See for example Castells (1998) and Chang (1994).
that could be employed. Nevertheless, this approach covers the major debates relevant to this thesis.

2.5.2.1 Pre-Modern Values

The idea that values influence economic development formed the core of Max Weber’s ([1904-5] 1976) argument that capitalist accumulation processes originated through individuals’ responses to the ‘Protestant ethic’. Weber argued that Calvinism embodied certain ascetic values which drove individuals into a historically unique process of accumulation. This combined with numerous contingent factors gave rise to the capitalist system. By contrast, Weber argued that Confucianism and other religions did not have this ascetic basis and that this would militate against the development of capitalism in societies where these religions dominated. This view was then confounded by the rise of the East Asian economies. The extensive literature seeking to explain the rise of the ‘Asian Tigers’ has frequently addressed this apparent contradiction in Weber’s argument.

A number of responses to this apparent contradiction in Weber’s argument can be identified. First, it can be argued that the contradiction illustrates that values are not an important, and certainly not a critical, factor in economic development. For example, neo-classical economics is based on rational decisions made by individuals unconnected to values.

Second, it can be argued that Weber misunderstood Confucianism, which does, in fact, have values that support economic development. Johnson points out that such arguments can stem from motivations unconnected to an analysis of development and may be “nationalistic, ideological, or journalistic” (1995:41) in origin. However, even if not disingenuous, it is not uncommon for authors to assume uncritically the presence of values while they focus on other aspects of economic development — generally technical policies. Thus, for example, Porter in listing the factors that have supported Korea’s development explains that “Confucian culture...puts value on education, hard work, respect for authority and achieving success in life through moving up the social hierarchy” (1998:465). Any uncritical assessment of Confucianism’s value to economic development processes fails to explain why it was that industrialisation only took place in Confucian cultures several thousand years after the religion’s inception.
To deal with this problem a third approach argues that Confucianism was modified, or even ‘re-engineered’, in order to promote values supportive of economic development – effectively mirroring Weber’s description of Protestantism’s separation from non-developmental Catholicism. Thus, Michio Morishima (1982) uses a neo-Weberian argument in explaining the economic development of Japan compared to China. In a parallel process to the Protestant split from the Catholic Church in Europe, he argues that “Japanese Confucianism started from the same canons as did China’s Confucianism, and as a result of different study and interpretation produced in Japan a totally different nation ethos...[and] totally different economic conditions...” (3).

The subsequent rise of China’s economy clearly demands either a further regression to maintain the argument’s coherence or an alternative approach. One response has been the rigorous historical examination, rather than theoretical conjecture, of how religiously-inspired values have influenced economic development.

Winston Davis (1989) has attempted to re-examine the relations between religion and the modernisation of Japan. In particular, he attempts to avoid the pitfalls of conventional Weberian analysis, notably the failure to examine the relationship between values and institutions and the tendency to focus on post hoc explanations of the ‘impact’ of values on social change. After examining the role not only of abstract ideas, schools of thought, and individual thinkers, but also specific religious institutions and movements, Davis makes much more modest, though nonetheless significant, claims for the role of religion in Japan’s modernisation during the Meiji period (1868 – 1912). Rather than impacting on economic development, Davis provides a picture of Buddhism reacting to the process of modernisation. In as much as Buddhism did contribute to this process he suggests that it was through ‘silent’ support for the ‘rhetoric of development’ and by limiting social protest, albeit as only one of a “cluster of ideologies that the Meiji state used for its own beautification” (332).

Nevertheless, Davis makes a case for understanding how religion influences the path of development:
In Japan, where translations of Friedrich List and other protectionists appeared even before the works of Smith, Ricardo, and Bentham, a vastly different rhetoric took shape. Japanese entrepreneurs initially failed to create a business ideology that could deflect Confucian prejudice against commerce.... Religiously reinforced Gemeinschaft ideals prevented them from explicating business in terms of Social Darwinism (337).

It was only when armed with the values, symbols, and slogans of traditional ‘hierarchical complementarity’ and Buddhist slogans such as ‘harmonious unity’, that “the Japanese took their first ideological steps towards the creation of their now celebrated system of economic nationalism...” (337).

2.5.2.2 Culture as Social Capital

The concept of social capital, popularised by Robert Putnam’s (1993) empirical study of civic traditions in modern Italy, has recently assumed a central position within theories of economic development. This rise in prominence has been accompanied by an extension of the meaning of social capital. While this theoretical expansion may be of value to the internal struggles of development practitioners within organisations such as the World Bank, the concept of social capital, as defined by the Bank, is now overextended and lacks explanatory power.

The Bank (1999a) defines social capital as the “institutions, relationships, and norms that shape the quality and quantity of a society’s social interactions.... Social capital is not just the sum of the institutions which underpin a society; it is the glue that holds them together.”15 This is clearly so broad – effectively society itself – that evidence of ‘social capital’ is not hard to find. But finding such social capital does little to explain why development does or does not occur. As Alejandro Portes and Patricia Landolt (1996) have put it, this approach to social capital results in tautologies and truisms. Having expanded the meaning of social capital, explanatory power is lost. In order maintain the theory, explanatory power is re-introduced via a differentiation between social capital that ‘helps’ and that which ‘hinders’ social development (World Bank 1999a). However, with no independent principle that identifies why forms of social capital help or hinder development, the definition remains circular.

15 A similar definitions can be found in Woolcock (1998:153).
Returning to Putnam’s work we find a more circumscribed understanding of social capital. Rather than seeking to understand all social relationships as aspects of the economy, he argues that in regions where there are dense social networks – that is, a vibrant civil society – a by-product of the processes that individuals undergo within these social organisations is learning norms of reciprocity. With sufficient momentum these norms influence the overall environment. Individuals then start to take such norms from one organisation and find themselves dealing with individuals who have also learned the value of similar norms in another organisation. Thus, norms of reciprocity are established in a third environment – possibly one in which such norms would have been much less likely to arise spontaneously. In defining social capital as the “features of social organisation, such as trust, norms, and networks, that can improve the efficiency of society by facilitating co-ordinated actions” (167), Putnam provides a more careful, but more robust definition of social capital. Some aspects of a society’s culture can provide social capital, in the form of reciprocal norms, which facilitates processes such as development.

While the presence of social capital, as defined by Putnam, provides a valuable contribution to understanding development, it does not provide all the answers as to why development does or does not occur. In particular it does not address the question, originally tackled by Weber, as to what causes some societies, at particular moments, to successfully begin a sustained process of accumulation. The concept of social capital, in this respect, represents a problem shift.

A second area which Putnam’s work does not deal with is the way in which a culture of reciprocal norms influences developmental processes within actual institutions. While Putnam’s concept of social capital clearly provides a valuable tool in analysing what might be happening within institutions, such as factories, it does not claim to be a complete explanation for events.

The World Bank’s definition of social capital does not allow it such modesty. Rather, it suggests that when divisions occur within society or social institutions, there is the need for a form of social capital that will bridge these divides – ‘bridging capital’. This is comprised of “cross-cutting ties which are dense and voluntary...help[ing to] connect people with access to different information, resources and opportunities” (Narayan. N.D.:13). There are a number of problems with this approach. The first is the self-perpetuation of social capital or its absence. As Glenn Loury (1995:105) outlines:
Because generations overlap... and because prevailing social affiliations influence the development of the intellectual and personal skill of the young, the present pattern of inequality among individuals and ethnic groups will shape the extent of inequality existing in the future.

It is not, however, only that inequalities in social capital are, to a degree, self-perpetuating; such differences are also actively maintained. Access to information, resources, and opportunities form social cleavages that provide benefits which will be defended. Failing to enquire into the causes of social divides renders the optimism of directly bridging them well intentioned – but not necessarily useful.

This is particularly apparent when the issue of shopfloor relations is taken into account. Development will occur, according to Michael Woolcock (1998:186) of the World Bank, when, _inter alia_, “people are willing and able to draw on nurturing social ties... within corporate sector institutions.” Social ties are, of course, embodied in people and drawing upon them requires these individuals to straddle the industrial divide.

Such people exist and we will come across examples of them in later chapters. But the fragility of their positions needs to be emphasised. Reaching out to the ‘other’ is a perilous occupation given that the divide is based on real differences and not only misunderstandings. The ‘other’ may use such individuals’ goodwill for their own purposes, while their own side may regard their actions as ‘selling out’. It is far easier to stick with your own social group, or indeed jump completely to another, than it is to remain as a bridge between the two.

2.5.2.3 Cultures of Shopfloor Co-operation

Social divisions between workers and management have ongoing causes; this cautions us against simplistic solutions. Yet at the same time, it is widely recognised that facilitating higher levels of co-operation between management and workers holds enormous potential for economic development. For example, Johnson (1982) allocates the industrial relations system a central role in Japan’s economic development given that it “obtains greater labour commitment, loses fewer days to strikes, can innovate more easily, has better quality control, and in general produces more of the right things sooner than its international competitors” (11).
Only a small proportion of such productivity differences can be explained by the ‘allocative efficiency’ of factors of production. This has necessitated an acceptance that workplace cultures are an important part of explaining productivity. Despite attempts to label this factor with technical terms, such as ‘X-efficiency’ (Leibenstein 1966), it remains a distinctly intangible and therefore intractable variable. Lester Thurow’s (1987) coining of the term ‘soft productivity’ – incorporating motivation, co-operation, and teamwork – is probably more appropriate.

While Thurow drew his understanding of soft productivity from a comparison of Japanese and US manufacturing performance in the 1970s and 1980s, much the same phenomena had already been isolated by Elton Mayo ([1949]1975) during empirical research on American companies in the 1920s and 1930s. Mayo concluded that there was the need to balance the application of science and technical skill, the systematic ordering of manufacturing operations, and the organisation of teamwork or “sustained co-operation” (61). While the first of these factors held ‘enormous prestige’ and the second was well developed, the third was generally neglected despite the need to balance the three aspects if the organisation was to be successful.

We can, of course, trace these ideas even further back to List’s nineteenth century call for the ‘unity of labour’ to be recognised as a critical component of a country’s ‘productive powers’. That the relevance of shopfloor cultures to economic performance has had to be rediscovered and renamed on a number of occasions illustrates its important but elusive quality. Its importance stems from the fact that simply to industrialise is not sufficient; if living standards are to continue to increase industrial productivity needs to continually rise. The widespread attempts to emulate the successful Japanese industrial relations systems give evidence to this. That it is elusive is illustrated by the extensive debate and mixed results surrounding these attempts.

2.5.3 National Identity: Unity and Motivation

National identity is one of many possible psychological understandings that an individual may have of themselves and of others. As such, it is distinct from the cultures, whether national or otherwise, within which an individual participates. Yet while they are distinct, they are not unconnected. Social identities are in part understood and explained by reference to cultures which help provide the boundaries,
even if imagined, of a collective identity. This relationship is rich and fluid; traditions are invented and identities created (Hobsbawm and Ranger 1983) in dialectical relationships. But for all its lack of solidity, identity – who people perceive themselves to be – and culture – how people do things – are no less real in their effects than material objects or relationships of power.

Two features of national identity are of interest to us. First, national identity can play a role in creating unity between people who perceive themselves to share a common future. Second, a belief in a common national future can provides a stimulus to action and to sacrifice that individuals would not otherwise consider.

Wars, notably those of the twentieth century, provide powerful evidence that national identity can unite as well as divide people, and can mobilise them to suffer severe hardships, to fight and to die. What this thesis seeks to examine is whether a sense of national identity, without the stimulus of armed conflict, promotes unity and stimulates action within the economic sphere.

Interestingly, the extended social capital paradigm, which recognises the need to link people regarding themselves as different, through bridging capital, is almost completely silent on the possibility of national identity providing such a link.16

We have already noted, however, that a number of writers, such as Johnston (1982), explain the rapid industrialisation of countries by laying emphasis on ideologies of ‘economic nationalism’ promoted by elite groups within ‘developmental state’ structures. In such explanations the role of national identity in promoting unity and stimulating action is relevant to a relatively small group of people. Helen Shapiro and Lance Taylor (1990) suggest that this elite group is able to use ‘national solidarity’ to justify its interventionist policies. The developmental state, they argue, does not need a large planning bureaucracy, but it does need political backing from key interest groups if state intervention is to be accepted. “National solidarity and an ideology of growth sanction such bureaucratic transgressions of the rules of market game [sic]. If such forces do not coalesce behind an industrial push, it is much more likely to fail” (875).

A number of writers have extended the role of national solidarity coalescing interest groups behind a state-led development strategy to its use in mobilising the

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16 For example the World Bank (1999b) lists seven “key sources of social capital in the context of social and economic development”. These are: families, communities (neighbours, friends and groups), firms, civil society, public sector, ethnicity, and gender.
wider population behind these elites. Robert Wade (1990) suggests that ascending economic groups “may try to harness a popular political movement using nationalism or revolt against exploitative class relations as a rallying cry” (373) against interest groups blocking the strategies of a growth coalition.17

Manning Nash (1968), in an analysis of Mexico in the late 1960s, argued that a much longer-term and more enduring project was being undertaken. Rather than simply using nationalism to rally the population in order to break open the old order, he suggested that the conscious building of Mexican nationalism through symbolic definition and careful delivery of material benefits was carried out in order to create a “modern, working nation-state”.

[A] thirty-year period following the beginning of the Mexican Revolution was devoted chiefly to the symbolic definition of the nation and spread of a revolutionary mythology encompassing the intellectuals and the peasantry. On this basis, the less heroic tasks of economic development and modernisation could be undertaken by a pragmatic bureaucracy in combination with a business class, and the traditional peasantry re-routed from discontent and political ferment through small land grants and minor increments in level of living (82).

Fred Hoselitz (1968) also argues that the creation of national identity can be used as a basis for economic development by providing a new unity. “The strong nationalism which permeates many industrialising countries is the chief ideological underpinning for a process of social change that leads from the ubiquity of small particularistic communities to a more uniform, structurally diversified, but more highly interdependent society” (14).

As well as providing unity, we have argued that national identity has the potential to provide a stimulus for individuals that might be harnessed towards economic development. This can be seen as analogous to Thomas Schelling’s (1966) concept of a ‘focal point solution’ in negotiations. The existence of a focal point providing a clear objective enables parties to agree to co-operate in reaching a more distant goal than they might otherwise consider. In development terms, the focus provided by the nation’s future may help to motivate constituents of the nation to co-operate in economic development strategies, rather than to concentrate on distributional questions.

17 In contrast George Blanksten (1968:182) has suggested that elite groups threatened by such a growth coalition might form a nationalist alliance with their ‘indigenous subjects’ in opposition to the threat of social reconstitution.
Alexander Gerschenkron (1966) saw the need for underdeveloped countries to find means of mobilising their populations that transcended conventionally-understood economic incentives:

To break through the barriers of stagnation in a backward country, to ignite the imaginations of men, and to place their energies in the service of economic development, a stronger medicine is needed than the promise of better allocation of resources or even of the lower price of bread.... What is needed to remove the mountains of routine and prejudice is faith – faith, in the words of Saint-Simon, that the golden age lies not behind but ahead of mankind (24).

Gerschenkron regarded List’s economic nationalism as an attempt to translate Saint-Simon’s vision of industrialisation into a language that would have greater resonance in a pre-unified Germany. That is, nationalism was the most powerful ‘faith’ that could be found to mobilise a still un-created nation towards a process of industrialisation.

2.6 Formulating the Research Question

This section defines the research question utilising the previous discussions on national identity and economic development.

2.6.1 The General Argument

We understand that national identities, like all social identities, are constructed – although this process of construction is bounded by the need to compete with alternative ideologies in explaining the material realities that individuals encounter in their daily lives. We also understand that individuals hold multiple identities, the salience of which may be altered depending on their perceived relevance. Given the multiplicity of identities available, large groups of people within a political boundary may or may not share a common superordinate identity. Where a shared superordinate identity does exist and is salient, it promotes unity or at least the possibility of working co-operatively since a common future is anticipated.

Although we have used Gellner’s understanding of nationalism as a foundation, we have also developed it further. One important development is the recognition that those creating or responding to national identity may do so for a
number of reasons – not only to ensure the continuity between culture and political boundaries. Economic nationalists seek the economic development of their nation and will use, or even create, national identities along with other strategies and policies in order to achieve their ends. This does not make them fundamentally different from other nationalists who seek the validation of their nation in different forms, such as cultural output, military might, technological superiority, moral values or any other attribute. Such ambitions, if they resonate within the national community, provide motivation for those goals, as ‘focal points’ to be reached.

In examining how economic development has been theorised and analysed, we used a three-part scheme which identified economic policies, cultural resources, and national identity. The first of these three is the area where research and theory has been most extensive, although without consensus being reached. While there is more that needs to be done in this area, this does not form the central point of this thesis.

We recognised that culture and identity are linked in complex ways, but that it is useful to separate them conceptually in examining their role in economic development. A plethora of cultural explanations have been offered to explain economic development. However, two strands are particularly significant. First, pre-modern values are used to explain the origins of modern economic rationality. There is little agreement over the form that these take and the original question, first addressed by Weber, remains pertinent. Second, certain cultural aspects provide valuable support to processes of economic development, primarily in the establishment of norms of reciprocity.

This second strand is a valuable contribution to our understanding of economic development, but care needs to be taken on two counts. First, we need to ensure that the theory is not overextended into an understanding of society based on its economic functionality, and second, that in resolving this over-extension, we do not gloss over social divisions. With these caveats in mind, the value of particular aspects of a society’s culture to economic development needs to be given a prominent position in any analysis. Given the relationship between culture and identity, any investigation of identity needs to take account of culture.

Finally, we looked at national identity as a potential resource in terms of providing unity and in mobilising people. Here we noted that this possibility has been raised by a number of writers with reference to elite modernising groups. The role of national identity among the larger population has been suggested by some writers as a
possible tool that could be used by elite groups. Only a small number of writers have suggested that national identity among the population at large might play a more substantial role than simply providing muscle within elite power struggles. It is this last potential role for national identity that constitutes the specific focus of this thesis. The research question therefore asks, *What role does national identity play in economic development?*

Looking at such a question has a number of implications for the discussions outlined in this chapter. First, if national identity does provide unity and motivation, it would suggest that this forms a potential explanation for why some economies are, at particular moments, able to move into sustained periods of accumulation. This is not a solution to Weber’s unanswered question, but a suggestion that countries seeking to emulate the economic development of already industrialised nations may consciously use this resource to replicate or speed their own industrialisation.

Second, if the relationship between national identity and economic development is addressed not simply at the level of elite groups, but within the wider population, we may build some understanding of the relationships between culture and identity within the process of economic development. If national identity has a real effect within the wider population in terms of economic development, we can understand it to be instrumental in moulding behaviour and norms in ways beneficial to economic development. That is, national identity, by promoting aspects of a society's culture that support economic development, may smooth and speed the process of industrialisation.

While there is little previous research into this question, this does not appear to be because the issues are dismissed. We have looked at some of those who have at least attempted to assess what the influence of national identity on economic development might be. A more typical approach, however, is that exemplified by George Allen when looking at Japanese industrialisation. After pointing out the 'potentially pernicious' outcome of nationalism, he states that it "made an essential contribution to [Japan's] economic progress in modern times" (1981:4). However, this 'essential contribution' receives no further attention.

Given the impossibility of quantifying national identity, and the necessary interdisciplinary approach required to study its effect on economic development, this is not entirely surprising. Yet while the challenges are very real, it seems remiss that
so little attention has been paid to this question when so much energy has been devoted to other aspects of economic development.

2.6.2 The Research Question in the South African Context

Research for this thesis was carried out in post-apartheid South Africa. In order to establish that this is indeed an appropriate location for such a study, some features of the new South Africa relevant to our research question will now be outlined.

South Africa has a multiplicity of social identities. Race, ethnicity, and class form some the most important social identities in what is a deeply-divided society. Despite these divisions, the transition to democracy has provided a new, inclusive national identity to which the vast majority of the population has been able to subscribe. This constitutes a potential superordinate identity at the peak of a single pyramid structure of social identities.

In addition to addressing long-standing social divisions, South Africa is attempting to accelerate its economic development, in particular through a concerted ‘push’ to its stalled industrialisation process. Chapter Four looks briefly at some of the economic policies and policy debates that this ‘push’ has entailed to date.

The cultural resources that are available to any development strategy are extremely diverse. There are the inherited cultures of the old order, African culture which has survived and adapted in both country and townships, Christian values (often infused with those of traditional religions, in what is a deeply religious society), the culture of the independent trade unions and of the liberation movement, the values of democracy and of the new constitution, and so on almost without end. This plurality of cultures presents both problems and potential.

A central problem is the deep divisions between these cultures. At times it is almost impossible for individuals even to understand each other across these barriers. Nowhere is this more apparent than in industry where, despite being in daily contact on the shopfloor, white management and black workers face each other across trenches of the mind that have been dug deep by conflictive class relations overlaid with apartheid racism. The words ‘company’ and ‘management’ are synonymous for both managers and workers in South Africa. There is not even a word that describes the institution as a shared entity. This highlights our previous concern that the concept
of ‘bridging’ social capital can be too glibly assumed to resolve the real differences that separate people – whether in South Africa or elsewhere.

On the other hand, the rich diversity of cultures represents an enormous resource that could be mobilised in support of economic development – if they can be aligned through co-operation directed towards common goals.

With an understanding of these problems and potentials, the role that national identity might be expected to play in providing unity and motivation in South Africa should not be oversimplified. Subscription to a superordinate identity provided by a new national identity is far more likely to provide unity than any direct bonding between communities, at least for the foreseeable future. Moreover, a superordinate identity provides a collective motivation that lower-level bonds do not. This does not mean, however, that by waving a new national flag differences are forgotten and that, for example, everybody gets down to increasing the country’s GDP while the status quo of wealth distribution remains unchanged. Rather, only a national vision that embraces critical aspects of people’s lives can provides a common focal point for economic development. Such a focal point – a national economic agenda – is necessary to influence the day-to-day actions of agents if they are to negotiate themselves, across divisions and around conflicts, towards such a vision.
Chapter Three: Methodology

3.1 Introduction

This chapter describes the methodology used, and some of the difficulties encountered, in addressing the research question. An initial methodological issue is the appropriate research location. Chapter Four will outline how national-level discourses in South Africa linked national identity and economic development. It is argued in Section 3.2, however, that such articulations while suggestive are not a sufficient condition for establishing causation between the two. Rather, what needs to be identified is the reflection of these national-level discourses in actual processes of change at the micro level.

Section 3.3 describes the micro-level research case study for this thesis – Nedlac's Workplace Challenge project in the South African plastics industry. Section 3.4 then explains why ethnography was used to investigate the research question within the Workplace Challenge project.

Section 3.5 outlines the research programme carried out and discusses two methodological issues. First, as a researcher for the Workplace Challenge project, I conducted two simultaneous ethnographic research projects. One was an applied research programme for the Workplace Challenge sector working group; the other investigated the more abstract research question of this thesis. Section 3.5.2 considers the problems and advantages that this duel role presented.

Second, researching at the micro level does not make national identity any more measurable. While it facilitates a rigorous description of how national identity influences events this influence needs to be tracked. This is not straightforward and some time is devoted in Section 3.5.3 to the changing manifestation of national identity observed in the Workplace Challenge project. Initially, national identity appeared in overt references by participants. Later, after apparently disappearing, it could be detected in the values that participants brought to and expected from the processes to which they were contributing.

Sections 3.6 and 3.7 describe how ethnographic research was conducted at the sector and factory levels. At the factory level, three challenges are explored in detail:

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1 The National Economic, Development and Labour Council (see Chapter Four, Section 4.6).
gaining good quality research access (Section 3.7.1), finding an appropriate position from which to conduct research (Section 3.7.2), and making sense of the large amount of information that complex institutions, such as factories, provides (Section 3.7.3).

In dealing adequately with these challenges the problem of ‘ethnographic fallacy’ – in which the researcher becomes enmeshed in cultural details and fails to appreciate wider influences – clearly emerges. In conducting research at the national, sector and factory levels of the Workplace Challenge, in addition to tracking wider national discourses, I conducted what George Marcus (1998) has described as ‘multi-locale ethnography’. Involvement with the multiple levels of the Workplace Challenge enabled me to view the project not only within the immediate context of the factories where it was implemented, but also within the wider settings of the plastics industry, the economy, and South African society as a whole. It also helped to maintain a focus on the original research question and its national implications, despite the necessary localisation of field-based research.

3.2 Linking National Identity and Economic Development

As Chapter Four outlines, it is not hard to find evidence for the recasting of South African national identity, and the values attached to this, in the explicit nation-building project undertaken following the first democratic elections of 1994. However, detecting the presence of such a variable leaves two major questions unanswered. First, does public articulation and debate over national identity represent a real influence, especially in terms of economic development, or is it merely rhetorical without actual effects? Second, if it is a real influence, how does it operate?

Unlike national identity, economic development can be measured by a number of criteria. However, even if South Africa demonstrates measurable economic development, there would still only be a correlation, separated by a period of time, with the visible but unmeasurable nation-building process. Moreover, a large number of other variables would also demonstrate correlation. While Chapter Four outlines a bridging concept between national identity and economic development, that of a ‘national economic agenda’, this does not move us much beyond the possibility of correlation, other than the knowledge that some agents were publicly trying to link the two concepts.
If, however, the second question is addressed and evidence for the influence of national identity in the processes that constitute economic development is found, then we also answer the first question. This requires that we find suitable processes of economic development that can be observed to detect the influence of national identity acting as an independent variable. The following section outlines one such process – the Workplace Challenge project in the plastics sector. It was within these micro-level processes that evidence for linking national identity and economic development was sought. However, this does not mean that macro-level analysis was not of value.

Macro-level analysis gives an indication as to whether the research question is worth pursuing. If an unmeasurable variable which exists in the minds of individuals and in collective understandings does not find expression within open public discourse, then it might be appropriate to question whether it should be the subject of research. That such articulations are present in the public realm, and that intellectual linkages are being constructed, does not provide evidence that national identity is influencing economic development. But it does underscore the value of a research project to establish whether such utterances are merely unheeded noise or whether they are, in fact, mirrored by real processes in more localised environments.

3.3 The Research Case Study: The Workplace Challenge

The Workplace Challenge provided a suitable case study for examining the role of national identity in a process of economic development. This was, first, because of the good research access that the project afforded and, second, because the tripartite nature of the project explicitly demanded that sectional agendas be aligned in the interests of developing the economy. This latter consideration provided a rich context within which the variable of national identity might be observed. The Workplace Challenge is described in greater detail in Chapter Five. However, in order to enable the reader to understand how research was undertaken within this project, a brief description is given here.

The Workplace Challenge is a supply-side measure funded by the South African DTI but controlled by the tripartite institution of Nedlac. Its aim is to increase productivity in the workplace through bipartite agreement. The initiative in the plastics sector was the first of a series of Workplace Challenge projects across a range
of industries. The programme was seen as a part of the necessary economic transformation of South Africa if the country was to deal with the rapid opening up of the economy to the global market and to address high levels of unemployment.

The Workplace Challenge project is organised, within each sector, around a tripartite committee or working group which is responsible for the project’s development. These sector committees report to Nedlac via an appointed Project Manager. Companies participate in the project on a voluntary basis. In plastics, where the sector committee was referred to as the ‘working group’, six companies initially participated; two later withdrew from the project, leaving four companies with eight sites.

Changes in working practices were negotiated at the factory level with the assistance of management consultants. These consultants were selected, at least in theory, by a bipartite Workplace Challenge committee in each participating factory and were heavily subsidised. The project was co-ordinated through sectoral ‘Milestone Workshops’, to which companies sent worker and management delegates to report on progress, and a number of ‘capacity-building’ workshops which were run for both labour and management. Researchers were attached to each project to report on outcomes.

3.4 The Choice of Ethnographic Research

This section explains the choice of ethnographic research methods. This choice was informed by the perceived appropriateness of ethnography in addressing the research question.

3.4.1 Methodological Options

In researching workplace environments, a variety of methodologies are available. These can be classified, *inter alia*, by the degree of researcher involvement in the

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2 In full, the Manufacturing Practices Working Group, see Chapter Five, Section 5.2.2. It is referred to as the ‘working group’ or ‘MPWG’ in this thesis.

3 The first R30,000 of expenditure, and 70 percent of the next R100,000, was covered by the project.

4 Two researchers were attached to the plastics Workplace Challenge: the author and Professor Christo van Wyk of Potchefstroom University.
processes under observation and by time constraints on research. Figure 1 shows possible workplace methodologies ranked by these criteria.

Figure 1: Possible Workplace Research Methodologies

<table>
<thead>
<tr>
<th>Level of involvement of researcher in process</th>
<th>Methodology employed</th>
<th>Time constraints on methodology</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Participation</td>
<td>Must be contemporaneous</td>
</tr>
<tr>
<td></td>
<td>Observation</td>
<td>Must be contemporaneous</td>
</tr>
<tr>
<td></td>
<td>In-depth interviews</td>
<td>Dependent on interviewees’ recall</td>
</tr>
<tr>
<td></td>
<td>Questionnaire surveys</td>
<td>Dependent on respondents’ recall</td>
</tr>
<tr>
<td>Low</td>
<td>Examination of material culture (minutes, production data, etc.)</td>
<td>Dependent on preservation of records</td>
</tr>
</tbody>
</table>

Ethnography

Participation (as an actor within the process being researched), observation of the process, and in-depth interviews make up the high-involvement end of the research methods spectrum. These methods constitute the core of ethnography, as defined by Hammersley and Atkinson (1995).

In its most characteristic form it [ethnography] involves the ethnographer participating, overtly or covertly, in people’s daily lives for an extended period of time, watching what happens, listening to what is said, asking questions – in fact collecting whatever data are available to throw light on the issues that are the focus of the research (1).

Given this breadth of definition, assigning precise boundaries to ethnographic method is difficult. In-depth interviews may be carried out as part of non-ethnographic research, while the ethnographic researcher may wish to supplement his or her data with surveys or document analysis. Nevertheless, drawing a boundary between ethnographic and other research methods at the level of in-depth interviews is useful. Participation, observation, and in-depth interviews represent labour-intensive research methods which limit the number of sites that can be covered within
a research programme. Moreover, such data, because of its nature, is difficult to aggregate. By contrast, questionnaire-based surveys and analysis of material culture are significantly less labour-intensive and provide data that can be far more easily aggregated.

A further feature of ethnographic methods is the time constraints within which the research must be carried out. As eyewitness accounts both participation and observation have to be contemporary to the process being observed. In-depth interviews can be carried out after the fact as long as agents involved in the processes under research can accurately recall events. By contrast, there are no time restrictions on the study of material culture provided that it is archived.

3.4.2 The Appropriateness of Ethnographic Methodology

In concluding that ethnography provided the best methodological approach to the research question a number of considerations were taken into account. The most important of these was that if I was to investigate the impact of an unmeasurable variable within a process of economic development, this could only be captured through direct observation and through an understanding of agents’ actions.

The decision to proceed with ethnographic methodology was supported by an understanding of the inappropriateness of other possible methodologies, particularly surveys and the analysis of material culture. Events which transpired during the Workplace Challenge appeared to confirm this rejection of other methodologies as core research techniques. While I seriously considered the use of questionnaires on a number of occasions, it was never possible to formulate closed-response questions that could adequately communicate or capture the relationship between national identity and economic development.

An opportunity to assess the efficacy of a non-ethnographic research method – the historical analysis of material culture – resulted from my appointment as the project’s archivist in mid-1998. This responsibility meant that I collected and catalogued a considerable volume of documentation relevant to the project.\(^5\) However, while these documents were useful for confirming dates and other factual information,

\(^5\) Three hundred and forty-two documents were archived. A far smaller number of documents that were considered sensitive were not archived.
they offered little more. By themselves, they provided a shallow and extremely partial account of events. This illustrated that a historical methodology relying on the project’s material culture alone would miss many of the critical interactions that ethnography captured.\(^6\)

Finally, in assessing the appropriateness of ethnographic research, there is the need to evaluate the degree to which the researcher’s involvement influences the process being researched. Some of the concerns raised by this issue are explored in the following sections. However, it is worth noting immediately that ethnographic research methods may, in fact, be less distorting than other methods, despite higher levels of involvement by the researcher.

In answering questionnaires or even one-off interviews, respondents may tailor their answers and the researcher will have only limited opportunity to detect the resulting bias. The presence of an observer within, for example, a meeting clearly does have some impact,\(^7\) but it is unlikely that the overall outcome will be significantly affected given that the meeting is dealing with issues that need to be finalised irrespective of the researcher’s presence.\(^8\)

3.5 Undertaking Ethnographic Research

This section outlines the form that the research took once the decision to adopt an ethnographic approach was made. Attention then turns to two particular challenges that this involved: maintaining two research agendas simultaneously and observing the unmeasurable variable of national identity.

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\(^6\) It should also be noted that this archiving of factory-level documentation is a relatively unusual undertaking. The participating companies routinely disposed of all minutes and records not required by law. Most of the project’s archive consisted of documents I collected during field visits or came from the personal Workplace Challenge files of HR managers.

\(^7\) This was most obvious during the initial visits made by the researcher. Thereafter, overt attempts – by management and workers – to utilise the researcher’s presence tailed off. As reported by shopfloor representatives, one continuing effect of the researcher’s presence in meetings was a less confrontational approach by management. This effect was reported as being similar to that experienced when consultants were present.

\(^8\) This was most forcefully illustrated during a management meeting that discussed informal means by which particular workers would be punished for alleged breaches of conduct. At first, aware of the researcher’s presence, the language was deliberately obscure – for example, talking about there being ‘more than one way to skin a cat’. However, the need for clarity forced the meeting to return to the issue on two further occasions. With each subsequent discussion, the details of imposing such punishments were co-ordinated in an increasingly explicit manner.
3.5.1 Researching the Workplace Challenge Project

Provision was made in the Workplace Challenge project for academic researchers. Researchers were included in the project on a quid pro quo basis. In return for access to participating factories, they were expected to report back their findings. It was hoped that this arrangement would provide a useful channel of feedback and analysis to those organising the project.

As a project researcher between October 1997 and November 1998, I attended the monthly sector-working group meetings, the project’s capacity workshops, and the six Milestone Workshops where I made a number of presentations on the project’s progress. Additionally I also attended a number of Nedlac’s Workplace Challenge sub-committee meetings and Project Manager’s planning meetings. During the course of the project, my original role as a researcher was extended when I was commissioned to write the project’s final report (Dickinson 1999) and to compile the project’s archive. Towards the end of the project, I interviewed members of the sector working group, trade union organisers, members of the Nedlac committee, Project Manager employees, and consultants.

At the factory level, I researched five sites covering the four participating companies. The amount of research carried out at these different sites varied in response to events and the quality of the access that developed. The two factories that I researched most extensively were Plastosheet (Chapter Six) and Pipeco’s Roodekop site (Chapter Seven), both in Johannesburg’s East Rand. Visits to these factories typically involved sitting in on meetings, negotiations, or training sessions of the Workplace Challenge structures and then, importantly, holding informal discussions outside of these. A smaller number of visits were made to investigate processes which I felt to be important to my understanding of the wider factory environment, for example, monitoring the ‘die-change’ on extrusion machines at Pipeco-Roodekop and attending negotiations over the shift system at Plastosheet. Given this responsive approach to the project’s processes my attendance at the factories varied. My priority was to keep abreast of events through visits supplemented by telephone discussions. Over the course of the year I made approximately eighty visits to Roodekop and thirty to Plastosheet.

As my links with the workforce developed, most noticeably during the strike at Pipeco-Roodekop, I made a number of more loosely structured visits outside of the
factories; these included visiting union offices, attending union meetings in the township, attending civic organisation (Sanco) meetings, and socialising.

Towards the end of my fieldwork period I carried out in-depth interviews with those individuals within the factories who had emerged as 'key players' in the process. These ranged from the Managing Directors of the companies through to informal worker leaders who might not hold any position within the union. These interviews (which were recorded) had three sections: personal details, questions about the project in the factory, and wider questions on the social and economic transformation in South Africa (see Appendix A for details).

I kept detailed notes of all meetings and field visits, attempted to capture aspects of the factories and project with photographs (Appendix B), and kept a diary in which I recorded conceptual and methodological issues that emerged.

Overall, my involvement within the Workplace Challenge's structures provided what Marcus (1998) has described as 'multi-locale ethnography'. Conducting ethnographic research on the Workplace Challenge, at the factory, sector, and (to a more limited extent) national levels, enabled me to view the project not only at the point of its implementation – the participating factories – but also within the wider settings of the plastics industry, the economy, and South African society as a whole.

3.5.2 Dealing with Two Research Agendas

In contrast to most research projects, I ran two (often connected) research agendas simultaneously. Although the *quid pro quo* arrangement with the Workplace Challenge sector working group meant that I was free to pursue my own research question, if I was to improve my research access it was clear that I also had to conduct more applied research. Thus, I was simultaneously involved in analysing the project's progress on a very practical level which I reported back to the working group, the Milestone Workshops, and in the project's written reports, while also looking for evidence of the influence of national identity on economic development.

Despite these distinctive orientations, there was never a completely clear division between these two research agendas. I increasingly realised that the value of my own research depended, in large part, on understanding it within the factory and wider environments. Observations of the influence of national identity could not be
treated as abstract manifestations independent of context. On the other hand, some of
my own research insights around national identity were relevant in explaining the
progress of the project. Thus, for example, the final report, reflecting earlier Milestone
Workshop presentations, pointed out that:

A bipartite vision, relevant at the factory level, along with government and Nedlac
involvement, allowed the Workplace Challenge to be distinguished from earlier
[management-driven restructuring] processes.... Through attending workshops,
training, and factory-level meetings, individuals were exposed to the logic and
benefits of the process as well as being able to see it as a national endeavour. This
exposure brought about increased levels of commitment to the project's success...
(Dickinson 1999:39).

Nor were the two research agenda's ever separable during fieldwork. While I might
make inquiries in pursuit of specific questions relevant to a particular research
agenda, the responses would often inform the other agenda, or indeed both.

Nevertheless, despite these overlaps, I did attempt to maintain a separation. In
particular, I was afraid of contaminating my research subjects with my own research
question. In this sense, having two research agendas was useful in that I could be
overtly researching applied issues while covertly looking for evidence to inform my
research question. While I never hid the fact that I was conducting research for my
own PhD thesis, this was a secondary level of explanation which I would proceed
with only when individuals showed sufficient interest. A few individuals in each
factory showed this level of interest, though generally only after I had spent
considerable time with them.

3.5.3 Detecting National Identity: Overt Reference, Disappearance, and Re-
emergence as Values

I never directly asked my own research question in the field. Rather, there was always
more than enough to do in observing events and talking about the Workplace
Challenge, the dynamics and histories of the factories, and wider issues of social
change that often were impacting on the day-to-day lives of individuals. Only during
the in-depth interviews conducted towards the end of my fieldwork did I raise
questions pertinent to my research, but even here my inquiries never confronted the
question head-on (see Appendix A).
This was not to say, however, that the topic of national identity never arose. While I never directly asked how national identity might influence economic development, I frequently found myself listening to, or participating in, discussions that were of relevance to this. These are reported in the chapters dealing with Pipeco-Roodekop and Plastosheet. This section summarises the pattern observed in the manifestation of national identity during the research period.

While this pattern varied between factories, there was an identifiable cycle. During early stages of the project, there would be open, sometimes heavy-handed references to patriotism and nation building. These references would, after an initial period, tail off and subsequently would only be made publicly on occasion. Initially, I found this apparent disappearance of overt referencing to the wider environment somewhat puzzling.

Observation revealed that I was not the only person puzzled by this. A regular phenomenon that I noticed was the interaction which transpired when new individuals joined Workplace Challenge processes. These ‘newcomers’ would often disrupt processes by asking to go back to ‘basics’ in (re)establishing the group’s commitment to the process. These interventions were often viewed with annoyance by those driving the process and were effectively ‘policed’ — generally by the newcomer’s own ‘side’ — in the interest of making progress on the specific task the group was then dealing with. A clear example of this is provided by the presence of a manager newcomer in Pipeco’s negotiations of a framework agreement (see Chapter Seven, Section 7.5.6.1).

When conducting in-depth interviews, or in other sustained discussions, I also realised that while these references to issues beyond the factory had largely disappeared from the public process, individuals still referred to them. In discussing how they understood the project, many of the factory-level key players referenced their wider understanding of change in South Africa to explain why and how they participated in the project.

Importantly, as my fieldwork progressed, I began to see more subtle reflections of the wider influences of national identity on processes in the factory. These were visible in the expectation or demand for processes — in the Workplace Challenge and elsewhere — to be carried out in certain ways. I increasingly realised that I was detecting the values which individuals brought into their workplace from the wider environment. Not surprisingly, values associated with the new South Africa
were most easily detectable among those who closely identified with the process of national transformation – the African workforce. Typically, they expected the Workplace Challenge to proceed on lines of transparency, equality, and inclusiveness. If this was not the case, they felt the project was failing. Other groups in the factories sometimes shared these values, but these had to compete with other influences. In the case of managers, these competing influences could be linked to their particular portfolio positions within management and their different perspectives on social order.

Seeing these values was, I suspect, partly a result of my increased ability to understand the factories and partly a stage in the cycle through which manifestations of national identity progressed during the project. Whatever the relative weighting of these two explanations, these developments would not, of course, have been observable other than through ethnographic research methods.

### 3.6 Conducting Ethnographic Research at the Sector Level

My appointment as a researcher for the Workplace Challenge project in the plastics sector gave me access to both the sector-level structures of the project and to the participating factories. This section explores my research at the sector level.

As a researcher, I was given access to the project in return for reporting my findings. This arrangement was loosely defined, however, and the actual relationship was established primarily by my input into the project. This was influenced by the time available, my increasing interest in the process, and a commitment to the success of the project.

A commitment to the success of a tripartite project is not, of course, a position of neutrality. However, once my commitment to the success of the project was obvious, it helped in maintaining an independent position vis-à-vis the individual tripartite partners – government, labour, and business. Representatives from all groups felt able to trust me with information with the confidence that it would not be used against them. Commitment to the project alone would not, however, have secured the levels of interaction that I maintained with members of the sector working group. For this it was necessary that part of my research output be of practical value. Often this meant researching at a tangent. Generally, however, this had synergies with my research questions.
This delivery of practical information to the project resulted in obtaining far more and better quality information than I would have otherwise been able to collect. In part, this was a reflection of the _quid pro quo_ bargain originally struck. Sector-level players, recognising that I had contributed significantly to the project, went out of their way to give good quality insider accounts of the project and their own organisations. It also resulted from on-going interaction. As my level of contribution to the project increased, I was incorporated into the ‘loop’. This involved working group members keeping me informed of events between meetings and discussing problems as they arose. This provided insider information – not always apparent in formal meetings – which greatly enriched my understanding of the project and the stakeholder groups.

One implication of this increased participation at the sector level was to shift the balance of my ethnographic research methods towards the participatory method. While I continued to research as an observer, to a degree I was also an active participant in the process at this level.

It should be noted that this increased level of involvement was not always smooth. The failure to convince one key actor of my commitment to the success of the project made access to the project’s national committees difficult for some time. Additionally, one report that I wrote on a participating factory was perceived by a working group representative to be damaging to their constituency’s interests. As a result, they sharply and publicly criticised me for overstepping my role as a researcher – ensuring that the report did not gain legitimacy. Had this happened early in the project, I doubt whether it would have been tenable to continue my research. However, given the contribution I had already made and the working relationships established, the incident passed.

3.7 Conducting Ethnographic Research at the Factory Level

My appointment, by the sector working group, as a researcher was of critical importance in giving me access to the factories. However, this position provided no guarantee as to the _quality_ of access that I would be able to develop. Having ‘got in’ to the project, it still was necessary to ‘get in’ to the factories. I needed to enter these institutions and establish a position that would allow all stakeholders to talk openly in front of me, and to me. This was not straightforward given that the factories I entered
were sites of conflict – notwithstanding their participating in the co-operative undertaking of the Workplace Challenge. Once I established a viable, if not always exact, research position there emerged the significant difficulty of how I could make sense of the large amount of information that I was then able to collect. This section looks at these three often-connected issues: gaining access, maintaining an appropriate position, and the difficulty of analysing a complex institution.

3.7.1 Getting In

On arriving at a factory for the first time, I would present myself as a researcher ‘from Nedlac’ or, if the individual I was talking to had not heard of Nedlac, ‘from government’. While strictly speaking this was not true,9 it was the best way, in opening encounters, to communicate that I was not working for management or the union. The neutrality that my association with Nedlac or the government implied, in the context of the factory environment, was further strengthened by my position as a university lecturer and as a non-South African. I attempted to ‘confirm’ my neutrality by liberally distributing business cards with this information.

Getting in, and indeed all consequent research, was also greatly assisted by politeness and courtesy. This was especially true when dealing with black workers. For many it was a novel experience for a white man to request permission to ask questions, let alone listen to their answers carefully. Politeness was not enough to ensure that people spoke freely, but it did help. It also prepared the ground for much more durable research contact and, indeed, friendships.

The division within the factory between management and workers presents an initial barrier to information since there can be a tendency, especially on the part of management, to paint a harmonious picture. I soon found that the best way of dealing with this was to listen carefully to what management members had to say before asking to meet the shop stewards. I would then ‘disappear’ with the shop stewards by asking them to take me on a tour of the shopfloor which I would ensure was extensive by asking them to introduce me to workers and inquiring about problems in the factory. Inevitably, when I next met up with management, they would give me a more

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9 Technically, I was a researcher for the Manufacturing Practices Working Group of the Petrochemical, Plastics, and Synfibres Cluster Initiative, which was participating in Nedlac's Workplace Challenge project, funded by the Government's Department of Trade and Industry.
comprehensive and less sanitised account of the factory, knowing I had been on the shopfloor.

Beyond these opening moves, however, the decision by key individuals in the factories to support my research was of paramount importance. These individuals were often in 'gatekeeper' positions – for example human resource managers and senior shop stewards. However, their value went beyond facilitating access within their constituencies; many came to act as 'narrators'. As narrators, they explained the history of the factory and its dynamics through ongoing discussions. All of these descriptions were partial, but without them many aspects of the factories would have remained inexplicable to me.

With management narrators, discussions typically occurred in the comfort of their offices where I was invited to sit down and talk over events. As Brown and Wright (1994) have pointed out the "dissonance between the managerial logic of precision and the practical really of shopfloor power relations" (154) was clearly demonstrated as long ago as Schloss's 1894 study of workplace payments systems. This was evidently also the case within the project's factories. It was often relatively easy to understand management's perspective on events because they would refer to managerial logics relevant to their own portfolio position - for example, an economic logic contained within financial accounts or work organisation captured in productivity measures. This, however, was never the whole story and, in addition to such logic, every manager with whom I had sustained contact supplemented these explanations with 'psychological' understandings of why the factories ran as they did. Often they would present this understanding as a deeper, underlying explanation to the conventional managerial explanation that they first offered. Nevertheless, these managerial logics provided an easy starting point from which they could initially explain events and with which I could engage.

With workers, discussions were less leisurely; generally time had to be found in breaks or outside work. Moreover, the conceptual frameworks through which workers understood their environment, while no less rational within their own terms of reference than those presented by management, were ones with which I was less familiar. Often it was only after some considerable time, and repeated efforts on their

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10 i.e. lay assessments of an individual's or group's psychological characteristics which were used to explain behaviour and, consequently, events.
part, that I was able to understand their narratives. For example, at the Roodekop factory I had become increasingly interested in the informal power structures within the workforce, but had been unable to make sense of the visible signs of shifting leadership. I asked numerous direct and indirect questions but still found myself confused. One Sunday I was invited by a shop steward to attend a meeting of the community civic association in his township. After two hours standing in a bitterly cold and windswept field where the meeting was held, we trudged back to his house for a cup of tea. It was only in the long conversation that ensued, in which he shared his interpretation of events, that I finally understood the nature of the workforce’s internal divisions that he had, for some time, been trying to explain to me.

Time not only allowed me to come to grips with concepts that were not always obvious, but also appeared to raise my trustworthiness in the eyes of many individuals who otherwise knew little about me. In part, this trust had been built, as we shall see shortly; however, it also appeared to be based on a genuine ‘fly-on-the-wall’ phenomena in which the longer I spent around the factories, the more people spoke freely in front of me. The strike at Roodekop raised levels of tensions considerably and I doubt that I would have been able to continue access if this had occurred early in the research period. As it was, by the time the strike started I was a regular feature at the factory. Even at the climax of the strike, when workers had padlocked the factory gates and were effectively holding management hostage within the office block, I was able to move between the two groups, attend meetings, and ask questions.

3.7.2 Finding an Appropriate Position in the Factory: The Limits to Neutrality

While neutrality was a good position from which to start, it was not one that I maintained. In fact, it would have been extremely difficult, if not impossible, to remain a detached observer of events. What I soon realised was that if people were going to talk to me, I was going to have to talk to them. That is, if people were going to explain how they saw the factory and how they understood the progress of the project, I was going to have to offer my own view and engage with theirs. Since we were talking about their factory and their project, I asked most of the questions; but when they had finished speaking and they asked how I saw things, there was a need to
respond. Furthermore, I soon realised that the more openly I responded, the further interactions, and my understanding, would go.

This was very clearly demonstrated during the second training day at Roodekop after the Workplace Challenge consultant overtly challenged official union policy (see Chapter Seven, Section 7.4.3.2 for more details). When the shop stewards walked out of the training session, I asked if I could join them and sat in on the ensuing caucus. Stewards’ meetings were normally conduced in isiZulu or Sesotho, but on this occasion one shop steward requested that they use English so that I could understand. After they had discussed the matter for some time, the shop steward leading the meeting turned to me and asked what my advice was. It was only that evening, as I went over the day’s events, that I realised that in giving my opinion publicly for the first time, I had ‘crossed the line’ and ceased to be the impartial researcher.

Two questions are raised by this incident. First, what, in research terms, were the pros and cons of giving an opinion? Second, what impact did my intervention have? The first issue is clear-cut. By responding, my research relationship with the shop stewards continued and developed. If I had insisted on a position of non-intervention, the research relationship would have almost certainly taken a step back and, in practical terms, shop stewards would not have continued struggling to communicate with each other in English when I was present.

While my intervention did have some effect, this was, first, directed towards the success of the project and, second, in line with what the shop stewards were already thinking. In this case, the consultant’s stance was clearly a problem for management as well as workers. Thus, my intervention, while not neutral, was not partisan in terms of the divisions within the factory. The impact of my intervention was largely limited to clarifying the terminology with which the shop stewards wished to nuance their position. On other occasions when my advice on the project was solicited, but not in line with either shop stewards’ or management’s thinking, neither side had a problem in rejecting my opinion.

Although it was necessary to abandon neutrality as far as the project was...

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11 It was significant that this shop steward had previously accompanied a union official to a working group meeting of the Workplace Challenge at which I had made a report on the progress of the participating factories. He thus understood that my research was being used by structures outside the factory, which his union supported.
concerned, it remained critically important that I not betray confidences. In institutions as divided as South African factories, such confidences are constantly emerging as the researcher maintains dialogues with labour and management. Given that I actively participated in these dialogues, it was inevitable that information sometimes slipped out. Generally this was not information that had been given on a confidential basis, but information about which one side had been previously unaware. That such information came out accidentally, if at all, was important. At the end of the fieldwork period, a key management narrator told me that he had decided to trust me on the grounds that I had not reported back any confidential information to him from the workers' meetings.12

While it was important to think carefully about my position within the factory in terms of information, it was also necessary to think in terms of the symbolic role of the researcher. The appearance of being even-handed was often as important as attempting to balance the use of information. Thus, having made the claim that, as a researcher, I was interested in 'all sides of the story', it was important that I be seen to be so. Even when I was sure that I understood an issue, it was necessary to continue to ask others about it, for example by talking to all members of the factory’s Workplace Challenge committee. Not to do this could be interpreted by committee members – especially those who felt vulnerable – as the researcher failing to live up to his claimed position, since their side of the story had not, in fact, been heard. It could also be taken as a slight by those excluded.

Although the primary division within the factories was that between management and workers, the divisions within both groups were significant in understanding the factory environment. These ‘divisions within divisions’ have methodological consequences. As Mitchell Duneier (1999) describes, when the ethnographer enters into a situation, it is difficult to avoid existing conflicts. It was not only the conflict between management and workers that I had to negotiate within the factories, but also the tensions within management and within the workforce. It was impossible to avoid the implications of these differences completely. When you accept the help of individual narrators, you become aligned to them. Not to accept

12 I also suspect that I was 'fed' information to see if it was passed on – though I was never able to pinpoint such incidents. At least one form of checking was carried out by both management and workers on a number of occasions. This consisted of getting me to explain my research to them and then asking me to repeat my explanation in a situation where the other stakeholder was also present to see if I was able to give the same version.
their help means never penetrating beyond a superficial understanding of the institution. This alignment could be mitigated to some extent through a conscious effort to continue contact with all key players within a factory, even if that meant crossing internal divisions. At times it was necessary to explain that I was maintaining this contact because it was important for my research, but on no occasion did any individual ask that such contact stop.

3.7.3 Analysing Events in a Complex Institution

Stephen Steinburg (1995) warns of the need not to “deny that individuals and groups differ in their values, but rather to link their disparate values to different historical situations and external structures” (14). If this warning is not heeded, there is a danger of ‘ethnographic fallacy’ in which the researcher becomes enmeshed in cultural details resulting in “inappropriate concreteness” (Duneier 1999:343).

The nature of the research question, along with the multi-locale ethnography that I undertook, continuously forced me to relate factory-level processes to wider organisational and social forces. However, despite all these checks, it was striking just how absorbing the minutiae of agents’ interactions at the micro level could be. As I uncovered layers of meaning around an issue and felt that I was making sense of the complexities, it was tempting to throw ever-more resources into this process. At times it became obsessive.

While the danger of ethnographic fallacy needs to be recognised, this absorption, verging on obsession, did have benefits. Reflecting on my attempts to understand the intricate details of events, for example the shift dispute at the Plastosheet factory (see Chapter Six, Section 6.2.5), helped me to comprehend how agents perceive the institutions of which they are a part. As I made what amounted to a logical positivist investigation of the shift dispute at Plastosheet, I began to appreciate how indeterminate many of the factors within this episode actually were.

As a result, from a perspective of logical positivism, this investigation proved unsatisfactory. This stemmed, I realised, from a number of causes. First, even a small number of tractable variables can, in combination, generate an enormous number of possible outcomes. Attempting to devise shift systems that take account of, inter alia, leave, transport, payment, and tax implications, quickly illustrates this. Second, problems are rarely discrete. Subsidiary problems, related and unrelated, are drawn
into the forums that attempt to deal with the original problem. Sometimes these additional problems are brought in simply because a negotiating forum exists, at other times they emerge from attempts to resolve the original problem. Third, perceptions of problems vary not only between agents, but also over time.

Fourth, many problems are both real in themselves, and also proxies for deeper concerns that may be less expressible. Under apparently concrete demands or complaints can lie clashes of values or senses of injustice that have developed not around the specific cause of dispute, but in wider historical and social contexts. This point is illustrated by the deadlocking of negotiations between management and workers at Plastosheet. Failure to agree on compensation for tea breaks and the calculation of holiday pay resulted in a boycott of the Workplace Challenge (see Chapter Six, Section 6.3.5.1). While negotiations pivoted on these two issues, they were, in fact, epiphenomenal to events. Their significance lay not in their value *per se*, but in the fact that they had briefly become the locus of a wider conflict, which neither side expressed openly in the presence of the other. Workers believed that management continued to cheat them of a fair share of the wealth of the company and the country. Management saw workers engaging in a never-ending ‘pip-squeezing’ process at the expense of the company. In such a situation, knowing the (apparent) facts of the issues being discussed was of little relevance.

Identifying these causes of frustration converted them into valuable insights. Armed with these understandings, it was possible to approach my research with more robust ethnographic expectations. While agents within the factories, including key narrators, often have vast knowledge, they do not understand every part of the institution, let alone many of the external systems that impinge upon it. Their intimacy is partial and there exist, for both management and workers, areas that are unknown. The most obvious, but by no means only example of this is the ignorance of each other’s decision-making structures. At times it was evident that it is not only that agents are ignorant of these areas, but that they are also fearful of them. What they cannot see they cannot understand and what they cannot understand they cannot control. It is from these unknown areas that, without warning, problems, punishment, and resistance could emerge.

It is not that the researcher understands every aspect of the factory; rather, in maintaining a number of dialogues, he or she builds a body of knowledge that spans divides. This knowledge is unique in that it differs from that held by other individuals.
Yet, while unique, it is far from complete. It is important to listen closely to individuals and to try to hear their problems and aspirations, however they may be couched and whatever they may involve. I attempted to listen carefully to those in the factories that I researched. At times I succeeded and was rewarded with greater understanding, at other times I know that I failed.

3.8 Conclusion

This chapter has addressed the methodology used to investigate whether national identity influences economic development. Given the nature of the variables, it has been argued that it is necessary to look for evidence at the national level to establish whether the research question is worth pursuing. It has also been argued that identifying these variables at the national level does not demonstrate how these two variables might be linked. To do this it is necessary to look for the effects of national identity in the micro-level processes of economic development.

Working at this level does not make national identity, as a variable, any more measurable. It does, however, allow close observation of behaviour that may be influenced by understandings of national identity. We have discussed how this was observed in the factory environments. Initially, this took the form of overt references which then disappeared from open discourses. However, the reappearance of national identity in the different but important form of values provides a tangible way in which we can link national identity to economic development.

The practical methods by which this was done, in the particular case study of the Workplace Challenge, have been outlined. One important point raised has been the need to avoid the ethnographic fallacy of seeking to explain events solely from micro-level environments. The use of multi-locale ethnography provides one method by which such a danger can be mitigated. In the case of a research question that originally starts at the national level, multi-locale research is, of course, of further value in that it provides the possibility of linking events at the macro and micro level.

The following chapters describe the results of the multi-locale research undertaken, looking in turn at national, sectoral, and factory environments.
Chapter Four: The South African Transformation

4.1 Introduction

With the first democratic elections in 1994, South Africa began a profound process of transformation intended to recast all aspects of society. Two key aspects of South Africa’s transformation are explored in this chapter – nation building and economic development. These two projects, it is argued, are linked by the concept of a ‘national economic agenda’.

In understanding the progress of South Africa’s transformation some knowledge of its past is necessary. The chapter therefore starts with a brief history of South Africa that highlights pertinent features leading to the democratic elections. Particular focus is paid, in this background, to the economic crisis and to the development of key actors who are central to any national economic agenda – organised labour, capital, and government.

These tripartite actors are far from homogenous entities and emphasis is laid on exploring the construction and internal tensions of organised labour and capital. In the case of government, stress has been laid on the African National Congress (ANC) given its dominance within both post-apartheid governments, and within the electoral pact, or Triple Alliance, between itself, the South African Communist Party (SACP), and the Congress of South African Trade Unions (Cosatu). In portraying the position of the ANC, prominence has been given to official party statements, going back as far as its Morogoro Conference of 1969, and the speeches of ANC leaders, particularly Nelson Mandela and Thabo Mbeki. Reliance on these sources does, of course, miss much. However, they do provide strong evidence for the overall thrust of ANC policy. In particular, Mbeki’s position at the centre of the ANC since 1967 suggests that we should expect continuity between its policies and his role as Deputy President, from 1994, and President, from 1999.

The thrust of the ANC’s programme indicates that it is pursuing a vision for South Africa that is national, modern, and African in nature. All of these strands, especially its national character, can be seen in its attempt to establish a national economic agenda, embodied physically though, to date disappointingly, within the National Economic Development and Labour Council (Nedlac). The national
economic agenda envisaged by the ANC is to be driven by insider groups. Business and organised labour are expected to co-operate in patriotic class-collaboration to raise productivity and competitiveness to compete in world markets and complete South Africa’s stymied industrialisation.

That this is the ANC’s agenda but that it has, to date, failed to take place, is demonstrated through an examination of economic policy since 1994. The apparent three-way set of conflicts over policy is, it is argued, fundamentally a reflection of continued conflict between labour and capital. In practice, class division in South Africa is interwoven with racial divisions and, on a day-to-day basis at shopfloor level, the two categories are often close to being synonymous. As Lipton (1986) cautions, posing class and race as opposites is inadequate; understanding events in South Africa requires that the effects of class and race be understood as an interaction. This conflict, of class interwoven with race, is illustrated most clearly by the protracted negotiations in Nedlac over labour legislation, the failure to agree a social pact, and the sectional nature of documents produced by capital and labour in early 1996.

The arrival of the government’s Growth, Employment and Redistribution strategy (Gear) in mid 1996 was intended to provide space, by reassurring foreign markets of South Africa’s stability, for an insider-led development strategy. Instead it became caught up in the underlying class conflict. Nevertheless, while disagreement over economic policy, notably Gear, has been sharp, it is argued that class conflict has remained corralled within an acceptance of the need for a national economic agenda. This reflects the success of the wider nation-building project. Capital and labour simultaneously hold conflicting agendas and accept that consensus over a national economic agenda is necessary – or, at least, they dare not publicly argue otherwise. Escalating class conflict into open struggle would be to transgress the boundaries of patriotism and is, therefore, proscribed.

This class impasse means that the construction of a national economic agenda is largely on hold. In particular, co-operation at the shopfloor level is difficult in a wider environment of suppressed conflict. This means that much of the potential for productivity improvement, at the heart of any process of modernising the economy, is not realised. Yet, the breaking of this class impasse at a national level will not, it is argued, lead automatically to an unlocking of shopfloor conflict and increased productivity. Management and shopfloor workers are not simply extensions of
organised labour and capital but also microcosms of it. Consequently, agents at these levels will themselves have to go through time consuming and difficult processes, before the impasses at shopfloor level are overcome and class-collaboration can occur. This focuses attention on experiments, such as Nedlac’s Workplace Challenge, where shopfloor collaboration has, on a limited scale, been explored.

4.2 Nation Building and Economic Development

4.2.1 Background to the South African Transformation

This section provides the background to the South African transformation. This is done by means of a brief history of South Africa leading up to the elections of 1994 which marks the transfer of political power from the apartheid regime to the ANC-dominated Government of National Unity. Three aspects of this history are then mapped out in more detail – political conflict, social conflict, and economic crisis. This provides necessary background to understand South Africa’s transformation after 1994.

4.2.1.1 A Brief History of South Africa Leading to the Democratic Elections

The recent history of South Africa is dominated by European colonisation. The process, begun in 1652 with Dutch settlement, consisted of Afrikaner republican and British imperial annexation at the expense of existing black polities. The end of open hostilities between the two colonising forces in 1910 established the present boundaries of South Africa within which resistance to colonialism had been suppressed.

The election victory of the National Party (NP) in 1948 saw the establishment of apartheid, a policy that continued, expanded, and legally encoded a system of racial discrimination. The ANC which had been established in 1912 to represent all Africans was banned in 1960, along with the Pan African Congress (PAC), a splinter group of the ANC, and the South African Communist Party (SACP). In 1961, the ANC began a campaign of armed resistance.

The ANC attempted to mobilise opposition to apartheid in exile. However, until the mid-1970s opposition remained weak and the NP continued to restructure
society along racial lines almost unchallenged. The ANC’s attempts to engage militarily with the white regime never developed into a serious threat. However, from the mid-1970s apartheid was increasingly exposed on a number of fronts. The liberation of Zimbabwe, Angola, and Mozambique, along with military defeats for South Africa in Angola leading to its withdraw from Namibia, meant that its regional supremacy, along with the protective buffer of colonial territories, was a thing of the past.

Internally, the Soweto uprising of 1976 was followed, in the mid-1980s, by protracted unrest within black townships forcing the declaration of states of emergency and mass arrests and detention. Additionally, the rise of independent unions increasingly provided a collective voice to black workers who, by the 1980s, were able to mount effective general strikes aimed directly at the regime.

Although the economy had boomed in the 1960s, growth rates during the '70s and '80s tailed off and, as described in greater detail below, constituted an accumulation crisis directly linked to apartheid policies. These low rates of economic growth limited the regime’s ability to buy-off internal opposition and increased unease about apartheid’s future within groups that had previously benefited from the regime’s policies.

The economic crisis was further exacerbated by financial sanctions imposed after lobbying by anti-apartheid organisations abroad. Other international sanctions, such as the sports boycott and the declaration by the World Council of Churches that apartheid was heretical, further widened the crisis.

In the face of this mounting crisis, F.W. de Klerk, who had recently become President, announced in 1990 the unbanning of the ANC, PAC, and SACP, and the opening of negotiations. Negotiations between representatives of the white regime and liberation forces took place between 1990 and 1994 when agreement was reached over elections and what was inevitably to be a transfer of political power. It is important to note, however, that while in crisis the white regime opted to negotiate long before its position was physically threatened. Rather than surrendering to insurgent forces, the NP’s leadership understanding that the crisis could only deepen opted to face the inevitable and in so doing was able to negotiate from a position of relative strength. While electoral defeat was inevitable for parties representing the white population, given that over three-quarters of the country’s population was
African, the white population was in a position to retain its privileged positions, including the control of capital.

South Africa's first democratic elections were held, under world scrutiny, in April 1994. A peaceful poll, despite a threatened boycott by the Zulu-based Inkatha Freedom Party (IFP) following years of low-intensity conflict between it and ANC aligned groups in Natal, combined with a high turnout (86 percent) to provide a clear mandate for the new Government of National Unity. This was composed, by prior agreement, of all parties with over five percent of the vote holding cabinet seats in proportion to their support. The new government was dominated by the ANC, which received 63 percent of the national vote. The NP with 20 percent and the IFP with 11 percent formed junior partners in the new government. Outside the government the Afrikaner Freedom Front received 2.2 percent, the English speaking and free-market leaning Democratic Party (DP) 1.7 percent, and the PAC one percent.

The second national election held in 1999 was, in electoral terms, largely a re-run of the first. On a high turnout of registered voters (89 percent), the ANC received 66 percent of the national vote and the IFP nine percent. The NP's vote, however, collapsed to seven percent and the DP took over as the largest party after the ANC with 10 percent. Both the PAC and the Freedom Front received less than one percent. The other significant change was that Thabo Mbeki took over the presidency from Nelson Mandela.

4.2.1.2 The Contours of Political Conflict

The contours of political conflict in South Africa are rooted in its past. The ANC's (1977) theory of apartheid as 'internal colonialism' describes South Africa as a colonial territory within which the colonial power (i.e. the white minority state) is itself located. One implication, drawn by the ANC, from the theory of internal colonialism, is that national liberation does not see the departure of the colonising

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1 The 1996 Census, regarded as more reliable than the preceding census to which access to many areas had not been possible due to political unrest, recorded a total population of 40.6 million. Of this population, 76.7 percent were African/black, 10.9 percent white, 8.9 percent coloured (mixed origin), 2.6 percent Indian/Asian, and 0.9 percent unspecified/other (Statistics 1996).
2 In contrast to the 1994 election, a voters' role was compiled for the 1999 elections. The estimated turnout of the voting age population in 1999, comparable to the 1994 turnout, was 60 percent (Lodge 1999:166).
3 See also Jordan (1988).
regime, as occurred in most other African countries, but that the colonial nation would physically remain alongside the liberated nation. This necessitated political compromise and the establishment of a *modus vivendi* between the previously colonised and colonisers following liberation.

This implication of the internal colonialism thesis, along with the strategically negotiated hand over of political power, led to an accommodation of the old regime. Much of this was codified within the 1993 Interim Constitution which included provision for a five-year Government of National Unity (GNU). As a result, representatives of the old white regime, in the form of the National Party, shared power after the 1994 election. However, in June 1996, prior to the termination of the constitutional provisions for joint government, the NP withdrew from the GNU. This took place in the context of a number of parties jostling for predominance as the representative of the white electorate. The NP, threatened by the ethnic Afrikaner Freedom Front and the English speaking, free-market orientated DP, came to see its role within the ANC dominated government as a threat to its electoral base.

A further important factor arising from the colonial origins of South Africa is that – in addition to the primary division between colonisers and colonised – the colonised were composed of a number of distinct ethnic identities, located within and across the colonially imposed boundaries. These have, in the past, sustained their own independent political structures. Irrespective of whatever alternative political boundaries may have evolved in the absence of British and Afrikaner colonialism, these divisions, manipulated and enforced by the policies of apartheid, remain a potent resource for ethnic mobilisation and division of the colonised peoples. In maintaining unity, much of the ANC's strategy, since its founding, has been to unite the African population across ethnic divisions and within a colonially imposed state boundary.

The massive levels of support for the ANC from the African population in both the 1994 and 1999 elections bear testament to the near-total success of this strategy of African unity. The Interim Constitution also facilitated the inclusion of the ANC's one major failure in this process, the Zulu-based IFP, into the post-liberation government. The continuation in government of Inkatha after the 1999 elections, when there was no constitutional requirement for this, indicates both the ANC's

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4 See, for example, Delius's (1984) account of the Pedi polity.
commitment to African unity and the very real dangers of ethnic division—demonstrated by Inkatha’s ability to mobilise its constituency into bloody and protracted conflict.

Thus, the political contours of post-apartheid South Africa remain dominated by racial factors. The overwhelming majority of Africans (and South Africans) provide the electoral base for the ANC, which in the interests of unity has incorporated Inkatha as a privileged junior partner. The ANC is, however, the dominant force and it is the policies of this party that are key to understanding developments.

The ANC remains strongly committed to non-racialism despite only a fraction of the white electorate supporting it. The early termination by the NP of the formal provisions for interim power sharing, and the rise of the DP—traditionally representing the values of liberal, English-speaking business—as the largest opposition party in the 1999 elections, reflect a continuation of crisis within the white establishment and population. This has led to a defensive stance by the white population in protecting their privileges outside the political realm.

The DP’s success represents tactical voting by whites who backed what they perceived to be the strongest opposition to the ANC. The DP achieved this image through attacking the ANC whenever it detected weaknesses knowing that such tactics would reveal, if not provoke, further shortcomings in a government attempting to drive massive changes with limited experience. This strategy largely limited voter support for the DP to the white electorate and in so doing perpetuated the racial cleavage within politics. It also antagonised the ANC who, as we shall see, believed that South Africa’s development required a national, co-operative effort from all sections of the population.

4.2.1.3 The Contours of Social Conflict

In striving to maintain unity between forces opposed to apartheid, the ANC had to bridge not only ethnic differences but also differences resulting from classes formed through industrialisation and urbanisation. While the apartheid system flattened the social structure of racially defined groups to a degree, it was necessary to reconcile, within the liberation struggle, classes that in different contexts would occupy antagonistic positions. In particular, it was important to resolve the relationship
between a small black bourgeoisie or middle class and a much larger black working class. This particular question was made all the more pertinent by the extensive debate over the linkage between apartheid oppression and capitalist exploitation, and the close and long-standing alliance between the ANC and the SACP.

This issue was tactically resolved on the basis of a ‘minimum programme’ between an alliance of class forces opposed to white minority rule. It was important that such a programme be established if the black middle class – as well as coloured and Indian populations – was not to be vulnerable to co-option by the apartheid state. Simultaneous to this class alliance, the exploited position and class consciousness of the black working class was recognised by the ANC as both a critical force for national liberation and as necessitating a commitment to social and political emancipation. The ANC’s Morogoro Conference of 1969 argued that:

In our country – more than in any other part of the oppressed world – it is inconceivable for liberation to have meaning without a return of the wealth of the land to the people as a whole. It is therefore a fundamental feature of our strategy that victory must embrace more than a formal political democracy....

This perspective of a speedy progression from formal liberation to genuine and lasting emancipation is made more real by the existing in our country of a large and growing working class whose class consciousness complements national consciousness... (14).

4.2.1.4 The Contours of Economic Crisis

4.2.1.4.1 South Africa’s Stymied Economic Development

High rates of return in South Africa’s engine of growth, its primary industries, especially gold mining, have historically been maintained through the availability of cheap labour. This low cost resource has been perpetuated through the migrant labour system which, through restricting urbanisation, attempted to maintain the African workforce in a separate and cheaper mode of reproduction to that of the white population. While economically functional for industries requiring a low-skilled

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5 This section draws on Fine and Rustomjee (1996), Gelb (1991), Lipton (1986), and Michie and Padayachee (1997).
workforce, apartheid labour policies increasingly raised costs for industries, such as manufacturing, which required higher levels of skills for production and higher domestic demand for their output.

The state’s industrialisation process, begun in the 1920s, used trade barriers to protect manufacturing development. The maintenance of a racial division of labour, that Gelb (1991) described as ‘racial Fordism’, affected this development in a number of ways. The restricted domestic market, given the distribution of income, limited economies of scale. A shortage of skilled labour, as a result of racist education and training policies and regulations, raised labour costs. By the early 1960s manufacturing organisations, notably the Steel and Engineering Industries Federation of South Africa (Seifsa), were expressing concern to government over skills shortages. Reform of these restrictions was slow, however, given the conflicting interests between various capital fractions, the ideological position of the apartheid regime, and the interests of the white working class who represented an important constituency for the National Party. Additionally, as Lipton (1986:143) points out, while some manufacturing employers opposed restrictions to the skilling of blacks, it was in the interest of all employers to ensure that existing restrictions were effectively implemented across the industry.

These factors contributed to South Africa’s failure to develop its manufacturing sector beyond the production of consumer goods. As a result, imports are dominated by capital and intermediate goods, which are essential for the existence of the manufacturing sector. Given the cost of these inputs, skill shortages, and a

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6 See Lipton (1986) for a detailed account of these reforms from the perspectives of capital and white labour. It is interesting to note that Lipton describes a combination of financial and patriotic incentives used to persuade white labour to cede its control of the labour market.

7 Two significant exceptions to this can be noted. The first is the development of capital equipment capacity in specialised mining and energy fields. Fine and Rustomjee (1996) see this as related to the ‘mineral-energy complex’ that dominated South African industry. Such capacity was predominantly linked to primary industries in the case of mineral extraction, and to the coal to oil conversion process pioneered by South Africa as a result of international sanctions, in the case of energy. However, such capacity was generally not linked to maximising downstream economic development (see Chapter Five, Section 5.3 for the case of industries downstream from coal to oil conversion).

Second, also as a result of international sanctions, South Africa developed an extensive arms industry. This industry also suffered from a limited domestic market – something that aggressive export marketing from the early 1980s was designed to overcome. As a result South Africa became a significant exporter of arms on the basis of cost, reliability (given extensive battlefield experience), and a willingness to export to other ‘pariah’ states. Nevertheless, this export success needs to be viewed in the context of considerable state subsidies and the fact that the industry remained a net user of foreign exchange throughout the 1980s (Batchelor and Willett 1998).
limited domestic market, South African manufacturing, unlike other economies such as those in East Asia, has been unable to develop export markets.

Despite decades of industrial development, South Africa is characterised as a primary goods exporter. Its manufacturing sector is largely unconnected to the primary industries, relies heavily on imports, and is uncompetitive. This failure has meant that manufacturing has been unable to act as a stepping stone to further economic development.

4.2.1.4.2 The Legacy of Underdevelopment Among the African Population

This stymied development contains a malignant legacy in the form of the deliberate under-education and under-skilling of the majority black population. Not only has this underdevelopment of the country’s human capital increasingly conflicted with the economic development needs of the country as a whole but it has also entrenched the legislative racial division of income and opportunity.

Thus, ideological belief in inherent differences between racial categories has been enduringly buttressed by real differences in those aspects of human capital that depend on formal education and training. Such differences are, of course, dynamic in nature – education denied to one generation impacts on the ability of the next in a vicious circle of poverty and lack of opportunity.

This legacy of underdevelopment stems from apartheid inspired policies. Not only has this impacted negatively on the lives of millions of black South Africans but, as we have seen, it has undermined the apartheid economy. The end of apartheid does not, however, end this relationship. The legacy of an uneducated and unskilled population locks together apartheid’s past with the development challenges of the present.

4.3 Two Key Actors: The Organised Black Working Class and the Organisation of Capital

Two sets of actors, the organised black working class and the organisations of capital, face each other within this economic crisis and across the social and political divisions that have been described. While these are by no means the only significant
actors, they will be central in determining the future economic development of South Africa. This section looks at the organisation of these two groups.

4.3.1 The Organised Black Working Class

Increasing urbanisation in South Africa has created a large, township-based, black proletariat. This class is characteristically male and works in the formal sector in low and semi-skilled employment.

However, a number of additional features of this class need to be noted. First, job insecurity, high unemployment, and low wages have resulted in an interpenetration of formal and informal income sources. Second, close links with rural areas on the part of many, apparently urbanised, workers influence their outlooks as well as their personal accumulation strategies. Third, their embeddedness within extended families and communities links workers' incomes and outlooks beyond immediate nuclear family members. These factors nuance the class distinctiveness of black industrial workers. Despite this, however, there remain differences - in the levels of education, training, income, and organisation - between themselves and other groups within the same racial classification.8

Following the Durban strikes of 1973, independent trade unions started to organise black workers and, from the late 1970s, these unions grew rapidly despite fierce opposition from most employees. Denied legality until 1979, union growth depended on shopfloor-based organisation which stressed participatory democracy and 'worker control'. Such organising tactics found fertile ground in the low skilled and low paid black workforce who saw the unions as a vehicle for improving working conditions and as a way to build dignity for themselves within the apartheid system where they were otherwise marginalised. In 1985, thirty-three unions representing 460,000 members formed the Congress of South African Trade Unions (Cosatu). Shortly after Cosatu's founding a delegation met the ANC in Lusaka and a joint declaration was issued. Following the unbanning of the ANC and other political parties in February 1990, Cosatu entered into the Tripartite Alliance with the ANC and SACP.

8 Notably the unemployed and rural population. While these two categories overlap significantly, they both constitute significant sections of the population. Unemployment has been estimated at between 20
That Cosatu should play a political role was not surprising given their prominent opposition to the apartheid government. As a political strategy, however, the Alliance with the ANC and SACP was contested within Cosatu. Entry followed a long-running debate between two groupings. One favoured a shared programme between the federation’s policy of socialism and the ANC’s policy of liberation with social emancipation. The other grouping, or ‘workerists’, prioritised the political independence of the unions and a direct struggle for socialism (Baskin 1991).

The idea of an independent workers’ party has not attracted widespread support among rank-and-file workers (Ginsberg and Webster 1995, Torres 1995). Nevertheless, those arguing for the primacy of class struggle were able to draw on the strong linkage made by blacks between apartheid and capitalism. As Allister Sparks put it in 1979, “More and more blacks – especially young blacks – are beginning to identify apartheid with the capitalist system, and to see the struggle to overthrow apartheid in terms of a struggle to overthrow the capitalist system as a whole” (in Sampson 1987:144).

The formal end of apartheid has not seen the demise of the union movement. In 1994 some two and a half million workers were unionised. Over half of these belong to affiliates of the Cosatu federation that organise predominantly low skilled black workers. Cosatu is by far the most influential federation due to its size (a membership of 1.8 million in 1999) and greater capacity. Union capacity has, however, been badly effected by the transition to democracy. While difficult to calculate, the movement of union officials into Parliament, local government, and business has reduced the ability of the unions, especially Cosatu and its affiliated unions, to deal with a rapidly changing environment and to service its members adequately.

4.3.2 The Organisation of Capital

The earlier dominance of English-speaking capitalists within the South African economy was increasingly challenged following the National Party victory in 1948 by an Afrikaner national accumulation strategy (O’Meara 1983). However, the success of

and 33 percent (Standing, Sender, and Weeks 1996) and 46 percent of the population live in non-urban areas (Statistics 1996).
this strategy and the growing interpenetration of large Afrikaner and English conglomerations during the 1960s and 1970s reduced the importance of this division (O'Meara 1996).

This did not mean, however, that capital was coherently organised as a class. One major cause of division has resulted from the state's protectionist economic policies. The manipulation of tariffs, and later export subsidies, has provided economic rents to fractions of capital best positioned and organised to lobby government (Morris 1991). Much of capital's organisation has, consequently, been based on such rent seeking activity, resulting in a plurality of collective bodies.

The domination of the economy by a small number of conglomerates⁹ has, in many sectors of the economy, resulted in a highly concentrated environment. Many apparently independent companies are owned within the pyramid financial structures of the conglomerate and the emphasis on rent seeking has promoted a culture in which competition, within the domestic market, has been dealt with through buy-outs. The 'hot-house' environment created by tariffs and sanctions-promoted disinvestment has further consolidated this concentration.

The division between large-scale, self-financed capital and small-scale, entrepreneurial-type capital in more marginal sectors of the economy overlaps with a further division, that between white and black capital. Some development of black capital was encouraged by the Nationalist government and large scale capital, within the black 'homelands' and townships from the mid 1970s – in part, to promote a black middle class that could act as a buffer against revolution. Following the end of apartheid there has been a dramatic increase in the size of black capital holdings. This development has been facilitated by white capital's response to the ANC's emphasis on the need for black 'economic empowerment'. However, the depth of such empowerment cannot yet be fully evaluated since many empowerment 'deals' are of very recent origin.

4.4 Nation Building

This section looks at the nation-building project that has been undertaken in South Africa since the elections of 1994. We examine some of the background to this project before looking at the processes and discourses that have taken place.

4.4.1 The Basis of Nation Building

The 1994 elections represent not only the transfer of political power but also the re-defining of nation for South Africans. The apartheid regime fostered the idea of separate, ethnically defined, national development as part of a divide-and-rule strategy to maintain South Africa as a white nation from which the majority was excluded. In contrast with this, ‘one person, one vote’ in the 1994 elections created, at least symbolically, a single South African nation.

Two aspects of this new nation are examined. First, the bonds that would hold the new South Africans together, and, second, the distribution of political power within the new South Africa. Both these questions featured within the negotiations between the white regime and the liberation movements over the transfer of power in the early 1990s and, unsurprisingly, spilled out into a wider public domain. The first of these questions concerns where the new South Africans’ loyalties should be directed. Since loyalty cannot be legislated, the outcome of the debate is largely implicit within the agreements reached. Nevertheless, the discussions around this question are informative and can be assessed against the actual process of nation building that is covered in the next section. The second question, that of the distribution of political power, can, at a formal level, be legislated. Here the debate was more explicit in nature.

The debate over the bond that would unite South Africans differed over what these transcending bonds of loyalty should be directed towards. Two alternative bases for this loyalty can be detected. The first was a commitment to a citizenship based on political and legal equality, which would be in addition to other identities the individual might hold. The second was an inclusive (new) South African national identity, again in addition to other identities the individual might hold. While at times this debate polarised into “citizenship or nationhood?” (Reitzes 1995:12), this was, as Alexander (1994:31) pointed out, a false dichotomy. The ANC certainly took the view
that their wish to see a new South Africa bonded by national identity was not incompatible with tolerance based on political and legal equality. At its 1991 Congress it argued the “African people [should] take the lead in combating any notions of racial or ethnic chauvinism and create the basis for the emergence of a common South African national identity” (5).

Part of what drove those, generally liberal, academics who counter-posed nation building to citizenship was a fear that the construction of a unitary national identity would “create wrong expectations in the minds of citizens while not preparing them to accept the difficult challenges to create a democratic culture which accommodates individuality and plurality” (Degenaar 1994:24). That is, without safeguards minorities would be overrun by the demands of the newly enfranchised majority and their rights denied. Not surprisingly, those reluctantly negotiating away the white regime’s power were able to make common cause with this approach given its implication in safeguarding the white minority’s position.

Since the liberation movement had not defeated the white regime and the ANC had long accepted that any non-racial society would have to include the previous colonising peoples, demands for a transitional period, involving white representation in government were acceptable to the ANC. However, accepting anything less than universal franchise was emphatically rejected. This was because the demand for non-racial political equality was central to the ANC’s values and, more pragmatically, because the ANC recognised that its political support was crucial in securing wider transformation which might otherwise be blocked by more rigid safeguards for minorities.

For this latter reason it rejected federalism. Federalism constituted the major issue in the more explicit debate10 over the distribution of political power in the new South Africa. The danger that the introduction of increased federal powers posed, from the ANC’s perspective of a South Africa held together by loyalty to a new national identity, was that they could provide resources for sub-national ethnic or racial mobilisation if federally demarcated provinces reinforced such identities.11 At its 1994 Congress the ANC argued that “...we should seek to build a united society.... This requires, among other things, that we should continue to oppose any

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10 The issue of Federalism derailed, at least ostensibly, negotiations in 1992 (Friedman 1993:9).
11 The likely sites of such conflict within the new nine provinces were a Zulu/IFP-dominated KwaZulu-Natal and an NP dominated Western Cape based on whites and Afrikaans-speaking coloureds.
[constitutional] solutions which seek to distribute political, economic and state power on the basis of race and ethnicity or which seek to distribute power among the regions” (1994b:4).

Thus the ANC, while accepting the transitional sharing of power, demanded that the new nation be based on a shared identity. Consequently, potential threats to this national identity, from ethnic divisions linked to federal powers, were rejected. The next section looks at how, on this basis, nation building unfolded.

4.4.2 The Process of Nation Building

While the ANC saw a common national identity – in which Africans needed to take the lead – as central to a successful transfer of power and transformation of South Africa, such a requirement was not counter-posed against the individual’s political and legal equality. Rather, much early nation-building activity in the new South Africa focused on the establishment of individual rights. At the same time the processes that these activities entailed built a new common identity.

The new Constitution, adopted in May 1996, provides a good example of such a process. While the Constitution’s focus was on the protection of individuals from the arbitrary exercise of power, the process of legitimising this document, through widespread consultation, “explicitly promoted the Constitution as a symbol of national unity” (van Huyssteen 1997:3). In a similar way, the Truth and Reconciliation Commission (TRC), while focusing on the abuse of individual’s rights in the past, attempted through carefully organised participation, in an often ritualistic manner, to establish a “public, nationalist and official ‘community’ narrative” of the past (Bozzoli 1998:19).

The Reconstruction and Development Programme (RDP) published in 1994 provides another example of a nation-building process drawn up through widespread consultation between the ANC, the SACP, Cosatu, the South African National Civics Organisation and other NGOs. Quite apart from its actual content, the document became a symbol of national unity. In fact, one of the six ‘basic principles’ of the RDP was nation building, and while another was the ‘democratisation of South Africa’ the latter principle was focused on mobilising civil society to contribute to a reconstruction and development that would underpin nation building (ANC 1994a).
Thus, while the RDP, like the Constitution and the TRC became symbols of the new South Africa, its content differed in that it raised the need for social as well as political emancipation to be an integral part of nation building – an issue to which we shall return.

This nation-building agenda was not hidden. Indeed, the need to construct a new national identity was openly debated. For example, Yunus Carrim, an ANC MP wrote an article for the *Sunday Times* in 1995 on the need to incorporate people’s multiple identities within a single national identity. He began his article with Massim d’Azeglio’s remark that, following Italy’s unification in 1870, “We have made Italy, now we have to make Italians.” Carrim predictably added, “Our new democracy is confronted with a similar challenge; how to create South Africans out of the diverse ethnic, racial and regional groups in South Africa” (22).

4.4.3 National Discourses on Nation Building

The first, and probably most enduring, encapsulation of a new South African identity was that of the ‘rainbow nation’, a metaphor stressing both diversity and harmony. In the collective relief that followed the peaceful transfer of power in 1994, the rainbow nation was an easy idea to subscribe to and many people did. The quite extraordinary lengths to which President Mandela went symbolically to integrate the old white establishment facilitated a sometimes euphoric sense that the country was transcending onto a higher plain. This, of course, did not last. As Cronin (1998) describes it, “rainbowism became a feelgood notion that increasingly substituted advertising campaigns for the actual resolution of real problems. Shallow rainbowism reached its summit of tragic hubris in the *Sunday Times* assault upon Everest...” (11). The Everest expedition comprised a highly publicised attempt to raise the new South African flag on the world’s highest peak by a team reflecting the demographics of the rainbow nation. The endeavour ended in acrimonious tragedy with one team member dying during a confused ascent.

The harsh environment of Everest exposed the limitations of a well meaning, but poorly considered, project. Similarly, projects much more central to the core of South Africa’s transformation threatened to be swamped by an enthusiasm that often concealed quite divergent expectations. The RDP, while supposedly providing a ‘integrated and coherent policy framework’, was soon pulled in all directions as
groups interpreted it through glasses tinted with their particular colour of the rainbow. An F&T supplement entitled ‘SA’s Vision for Economic Success’ and suitably illustrated with the new national flag provides an example of this process. In it, the president of the Afrikaanse Handelsinsituut\(^{(12)}\) swiftly brought the RDP’s goal of raising the prosperity of all South Africans around to the requirement for the “broad policy climate to be as business friendly as possible” (28). Thereafter followed a list of seventeen requirements deemed necessary for such an environment (Scheffler 1995).

While the RDP was also subject to other problems, the danger of hollowing-out symbols of national unity through over-easy affiliation was very real. The critiquing of the rainbow nation as the basis for national unity and its replacement with the concept of a ‘new patriotism’ can be seen as a response to this danger. The term new patriotism does not follow in neat chronological sequence from that of the rainbow nation. In 1994, when the notion of a rainbow nation was still in full swing, the ANC’s December Congress called for a national consensus based on a ‘new patriotism’ that would promote the interests of the country as a whole (ANC 1994b:7-8). The term has never commanded an equivalent position in popular discourse. Nevertheless, tracking the idea of a ‘new patriotism’ is valuable in that it illustrates a hardening approach, on the part of ANC leadership, over what nation building would have to entail.

Two strands within the concept of ‘new patriotism’ can be discerned. One, prominent in speeches by Mandela, stresses values such as partnership, discipline, pride, and self-respect that nation building would require.\(^{(13)}\) A second strand prominent in the speeches of Mbeki was that a national consensus involves changes and, given the implications of these changes, a new patriotism is not something that should be taken for granted.

A speech by Mbeki in March 1995 at the University of Port Elizabeth, entitled Is there a National Agenda – and Who Sets it? provides an early illustration of this with regards to ‘affirmative action’. The then Deputy President starts his speech by asking whether “there is a national agenda around which the whole country should unite?” While Mbeki asserts that the RDP, from which he is sure nobody present would distance themselves, provides such an agenda, he then proceeds to pick out the

\(^{(12)}\) Afrikaner Commercial Institute (AHI).
implications of one of the RDP’s goals, that of “redressing the racial imbalance”. Everyone still agrees – non-racialism is an important part of “our national goals” but from here on, consensus begins to fray. Affirmative action, as Mbeki explains, using the example of a business school, means that there would be discrimination in favour of blacks. Irrespective of the fact that the school can implement a bridging course to maintain its quality standards, a “white student was unable to gain entry into the business school, having lost his place to a less qualified black student.” Now, Mbeki argues, “It should be clear that there will be some among us who will begin to say that whatever may be said about the objective of the creation of a non-racial society, they will not accept that this can be described as part of a national agenda which enjoys the support of everybody in the country” (Mbeki 1995).

4.4.3.1 Affirmative Action: Building Equality or Re-dividing the Nation?

The considerable debates over affirmative action in South Africa provide a useful perspective on nation-building and economic development. Any action, which seeks to discriminate for, and therefore, against different groups, is likely to affect groups’ perception of their position in society and, consequently, their attitude to any nation-building project. It may well also have additional implications in terms of economic performance. This section examines some of the issues raised by affirmative action policies in the South African context.

Precisely what affirmative action involves is not always agreed (Hlongwane 1997:xiii). It is useful to distinguish the de-racialising of ownership and control of capital in South Africa from affirmative action in the workplace. The de-racialising of the ownership of capital is increasingly referred to a ‘black empowerment’ and, as discussed in Section 4.7.1 has been largely left to market processes with noticeably little resistance from socialist-oriented organisations.

Affirmative action as positive discrimination in employment and promotion has often been subdivided into a corporate process of ‘blackening’ management and a union-supported process of “empower[ing] the broad working class with enhanced skill training and industrial rights” (Adam 2000:18). Clearly processes taking place within management and within the workforce will have different dynamics. However,

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13 For example, Mandela (1999:8).
these differences should not be over emphasised. Affirmative action within management and within workers is unified within the Employment Equity Bill (Government 1998a) in which companies have to analyse and set targets for the racial composition of their employees at all levels.

In contrast to black empowerment, affirmative action as positive employment discrimination has generated considerable debate and opposition. Critics of affirmative action have pointed out the undoubted tension involved in re-employing racial categories, necessary for monitoring and targeting, in what is constitutionally a non-racial society. Second a number of negative effects of affirmative action policies have been predicted. These include, first, that the policy won’t work; second, concern about the negative effects that affirmative action will have on groups that are not subject to positive discrimination and how such groups will respond; and, third, the potentially perverse effects that such polices may have in creating new lines of division within South African society.

The argument that affirmative action will not work is based on the belief that South Africa’s situation is unique in that the ‘previously disadvantaged groups’ constitute a large majority of the population. This contrasts with earlier affirmative action policies in South Africa, such as the upliftment of ‘poor whites,’ and with affirmative action programmes that have been introduced in other countries (Adam 2000). This is clearly an important point and serves to highlight the uncharted course of South Africa’s transformation. However, at a political level, the argument that a policy that has worked in the past – at least in South Africa – cannot be implemented because there is now a greater need is unlikely to command majority support.

When discussing affirmative action, it is important to consider not only the benefits that the previously disadvantaged groups might gain but also how those groups now discriminated against will react. Three such groups can be identified; whites, Indians and coloureds, and the large numbers of Africans not employed in companies with over 50 employees covered by the Employment Equity Bill.14 The reactions of each of these groups could contribute to their inclusion in or exclusion from the nation-building process as well as in their contribution to national economic development.

14 The Employment Equity Bill applies to all employers with 50 or more employees in all sectors of the economy apart from the National Defence Force, the National Intelligence Agency, and the South African Secret Services.
The most visible group discriminated against under affirmative action policies is the white population. This situation is, however, not clear-cut as women (of all races) are considered a 'designated group', along with blacks and disabled people in the Employment Equity Act. Nevertheless, because white men occupied and continue to occupy the majority of management positions, and because they compose much of the professional workforce, their reaction to affirmative action is important. This reaction is based not on a response to imminent retrenchment, but rather to restricted promotion, early retirement, and more limited opportunities when entering the labour market. Three possible reactions by this group can be investigated; emigration (with or without female relatives), active or passive resistance to change, or attempting to cope with the changing situation.

The emigration response is the most visible. However, whether the net emigration of whites, and their skills, from South Africa is a result of affirmative action or other factors is a difficult point to establish. In her conclusion, Adam (2000) develops a warning by Lawrence Schlemmer that a racial backlash will result from "racial engineering" (i.e. affirmative action) in South Africa. Adam suggests that the increased emigration of skilled white professionals constitutes another outlet for releasing internal pressure. This continuous haemorrhaging of scarce expertise hampers growth and constitutes a personal tragedy for many a politically uninvolved family" (175). However, Adam's own empirical findings, from a survey of 121 predominately white business executives conducted in 1997, contradicts this. "Surprisingly, while the 1997 group of respondents found much wrong with affirmative action policies they had observed, they did not blame it for increased white emigration and resentment" (131).

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15 White men are provided with equal protection from dismissal by the 1995 Labour Relations Act as all other groups. Race is not grounds for dismissal.
16 Despite this latter factor, white unemployment among all skill categories remains relatively low. Statistics South Africa estimated this to be 4.4% among white males and 5.1% among white females in 1999 (Statistics 2000).
17 Statistics South Africa reports a total emigration from South Africa of 82,811 between 1989 and 1997. However, using immigration data from the UK, USA, Canada, Australia and New Zealand, the University of Cape Town's South African Network of Skills Abroad report a figure of 203,000 for this period (Crush et al 2000).
18 This corresponds to the finding of the Southern African Migration Project. Crush et al (2000) while recording high levels of opposition to affirmative action among skilled whites (83% compared to 20% of skilled blacks), reported that the main reason for skilled South Africans emigrating were "high levels of dissatisfaction with (a) the cost of living, (b) levels of taxation, (c) safety an security, and (d) the standard of public and commercial services" (4).
A possible explanation for this response comes from a second finding of Adam's regarding the sense of self possessed by blacks promoted within an affirmative action framework. Investigating the possibility that beneficiaries of affirmative action programmes might experience low self-esteem as a result of their position not being explicitly based on merit, Adam found that, in fact,

[the vast majority of South African recipients of affirmative action probed in this research did not...consider themselves passive recipients of company largess, but instead perceived themselves as having rightly earned a place in the accelerated business training programme.... This finding contradicts the conventional wisdom among critics, that appointees on merit differ from affirmative action appointees in their approach to work (166).]

Building on this finding, Adam suggests that, in contrast to other countries, "[a] conclusion may well be drawn that where the society is perceived as having a high degree of illegitimacy – an unequivocal illegitimacy – affirmative action is seen as a legitimate consequence" (170). If this is the case, it would explain the surprising finding that affirmative action was not seen as a cause for resentment among white males in Adam's (2000) survey.

Whether white males are or are not resentful of affirmative action is likely to be important in determining their attitudes should they choose, as the majority are doing, to stay in South Africa. Detecting attitudes, especially in a charged atmosphere is difficult other than through close observation. The two case studies (Chapters Six and Seven) provide a range of responses from white male managers in the new South Africa. How reflective these are of the wider population is, at this stage, impossible to tell.

Under apartheid coloureds and Indians occupied a subordinate position below whites, but above Africans, in the racial hierarchy. While these groups are now afforded constitutional equality, under affirmative action with Africans composing both the largest racial group and the group currently least represented in middle and higher positions, the position of coloureds and Indians is also uncertain. Within

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19 Crush et al (2000) report that in a survey of 200 public and private enterprises employing an estimated 101,000 skilled personnel, "[t]he brain drain to date is of only minor importance compared to the total skills base of surveyed enterprises. In 67% of enterprises the issue of emigration of high skilled personnel was rated of no or negligible importance" (6).
industry their intermediate skill levels expose them to pressure from upwardly mobile Africans, but they are rarely in an economic position to consider migration, as are many whites. Although not the focus of this thesis, the responses of line management – often coloured or Indian – within a changing environment is noted. At a wider level, the insecurity felt by minority groups in racially-conscious societies is clearly apparent in South Africa – reflected in, for example, the political volatility of the coloured population in the Western Cape.

Of greater importance numerically than the Indian and coloured populations are those Africans who, at this stage, do not stand to gain from affirmative action policies. This group is composed of the unemployed, informally employed, and those in companies with less than 50 employees. In contrast to this population, the far smaller number of blacks with high levels of education and skills are in a position to advance rapidly in a skill short society that is seeking to implement affirmative action. As Adam (2000:170) puts it: “While a new black elite, who needs affirmative action least, benefits most from racial preference policies in senior management, the majority of poor and unemployed are not affected by these policies.”

In covering all employees, the Employment Equity Act will spread the benefits of affirmative action among those employed in the formal economy. However it will not address the situation of those who fall outside of its scope. The position of this black majority depends on other aspects of South Africa’s transformation. Given their large numbers, upward mobility will rest on successful economic growth and the policies that best support this. These issues are outlined in Section 4.7.

This section has examined the issue of affirmative action and raised the possibility that such policies will counter attempts at nation building by introducing new lines of tensions and division within South Africa. As we have seen a significant factor that provokes opposition to affirmative action, despite apparent agreement over the desirability of equality, is that the outcomes of such policies have economic implications for the individuals concerned. It is not hard to extrapolate from this that any national consensus over economic policy will mutatis mutandis pose difficulties.
4.5 A National Economic Agenda

The successful transfer of power that ended white minority rule proceeded from a negotiated consensus between the major sections of South African society. This consensus encompassed two agreements: first, the need to transfer power peacefully if chaos was to be avoided and, second, the mechanisms with which this would be done.

The ANC, in power as a result of those agreements, was aware that a further set of agreements was required if its election victory was to develop political emancipation into social development. Thus, its December 1994 Conference argued that:

The moment of national unity around the Interim Constitution and the electoral process should be translated and extended to a national consensus, a new patriotism, build on the realisation and acceptance by all major sectors of our society of the fact that it is in the interests of the country as a whole to promote and consolidate that democratic settlement.... The challenge of forging a lasting national consensus is closely linked with the challenge of forging a common approach towards the transformation of the economy (1994b:7-8).

That a further national consensus had to be forged over the economy, despite the ANC's overwhelming election victory, reflected their understanding that key sections of society, notably organised labour and capital, held economic power outside the control of the parliamentary system. Achieving economic growth and development required that these groups act within a national consensus to ensure that their power was mobilised in a patriotic fashion: that is, in directions consistent with the ANC's, now electorally mandated, objectives and not in a partisan manner inconsistent with the interests of the country as a whole.

Such co-operation from social actors is, of course, necessary in all areas of policy making where power exists independent of the government and when desired outcomes are not expected from a 'hands-off' approach. While the ANC had moved from its earlier policy of nationalisation of the economy, its economic policies remained far from laissez faire. Intervention was understood as necessary if the
imbalances of the past were to be rectified. In a speech marking the new government’s first one hundred days in office, Mandela outlined the responsibilities of labour and business in developing a national consensus on economic policy.

It is not enough for business to concern itself with how its interests are protected under the current dispensation. Business should be part of the process of determining policy, with the full realisation that this entails both gearing business towards the objectives of growth and equity and ensuring active participation in the socioeconomic programmes to uplift the disadvantaged.

In the same vein, workers do have to advance their interests through the collective bargaining system. At the same time, the new situation obliges all of us to take on board the broader questions of increased investment, investor confidence and requirements of economic growth and equity.

The labour movement and business should be fully involved in developing strategies for successful economic growth and equity, as partners with government (1994:18).

Given existing and potential conflict between labour and capital, and the need to subsume these within state-guided economic policies, such a partnership was never taken for granted, despite all the gushing allegiance paid to the rainbow nation. Nevertheless, in the early period of the new government there were high hopes that consensus achieved over the new constitutional dispensation could be translated into the economic sphere. Tito Mboweni, as Minister of Labour in 1994 warned: “We should not...kid ourselves that this social partnership can be built simply out of goodwill and exhortation. It will take commitment and a certain amount of sacrifice all round. But”, he continued, “in my view, just as we have constructed a uniquely South African accord in the constitutional realm, we are well placed to build an industrial partnership” (1994:5).

Such calls for corporatism were extensively debated by academics close to the labour movement. Some writers supported such approaches. For example, Joffe, Maller and Webster (1993) while recognising labour’s strong culture of abstentionism, the need for capital’s co-operation, and state support, argued that such an approach was the key to an ‘industrial renewal’ that would benefit workers. By contrast, others argued that “policies that emanate from corporatist institutions are likely to reflect the values and interests of international financial institutions,
multinational corporations, and domestic corporate capital” (Desai and Habib 1997:517).

The impact of such academic debates on national events is probably limited. More powerful were calls for nation building from political leaders which drew on the success of the political negotiations and suggested that similar co-operation was needed in the economy. If social transformation was to be successful it would require economic growth. This would, in turn, require relevant economic actors agreeing a national economic agenda for growth and development in which not only overall objectives, but also the specific policies to reach those objectives, would have to be agreed.

4.6 The National Economic, Development and Labour Council (Nedlac)

The National Economic, Development and Labour Council (Nedlac) was established, in February 1995, as a national forum in which major economic stakeholders could develop consensus over the economic policies that would be needed to meet the challenges of social development and economic growth.

It was declared to be “the vehicle by which government, labour, business, and community organisations will seek to co-operate, through problem-solving and negotiations, on economic, labour and development issues, and related challenges facing the country.” Its three ‘defining challenges’ were listed as: “Sustainable economic growth..., [g]reater social equity...[and] increased participation – by all major stakeholders, in economic decision-making, at national, company and shopfloor level – to foster co-operation in the production of wealth, and its equitable distribution” (Nedlac 1995:1).

Governed by an Executive Council, the bulk of its work was to take place within four specialised chambers that deal with the labour market, trade and industry, public finance and monetary policy, and development. These chambers were to carry out the Council’s tasks as laid out in the Nedlac Act (Government 1994). These included reaching consensus and concluding agreements on social and economic policy. It was also charged with considering significant changes to legislation over social and economic matters prior to its introduction into Parliament. In the case of labour market policy this responsibility extended to all legislative changes.
Involving stakeholder groups in this process necessitated the accreditation of organisations from each constituency with sufficiently large memberships to be able to speak with credibility while keeping the number of delegates to a level consistent with practical management. Government could be represented by the appropriate departments but organising the representation of other stakeholders was not so straightforward.

Organised labour provided the most coherent stakeholder group. Three federations – Cosatu, Nactu and Fedusa – are represented in proportion to their paid-up membership. Cosatu, given its size, dominates the labour caucus in Nedlac. On most issues this caucus is able to reach a common position which it takes into negotiations.

Business South Africa (BSA) was established in 1994 to act as the collective voice of capital in Nedlac negotiations. However, tension between white and black business has resulted in a leading black business organisations, the National African Federated Chambers of Commerce (Nafcoc), negotiating alongside rather than within BSA. Additionally, the common front within BSA is precarious and limited to necessary formal negotiations, rendering it a ‘virtual’ organisation.\(^\text{20}\) Given sectional interests, its negotiating position – for example over the Skills Development Bill (see below) – has often simply been the summation of BSA’s constituent groups’ demands.

Finally a number of community organisations, which have been deemed as sufficiently national in scope, represent civics, women, youth, disabled, and rural people.

The importance of Nedlac’s chambers is related to the need for the ‘social partners’ to come to an agreement. With the Department of Finance free to develop legislation without agreement in the Public Finance and Monetary Policy Chamber, this has become little more than a shell. On the other hand, the requirement that all legislation affecting the labour market has to be negotiated in Nedlac before it can proceed to Parliament has meant that the Labour Market Chamber has become a site of power.\(^\text{21}\)

\(^{20}\) Alan Fine, in asking whether a single representative business organisation could emerge, described the divisions between Sacob, Nafcoc, AHI, and Fabcos as ‘tribal’ (Fine 1998:11).

\(^{21}\) To a lesser extent, the Trade and Industry Chamber through which some labour market legislation has been channelled, has taken on the same character.
Nedlac provided the opportunity for stakeholders to forge a national economic agenda, based on consensus and buttressed by government legislation. Although Nedlac has been able to provide an institutional framework for some agreements and for a variety of projects, its value, to date, has failed to meet expectations. Most telling has been the failure to bring to fruition a ‘social pact’ in which the peak-level structures of economic stakeholders would reach agreement over wages, productivity, and employment creation in the interest of national development. The following sections examine economic policy in South Africa and the failure of stakeholder groups to reach consensus over a national economic agenda.

4.7 Economic Policy

This section looks at the economic programme put forward by the government to transform the South African economy between 1994 and 1999. Three broad development needs facing the new government can be outlined: the upliftment of the ‘previously disadvantaged’ in order to address inequalities, the de-racialisation of economic life, and the promotion of economic growth.

Uplifting the previously disadvantaged groups has been considered, by the liberation movement, as a central aspect of any new society. Given South Africa’s history, the category of previously disadvantaged encompassed practically all of the African, as well as sections of the Indian and coloured, populations. However, not all were equally disadvantaged. Thus, differences of racial group, gender, formal and informal employment, employment and unemployment, and urban and rural location form pertinent differences that can be seen to constitute hierarchies of need.

While the upliftment of previously disadvantaged groups would assist in the de-racialisation of economic life, as individuals acquired skills and experience, de-racialisation was not to be restricted to uplifting the disadvantaged masses. Because of the existence of a capitalist class which was almost exclusively white, black economic empowerment in the form of a rapid promotion of a black bourgeoisie was a priority.

The need for economic growth was regarded as central to development in the new South Africa. It was perceived as necessary not only to raise GDP per capita in South Africa but also as a means of addressing inequality. Economic growth, combined with upliftment, would enable the redistribution of future income to overcome income and related inequalities. The redistribution of current income to
reduce existing inequalities was not regarded as feasible given the relatively small section of the population with significant resources that could be redistributed. More pragmatically, the enduring power of this minority given the negotiated nature of the transition and its continued monopoly of human and physical capital combined with relative mobility further excluded the feasibility of such a redistribution.

It is important to stress that in looking at the specific policies of this economic programme, policy has to be understood as encompassing all initiatives aimed at dealing with South Africa’s economic development needs of uplifting the population, de-racialising economic life, and achieving sustainable economic growth. While far from comprehensive, four important policy areas are outlined below: black economic empowerment, labour market reform, trade liberalisation, and macroeconomic policy.

4.7.1 Black Economic Empowerment

De-racialising the ownership of capital, or black economic empowerment, has been left largely to actors outside of government. The assumption has been that strong signals from government, the drive of black entrepreneurs, and a willingness of the white owners of capital to consolidate their own future would be sufficient to ensure that capital ownership was de-racialised. This process of broadening capital ownership has made progress, though it is still far from over and the final outcome remains unclear.

That black economic empowerment has proceeded with relatively little controversy is the result of two factors. First, existing capitalists have seen it to be in their own interests to promote the de-racialisation of business. A black business cadre would be much better positioned to defend business as a whole from restrictions or curtailment. Second, because the leadership of social forces, notably the SACP and Cosatu, which might be hostile to the promotion of a capitalist class, accepted that national liberation involved a cross-class alliance, in which a black bourgeoisie could play a progressive role, and that socialism was a secondary objective following liberation. This reduced resistance to black economic empowerment.

22 The historical precedent for this broadening of capital ownership was the English-speaking capitalists’ assistance, after the election of the National Party government, of Afrikaans-speaking capital accumulation (O’Meara 1996).

23 In 1998, 8.9 percent of the Johannesburg Stock Exchange capitalisation was estimated to be controlled by black-owned groups (McGregors 1999).
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While this shared understanding within the Tripartite Alliance promoted the development of a black bourgeoisie, the minimum programme of social transformation meant that the growth of this class was not simply an end in itself. Rather, it was expected that a black capitalist class would be more committed to South Africa than its white counterpart (Friedman 1997). This 'patriotic bourgeoisie' was expected to assist social upliftment and economic development. The ANC's 1997 Congress explored the role of this rising class. In raising the possibility that black empowerment contained the danger of creating 'social distance' and therefore indifference to the poor, it argued the following:

[O]verall, the rising black bourgeoisie and middle strata are objectively important motive forces of transformation whose interests coincide with at least the immediate interests of the majority. They are, in this sense and in this phase, part of the motive forces of fundamental change. Yet, [as] with all other classes, their contribution to transformation, as distinct from the gains they derive from it, is contingent upon their mobilisation to pursue the interests of reconstruction and development, on such issues as the strategic employment of investment capital, labour relations, workplace democracy, style of management and so on (9).

4.7.2 Labour Market Reform

Responsibility for reform of the labour market lay with the Department of Labour. The first ANC Minister of Labour, Tito Mboweni, began preparing legislative reform with his newly appointed senior civil servants many of whom were ex-Cosatu unionists. With all legislation having to be channelled through Nedlac, any bill drafted by the Department of Labour was subject to tripartite negotiation24 in Nedlac's Labour Market Chamber before proceeding to Parliament.

The broad thrust of the department's policy was aimed at ending the legacy of labour market discrimination, increasing employment, improving employment conditions, and raising productivity. It was argued that these goals could be simultaneously achieved through the 'regulated flexibility' of the labour market. Workers rights would be protected and advanced but these were to be meshed with

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24 Quadripartite in the case of the Skills Development Bill in which the Community Constituency participated in the Nedlac negotiations.
policies that would improve skills and co-operation. The Presidential Commission on Labour Market Policy, established in 1995 to guide policy development, described this as an approach which “attempts to extend the coverage of labour market institutions – particularly institutions of collective bargaining and participatory policy formation – while simultaneously ensuring their ability to adapt to current global and domestic realities” (1996:1).

During the first term of the new government, four ‘linchpin’ pieces of legislation were drafted by the Department of Labour, negotiated in Nedlac, and enacted by Parliament. These were the Labour Relations Act (LRA) (Government 1995), the Basic Conditions of Employment Act (1997a), the Employment Equity Act (1998a), and the Skills Development Act (1998b).

The LRA updated and unified the country’s industrial relations system in which industrial-level collective bargaining, extended to non-union members of recognised sectors, formed the core of the regulatory system. In addition, provision was made for bipartite, productivity-focused ‘Workplace Forums’ to be set up in workplaces with over 100 employees. While the Nedlac-based negotiations over the LRA were intense, the rapidity with which an acceptable compromise was reached was the grounds for much congratulation.

Negotiations over the other pieces of legislation proved less easy and often disappeared into protracted behind-the-scenes struggles. The Basic Conditions of Employment and Employment Equity legislation attempted to address apartheid’s socio-economic legacy within the labour market. Thus, the Employment Equity legislation required that companies set themselves targets for the racial composition of employees and put in place affirmative action programmes to achieve those targets. The Basic Conditions legislation sought to establish minimum acceptable conditions within the formal labour market. Since this directly affected the distribution of resources between labour and capital, negotiations over this legislation were particularly difficult and spilled out of Nedlac in the form of a series of one-day strikes organised by Cosatu.

To the surprise of those drawing up the Skills Development Bill this legislation was also subject to fierce resistance from the Business Constituency during the Nedlac negotiations that began in late 1997. The Bill, through a training levy on employers, was intended to overcome skill shortages in the economy and facilitate higher rates of productivity. Since this was in the long-term interests of all
stakeholders, it was assumed that there would be support from business as well as labour. This proved not to be the case. Business argued that the levy constituted a further ‘salami-slice’ in the mounting cost of labour. The Bill was eventually taken to Parliament in mid-1998 without agreement being reached in Nedlac.

4.7.3 Trade Liberalisation

Trade and industry policy, carried out by the Department of Trade and Industry (DTI) in South Africa, has aimed at opening up the economy to international competition. This has, of course, had implications for both capital and labour in those sections of the economy that previously benefited from high levels of protection. However, although protests have been mounted, this programme has, in large part, been accepted with opposition generally directed at the speed and extent of tariff reductions rather than the principle.

Opposition to the reduction of tariffs has not been a credible argument, even in the face of widespread job losses in the hardest hit sectors.\(^\text{25}\) This was not only because it has been counter-posed to the ‘global consensus’ over free trade but also because of the widespread acceptance that the apartheid strategy of inward industrialisation failed to provide adequate economic growth. Attempts to address these problems without removing tariff protection had also been discredited – notably with the failed export subsidy scheme.\(^\text{26}\)

This reduction of tariff protection has been accompanied by a number of DTI programmes aimed at assisting domestic industry to create employment through becoming more competitive. A DTI document (1995:12) outlined that:

\[\text{T}\text{he long-term vision of industrial policy making in South Africa is to guide and expedite the country’s process of industrial development up the so-called value chain and, in so doing, to achieve the goal of creating substantial (high skill and high income) employment opportunities on a sustainable basis. The country has to achieve a high level of international competitiveness if it is to achieve and sustain the higher rates of economic and employment growth which it requires to secure a stable future which is free of poverty.}\]

\(^{25}\) Notably auto and textiles.
The programmes designed to facilitate this included the ‘Cluster Initiative’ which sought to facilitate co-operation within industrial sectors that would promote the beneficiation of locally produced raw materials and expand job-creating downstream manufacturing. To be able to compete internationally in areas of high added value, investment and greater productivity were necessary. Supply-side measures that would impact positively on productivity included education and training, which fell under other government departments. Additionally, however, the DTI could contribute its own programmes that supported R&D, the harnessing of technology by industry, and the adoption of “best practice work organisation techniques” (DTI 1995:12-13).

4.7.4 Macroeconomic Policy

4.7.4.1 The Redistribution Debate

The growing economic crisis under apartheid (see Section 4.2.1.4) prompted wide-ranging critiques of economic policy. With the realisation that political power was to be transferred to a new and inexperienced government, this debate centred around the policies that should be implemented in the new South Africa.

An initial concern of many economists was that an ANC government would implement radical measures to rapidly redistribute South Africa’s wealth. Two key concerns were the possibility of nationalisation and ‘macropopulism’ - the rapid redistribution of income through a reflactionary government budget (Peter Moll 1991). In fact, these two concerns were removed from the range of possible options by the ANC itself, which gradually clarified what its economic policies would entail. This did not, of course, end the debate, but it did narrow the parameters of how redistribution would be achieved.

In the immediate run up to the 1994 election, the future shape of economic policy was being decided in a struggle between economists aligned to the Macro Economic Research Group (Merg), a group established by the ANC in 1991, and the ANC’s own Department of Economic Planning (DEP). Merg argued, notably in its

26 The General Export Incentive Scheme (Geis) failed to impact significantly on the manufacturing balance of trade and was subject to widespread misuse.
1993 *Making Democracy Work* document for a Keynesian type expansionary policy that would be facilitated by a politically controlled Reserve Bank able to maintain a low rate of interest. By contrast, the DEP, although never publishing a comprehensive economic plan, was increasingly leaning towards more orthodox macroeconomic policies with an independent Reserve Bank able to prioritise the control of inflation. The struggle between the two groups was settled in favour of the DEP with the independence of the Reserve Bank, enshrined in the Interim Constitution of 1993, effectively consolidating the position of those arguing for a more gradual, and orthodox, redistribution strategy.

4.7.4.2 The Debate over Growth Paths

Alongside and intertwined with the debate over redistribution strategy was the question of what growth path that should be followed. While there was consensus over the need for growth if jobs were to be created, the effectiveness of different growth paths for labour absorption was fiercely debated. This debate occurred in a number of fields but can, somewhat crudely, be seen to focus on whether a low-wage, labour-intensive or a high-productivity, high-wage strategy should be pursued.

Those arguing for a low-wage, labour-intensive growth path stressed the need, in line with the World Bank’s 1990 World Development Report, to “use the poor’s most abundant asset: labour” (Michael Lipton and van der Graag 1993:1). This would, it was argued, promote growth while simultaneously targeting the poorest members of society. Those arguing for the high-productivity, high-wage strategy stressed the benefits of successfully competing in markets on factors other than low wages, in order that the poor be brought, in time, into higher-paying employment. In addition to economic arguments, all the protagonists were acutely aware of the power of a militant and unionised workforce that represented a relatively privileged section of the population and who stood to lose or gain depending on the particular growth path followed.

Two themes can be identified within this debate: the role of manufacturing industry and how it should develop, and the role of agriculture in the economy.

In the case of manufacturing industry, the role of wage rates and labour intensity – while always an issue – was overshadowed for some time by differences over whether growth in this area should be inwardly or outwardly oriented. In the
early 1990s writers such as Roux (1991) pointed to differences between the (then) government and business committed to export orientated growth and the ANC who viewed inward industrialisation as key to growth. The marginalisation of Merg’s domestically-based expansionary policy secured the shifting views within the ANC over this. As outlined in Section 4.7.3, the protection of domestic industry was rejected in favour of opening the economy to foreign competition.

Despite this developing consensus of the need to compete in the global market, the question remained how such competition was to be mounted. Economists such as Malherbe (1997) stressed a low-wage, labour-intensive route to achieve competitive advantage. The opposition of the trade union movement to such a strategy and to the resultant ‘downward wage flexibility’ was widely anticipated (for example Peter Moll 1991). One strategy to deal with this obstacle was the development of the informal economy, a position that was to be articulated by organised capital in the South African Foundation’s (1996) Growth for All document (see Section 4.7.4.5). Others such as Joffe et al (1995) argued for raising levels of productivity through increased training and work re-organisation. The outcome of this debate and some of its implications are traced in Chapter Five as well as in the two case studies (Chapters Six and Seven).

The debate over the role of agriculture in the new South Africa can be seen as centring on, first, the relative importance of agriculture in the South African economy, and second, what farming methods should be promoted. This latter debate, while often specialist in nature, was linked to wider issues in that farming methods would determine the degree of rural labour absorption and hence agriculture’s overall role in employment creation and redistribution. Extensive research, summarised by the World Bank (1993a, 1993b, and 1994a) argued for the need to redistribute land to small black farmers through market driven processes.\(^{27}\)

Lipton, Ellis and Lipton (1996) have pointed out that agriculture contributes a significantly lower percentage of South Africa’s GDP and employment than does the sector in most other middle-income countries. This, they argue, results from an anti-agricultural (pro-industrial) bias in addition to a bias towards capital-intensive farming. Their pessimistic assessment of South Africa’s manufacturing industry’s

\(^{27}\) The feasibility of a market driven process in redistributing land on a large scale to blacks and maintaining efficiencies of production in South Africa was the subject of intense debate (see, for example, Williams 1996 and de Klerk 1996).
ability to compete on the grounds of high-productivity because of low levels of education and skill lead them to stress the need for the rapid prioritisation of labour intensive agriculture through developing small scale farming. Given that 70% of South Africa’s poor are among the population living in rural areas (Lipton, Ellis and Lipton 1996:v) such employment creation would have a major impact on poverty and income inequalities among the African population.

4.7.4.3 Policy Convergence?

Although policy debates remained fierce and often acrimonious, by 1994 there had been a considerable degree of convergence. While not necessarily welcomed by all parties, there was agreement that nationalisation, large-scale, deficit-based reflation, and economic protectionism were to be ruled out. Nevertheless, the nature of the growth path – low-wage, labour-intensive or high-productivity, high-wage – remained controversial.

World Bank documents can be seen as attempting to balance outstanding economic policy issues while simultaneously recognising social and political constraints. Thus An Economic Perspective on South Africa (1993c:1) stressed the need for job creation through small business and agriculture, the targeting of government expenditure to the poor, the re-orientation of manufacturing towards exports, and the “rapid growth in skilled labour, especially by upgrading the semi-skilled and unskilled....” The World Bank’s Report Reducing Poverty in South Africa: Options for Equitable and Sustainable Growth (1994b) similarly stressed the need for job creation through land reform and the development of small and medium sized businesses. This report also pointed out that large-scale beneficiation projects, such as the new aluminium smelting plant (at Richard’s Bay), would not move the economy to a more labour-demanding growth path. However it recognised a role for light, labour-intensive industries despite existing wage levels – provided that good labour relations could be established.

A sustainable expansion of light manufacturing industry is nevertheless possible with the prevailing wage structure. It can take place in export markets for niche products – high quality textiles, garments, shoes and furniture, high value fabricated metal and plastic products and the like. The essential ingredients for success in niche
export markets include high product quality, reliability in meeting delivery schedules, and quick turnaround. But if conflict-ridden industrial relations re-emerge, South African firms will be vulnerable to work stoppages and a consequent inability to meet commitment on time – undercutting their ability to penetrate export markets. Moving towards “win-win” industrial relations is a necessary condition for moving to an efficient and labour-demanding growth path (13).

While such reports attempted to provide a balance of economic policies that would meet South Africa’s development needs, it became increasingly clear in the post-1994 period that social and political differences would make the implementation of economic policy far from easy.

4.7.4.4 Post-1994 Macroeconomic Policy

By late 1996, macroeconomic strategy, in particular the Government’s *Growth, Employment and Redistribution* document (Gear), had become the cockpit of conflict over economic policy. This conflict was between social forces, notably organised labour, capital, and the government. It also occurred within academia which increasingly focused analysis of the South African economy onto the discordant symphony of macroeconomic policy documents in which Gear represented an apparent finale.\(^\text{28}\)

Macroeconomic policy documents are important but two caveats should be applied. First, the actions of those responsible for implementing economic policy need not fit neatly into academic views of the world. Academic analysis seeks coherence to, often abstract, principles, while policy is often influenced by pragmatic considerations. Evaluating policy on its academic coherence is not necessarily helpful. Second, macroeconomic policy needs to be viewed within a wider policy environment that also takes account of policy in other economic areas, such as the labour market, and in areas, such as education, which in the long-run have a major impact on development. Macroeconomics alone does not form a discrete, or determining, programme.

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The ANC fought the 1994 election on the basis of the Reconstruction and Development Programme (RDP) which had been drawn up through widespread consultation. The RDP presented a developmental programme based on investment in physical and human capital, which resonated with large sections of the population. Apart from a short, fiscally orthodox, section, placed right at the back of the document (pages 143-4), it was silent over the role of macroeconomic policy in promoting growth.

That macroeconomic policy was not highly profiled in the first two years of the ANC government did not mean that it was absent. In fact, the macroeconomic approach of the ANC was geared towards the overriding concern of maintaining stability. This required economic credibility in the eyes of foreign and domestic capital. This credibility had been initially gained by continuing almost all of the previous government’s macroeconomic policies. (In fact, the budget deficit which had mushroomed in the final years of National Party rule had to be reduced.) This promotion of stability was most visibly symbolised by the appointment as Minister of Finance of Derek Keys, a former incumbent, and the re-appointment of Chris Stals to a second five-year term as Reserve Bank Governor in August 1995.

This silent balancing of the need for stability and the need for change was dramatically broken in early 1996 when the South African Foundation (SAF), representing big business, published an economic strategy, Growth for All. This public attempt to influence the economic agenda was careful not to challenge the RDP but argued for new policies if its goals were to be reached. Growth for All constituted a macroeconomic strategy in that it argued for reforms which, it claimed, would lead to GDP growth of over five percent and job growth rapid enough to cut employment. The reforms necessary to meet this economic growth and job creation were to ‘deal with crime’, ‘privatise quickly’, ‘transform government’, ‘make labour markets flexible’ and promote ‘a vigorous export drive’.

Proposals for rapid privatisation and a downsizing of the civil service represented threats to sectors of organised labour. However, it was Growth for All’s proposed labour market flexibility that posed the greatest threat and drew a sharp response. Growth for All argued that “the best hope for the poor is massive growth in
low-wage formal sector jobs” (SAF 1996:96). Its proposal to ensure this job growth was a second tier of the labour force in which employers would be able to hire workers without protection from retrenchment, without non-wage costs imposed by government, without minimum standards legislation, and with limited protection in the event of industrial action (103).

Unsurprisingly, organised labour responded to proposals that attacked the basis of worker rights established over decades of struggle. Social Equity and Job Creation was tabled jointly by the three union federations at Nedlac and reaffirmed the RDP on the basis that it was a “programme to satisfy the basic needs of all South Africans...[and that] it calls for workers rights, and the building of the economy” (Labour 1996: 3). The document proposed the strengthening of organised labour vis-à-vis capital in no uncertain terms – demanding the raising of taxes for the rich, “breaking the stranglehold of big business in the economy” (31) and sweeping increases in workers’ rights and conditions. Such demands, while echoing earlier positions of organised labour, were not serious negotiating positions. Rather, they were attempts to generate sufficient tension to ensure that the debate, opened by Growth for All, was not continued.

4.7.4.6 Gear

In June 1996 the Department of Finance, increasingly staffed by academic economists leaning towards neo-classical orthodoxy, published Growth, Employment and Redistribution (Gear). The document was announced with minimal consultation and swiftly declared by the Minister of Finance to be ‘non-negotiable’. The core of Gear was an ambitious econometric model that projected a growth rate of six percent by 2000 accompanied by an annual job creation of 400,000 (Government 1996:2). At the core of this model was the government deficit – one of the few macroeconomic variables that the government was in a realistic position to control. Other variables, such as the targeted growth and job creation were simply outcomes generated by the model on the basis of government deficit targets being reached.

This model formed the highlighted centre of the document but, in fact, a number of substantial sections dealt qualitatively with various aspects of the economy. These sections bore little direct reference to the econometric model and reflected existing and projected government policy written by the Department of
Labour and the DTI which had representatives on Gear’s technical team. For example, the Department of Labour was responsible for the section on ‘Employment, Wages and Training’ which included a commitment to regulated flexibility via “application of employment standards and voice regulation” (17), while under a sub-section entitled ‘Enhancing Productivity’ the department pre-figured its 1997b Green Paper on Skills Development.

Gear has been subject to intense controversy. The following section examines the response of organised labour. Gear has also received considerable academic attention though this has not always employed the caveats, previously discussed, of distinguishing academic and policy processes or of placing macroeconomic policy within a wider policy environment. For example, Habib and Padayachee (2000), while noting “some counter-trends” argue that Gear represents the “essentially neoliberal character of the GNU’s economic program” (253). The choice between the “international financial and investor community...[and South Africa’s] post-apartheid growth and development needs” (246) has, they argue, been made in favour of the former. As a result they maintain that there has inevitably been increased unemployment, inequality, and poverty, and an undermining of democracy.

Collapsing our understanding of economic policy (and economic outcomes) into Gear, and collapsing Gear into a single slogan, over-simplifies events and results in a constrained analysis. Two features of Gear – its origin in the currency crisis of 1996 and its bifurcated content – can be highlighted to counter this tendency.

Gear emerged as a response to a run on the Rand which began in February of 1996. Between 31 December 1995 and 31 July 1996 the Rand fell by 18.1 percent against a weighted average of currencies (South African Reserve Bank 1996:26). The weakness of the Rand was seen as a loss of confidence in the South African economy. A clear message as to the macroeconomic intentions of the government, and hence stability of the South African economy was required. The Gear document put it as follows:

[M]ovements in the foreign exchange market reflected...fundamental economic uncertainties. The depreciation presents both an opportunity and a threat. An uncoordinated response, embroiled in conflict, will cause further crisis and contraction. Linked to an economic strategy, on the other hand, it provides a springboard for enhanced economic activity (Government 1996:2).
Credibility was conveyed through the orthodox under-pining of the macroeconomic model and, importantly, since all relevant government departments were brought on board, any hint of division within government was avoided. Rather than a policy U-turn, Gear made explicit what had, albeit silently, been ANC policy. Given the devaluation of the Rand, a more explicit affirmation of fiscal orthodoxy had to be presented.

Gear’s bifurcated content is also salient. Much of Gear was not concerned with fiscal orthodoxy but with institutional development, especially in the labour market. Given the speed with which Gear had to be assembled, integrating these two aspects was not feasible. Integration would, in fact, have been difficult within an academically coherent document but this does not legitimate an understanding of the government choosing between neo-liberalism and ‘post-apartheid growth and development needs’. The issue is more complex than such a dichotomy indicates. It is, perhaps, more instructive to try and understand what it is that the ANC government is attempting to achieve. It will be argued, later in the chapter, how it aims to present a stable economic environment and uplift the black majority. Before examining this, however, we discuss how the contents of Gear did contribute to division and disappointment in South Africa.

4.8 Division and Disappointment

Despite the aims that the government might have had in introducing Gear, it increasingly became a source of division. This section looks at this division along

29 One of the most ironic aspects of this process was that the World Bank which helped co-ordinate the rapid compilation of Gear had been arguing, during 1995, that the Rand should be substantially devalued in the interests of macroeconomic growth. Thus, from one perspective we can view the imposition of Gear as a policy putsch by a small group of orthodox economists, around the Ministry of Finance, who were able to ride a crisis that, in fact, they believed to be a necessary adjustment.

However, if the core content of Gear – a commitment to fiscal discipline as a key aspect of macroeconomic stability – is reviewed, then the significance of such a putsch is put into perspective. A commitment to such discipline long predates Gear, as the ANC government’s embryonic economic policy established in 1992 makes clear.

Emphasis will be placed on macroeconomic balance, including price stability and balance of payments equilibrium...we will co-ordinate fiscal, monetary and exchange rate policy so as to provide a stable macroeconomic framework and foster economic growth...The democratic state will exercise fiscal discipline in order to avoid inflation (ANC 1992:16-18).
with two other areas of economic policy which failed to proceed as the government wished, namely the negotiation of labour market legislation in Nedlac and the construction of a tripartite national agreement.

Opposition to Gear within the Tripartite Alliance was not immediate. Given the extensive coverage of other economic policies within Gear, there was initially uncertainty – especially within the SACP – as to whether the policy should be opposed or whether aspects seen as progressive should be played up and the policy supported on that basis. Almost a year after its inception, Cosatu’s policy conference, in May 1997, did not explicitly reject Gear by name but argued that there was a "need to move away from current macroeconomic policies which stifle employment creation and economic growth.” The conference also resolved that “the RDP objectives remain relevant to transform South Africa” (1997a:2). However, by mid-1997 rallies of Cosatu affiliates had added “Down with Gear! Down!” to their repertoire of slogans.\(^{30}\)

At its 6th National Congress in September 1997, the federation declared that “Cosatu rejects Gear” (1997b).

Increasingly Gear was categorised by organised labour as a ‘neo-liberal’ process of ‘globalisation’ which would result in job losses, cut social expenditure, and deregulate the labour market. The poor performance of the economy between 1996 and 1999 strengthened this assessment. Low levels of economic growth and widespread retrenchments, in the face of tariff reductions and cost-cutting by companies, left the architects of Gear hoisted on the petard of their own predictions.

Disagreement was not confined to arguments between members of the Tripartite Alliance over Gear. As we have seen, negotiations in Nedlac over ‘lynchpin’ labour legislation turned into protracted behind-the-scenes struggles which, contrary to the founding vision of Nedlac, were based on the protection of sectional interests. Additionally, the widely raised idea of a social accord between government and peak levels of business and labour that would provide an agreement over wages, productivity and employment creation,\(^{31}\) remained unfulfilled. Only in late 1998, after dogged negotiations, did the one-day ‘Job Summit’ launch a set of carefully prepared and limited programmes (Government 1998c).

\(^{30}\) Which continued to include “Viva ANC! Viva!” (Diary 30/6/97).

\(^{31}\) In 1996 the Presidential Commission on the Labour Market devoted a chapter to a ‘national social agreement’, Labour’s Social Equity and Job Creation called for a ‘national productivity and equity framework’, Gear for an ‘accord for employment and growth’, and the Nedlac Summit for ‘a framework for social partnership’.
Much of the blame for these difficulties was laid at the feet of business by government with, for example, Mbeki calling into question the “commitment of the corporate community to the rebuilding of South Africa” (quoted in Uys 1998:1). Tensions between Cosatu and the government also spilled out into the open on occasions. In November 1997, Jay Naidoo, Minister of Post and Communications and a previous General Secretary of Cosatu, upbraided delegates at Cosatu’s KwaZulu-Natal Congress who greeted him with chants of “We do not want Gear!” He responded by asking whether they were contributing to transformation in their own factories, in particular through training and productivity. Referring to the protest, he accused his former union of acting no differently than “disgruntled whites who only complain” (Business Day 1997:1).

4.8.1 Two Nations: A Disappointing Watershed in South Africa’s Transformation

The last section outlined increasing divisions over economic policy. This section looks at a wider, though connected, division in South Africa that in 1998 was brought back into focus.

At the 1996 Nedlac Summit, two weeks prior to the introduction of Gear, Mbeki expressed confidence that all the social partners would co-operate in order to meet the economic challenges facing South Africa. Indeed, he asserted that, the new forms of governance made possible by such co-operation could mean that South Africans were “not merely taken along by an historical tide but become makers of history” (1996:188). By 1998 it was increasingly difficult to believe that South Africans were making history as they had envisaged in 1994. In late April 1998 a documentary by John Pilger screened on SABC argued that “apartheid did not die”. Pilger looked for change four years after the elections and found little. President Mandela under unusually critical questioning from Pilger courteously defended South Africa’s progress by citing examples of white commitment to transformation but these were noticeably thin.

The report was immediately and widely condemned as failing to reflect the complexities of South Africa. However, two weeks later Kgalema Motlanthe, the Secretary General of the ANC wrote in the Sunday Times that “For all its shortcomings, [the] programme struck a chord.” He went on to ask, “How democratic is a society in which half its people live below the poverty line? How democratic is a
society characterised by extreme inequalities in wealth and opportunity?” (1998:16). On the 29 May 1998 this theme was picked up in Mbeki’s Two Nations speech delivered at the opening of the debate on reconciliation and nation building at the National Assembly.

After again outlining the need for a ‘new patriotism’, which would enable agreement on a “common national agenda”, Mbeki asked whether disparities in the quality of life among South Africans based on inequalities inherited from the past were being overcome. That they were not, and that the nation remained divided, was because, “A major…part…of reconciliation and nation-building is defined by and derives from the material conditions in our society which have divided our country into two nations, the one black and the other white” (71).

The white nation, Mbeki went on, was characterised by relative prosperity and had access to a range of opportunities which allowed it members to exercise their rights within the Constitution. On the other hand, the second and larger black nation was poor with “virtually no possibility to exercise what in reality amounts to a theoretical right to equal opportunity…incapable of realisation” (72). Moreover, this gap between the two nations was not, Mbeki asserted, being closed.

Mbeki’s Two Nations speech marks a watershed in the understanding of South Africa’s transformation. What was being made clear was that, not underestimating the genuine difficulties, nation building, as understood by the ANC, had stalled. This could be seen on many fronts but a central problem was the failure to establish a national economic agenda. By mid 1998 this was impossible to ignore. At the Nedlac Summit in May, its Executive Director, Jayendra Naidoo, had put this clearly: “The Nedlac process has not yet led to a common vision among all the social partners. Consensus is still focused on particular areas. We do not have a ‘social partnership’ yet…” (Naidoo 1998:11).

That there was no national economic agenda was evidenced by the disagreements over Gear, the difficult negotiations in the Nedlac chambers, and the failure to make more than symbolic progress over national tripartite agreements. The reasons for this are explored in the next section.
4.9 Analysis: Class Conflict Corralled by Patriotism

Given the high hopes but evident disappointment in the process of national transformation, and in particular the failure to establish a national economic agenda, it is necessary to explain what has happened. This analysis argues that the new government and, critically, its dominant element, the ANC, attempted to establish a programme of development, reflecting its own national, modern, and African aspirations. The economic component of this, essential to any process of modernisation, was to be driven by patriotic class collaboration between organised labour and capital, constituting an insider-led development strategy.

Underlying the failure to date of this development strategy, despite the appearances of a three-way conflict, is, in fact, a two-way conflict between labour and capital. This primarily class conflict is, however, circumscribed within patriotic limits. In part, this reflects the success of the nation-building project undertaken, one result of which was that escalating class conflict would be censured as unpatriotic. As such, a class impasse exists which makes tripartite agreement, and the development of a national economic agenda, difficult. As long as this impasse remains, the issue of increasing productivity for which good shopfloor relations are critical, and which lies at the core of the proposed economic development strategy, remains neglected.

4.9.1 A Call for Patriotic Class Collaboration

In promoting the development of a modern economy, two options have been available: the upliftment of the poor majority of the population – prioritising immediate need within the development strategy – or the promotion of ‘insider’ groups – prioritising perceived efficiency within the development strategy. While the choice between these two strategies is not total, and the rhetorical commitment of government even less so, this section argues that the government has followed the second strategic option, that of insider-led development. It has attempted to build a national economic agenda with capital and organised labour as key insider groups.
4.9.1.1 The ANC’s National, Modern, and African Vision for South Africa

The ANC as the dominant component of the new South African government can be seen as pursuing a nationalist project. This nationalism has taken an inclusive form attempting to unite all those within South Africa. Firstly, through unifying those peoples oppressed under a racist internal colonialism and, secondly, by establishing unity between former colonists and colonised after the fall of apartheid. This nationalist project, with its underlying commitment to non-racism, has meshed comfortably with the establishment of a progressive liberal constitution, which guarantees individual equality as citizens irrespective of status. Constitutional aspects, such as federalism, that have posed potential threats to national unity have been avoided.

This nationalist project is, in the minds of its conscious bearers, to be both modern and African in nature. At the core of its modern essence is the desire to see South Africa as a strong economy. In part, this stems from the wish to prove that black Africa can compete successfully in the world market, something that will purge the global racism that assumes that Africans are incapable of organising efficient states or economies. It also stems, and is aligned with, the desire to uplift the brutally poor majority. Growth is required to raise the average level of income and to reduce inequalities.

4.9.1.2 The ANC’s Insider-led Development Strategy

Seeking rapidly to uplift all previously disadvantaged groups, as articulated by the thrust of the RDP, forms, in a very intuitive sense, a national strategy since it seeks immediate national upliftment on an equitable basis. The perceived problem was that its moral attractiveness would be undermined by its economic vulnerability. In contrast, ‘insider-led’ development strategies consciously, though not publicly, promote certain sections of the population ahead of others. While less morally attractive, since immediate need is not necessarily equated with immediate action, it remains national to the degree that the strategy is geared towards the upliftment of the whole nation in the longer term.
The ANC, as the dominant partner within both the Tripartite Alliance and the post-apartheid governments, has pursued an insider-led strategy privileging both capitalists, of which it was hoped an increasing percentage would be black, and the predominantly black working class. This insider-led development strategy involved a growing manufacturing industry\textsuperscript{32} based on co-operation between government and these two insider groups. This would add a missing value-adding component to primary production processes. In the workplace, improved relationships and skills would promote productivity. Foreign markets would be penetrated and production would be increased at a rate that would see jobs created despite rising labour productivity. Intense domestic and overseas investment would further accelerate this process pulling in new generations of workers – from the ranks of the unemployed, the informal economy, and rural areas – who would increasingly be equipped with higher levels of education and training than their parents. In short, the creation of Africa’s first economic Lion, establishing a new wave of industrialisation to follow that of the Asian Tigers, was to be based on patriotic class collaboration.

4.9.2 Class Conflict

Given that the ANC government was proposing privileged statuses for labour and capital as insider groups, we need to explain why all three are embroiled in disputes over economic policy.

Any successful insider-led development strategy needs to a), manage those groups who fall outside the privileged insider status b), ensure that the insider groups understand their allocated position and co-operated with it and c), get insider groups to co-operate with each other. This section looks at these three issues within South Africa’s transformation in order to explain what has happened. It is argued that fundamental to this apparently three-way conflict is the two-sided class conflict between labour and capital, which has blocked tripartite agreement over a national development agenda.

\textsuperscript{32} While a dynamic manufacturing sector is central to South Africa’s economic development, other sectors are regarded as having significant growth and job potential. These include agro-industry, eco-tourism, and forestry.
4.9.2.1 Managing Outsider Groups

Insider-led development strategies are focused on those groups best able to achieve economic development. This leaves outsider groups without immediate benefits. Consideration of Realpolitik dictates that groups with significant economic power have to be inside and not outside any development strategy if they are not to disrupt it. However, even outsider groups without economic power can disrupt development strategies. Consequently, there is a need to manage such groups until they can be absorbed into a growing economy. While the development strategy has yet to deliver significant benefits, groups outside of the strategy have, to date, been managed through a combination of pragmatic delivery, co-option, and rhetoric.

Universal delivery of selected but tangible benefits forms a powerful management device in this respect. Thus, in South Africa the provision of basic services – such as water and electricity – to rural areas is important in slowing down rural-urban migration as well as being desirable in reducing the level of poverty. Such migration might otherwise continue to swell the ranks of the urban underemployed and unemployed at a faster rate than could be absorbed by industrial development. Such provision of services in rural areas is a blurring of the insider-led development strategy necessary to ensure its success.\(^3\)

At a political level, individuals without significant economic power resources can be mobilised into groups whose number, ethnicity or other identity, and geographical concentration provides power which can be levered, through the political system, to extract economic concessions – effectively gaining insider status. Where this has reached a critical mass, as with the mobilisation of a significant proportion of Zulu speakers into Inkhata, a degree of insider status has to be accorded.

Preventing such mobilisations reaching a critical mass is assisted by maintaining rhetorical commitment to the development of the nation as a whole. Tenaciously insisting that the RDP, with its commitment to universal upliftment, remains at the centre of government policy, and the addition of wildly optimistic

\(^3\) Moreover, in certain areas there are clearly perceived high rates of return on untargeted human capital investment of relatively modest expenditure. Basic education is the most obvious example of this. Here it has made sense for South Africa to attempt the universal improvement of school-level education. This provides a cost-effective base for, rather than detracting from, the continuation an insider-led strategy.
Guestimates of job creation to the Gear document are examples of such rhetorical
commitment.

4.9.2.2 Getting Insider Groups to Co-operate with the Strategy

For the insider-led strategy to work both business and organised labour have to co-
operate as privileged insiders and assume necessary obligations as well as defending
their own interests. The new government’s attempts to incorporate both these groups
in its development strategy have, to date, met with limited success.

Capital was offered a privileged position in the development strategy through
the clear indications given by macroeconomic policy continuity and then Gear that
corporate tax would not be increased. This maintenance of the status quo constitutes a
concession given businesses’ compliance with and benefit from apartheid.34 It is clear
that there was an expectation on the part of the new government that business was
under an obligation to prove its patriotism beyond token levels of ‘corporate
responsibility’ through charitable donations. This should take the form of productive
capital reinvestment, training and education of the workforce and improving
shopfloor conditions. While reinvestment might have been a patriotic commitment, it
was also clearly in businesses’ own interests if their commitments helped to generate
a broader process of economic development. Other obligations, such as training,
would, in the short-run, involve some expense for business, but in the long-run should
also be to their collective benefit. This expense was, however, necessary not only for
the long-term benefits but also because it constituted a vital plank in the privileging of
the other insider group – the black working class.

Capital’s response to the commitment requested of it clearly fell short of
expectations. Increasingly the promotion of a black bourgeoisie and, to an extent, the
attraction of foreign investment were seen as a counter weight, by the ANC, to white
domestic capital’s narrowly focused conception of economic development. The
success of this was, of course, dependent in part on whether the new black ‘patriotic’

34 The extent to which business benefited from apartheid has been the subject of a long-running and
often intense debate. The TRC Institutional Hearing into business and labour, which received extensive
inputs from business, labour, and academic sources, recognised the need to take a ‘differentiated’
approach to this question. It nevertheless 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” (TRC 1998:58).
capitalist class would live up to its name – something that it is still far too early to ascertain.

Organised labour was offered a position within the development strategy based on its role as a key force in driving the white regime to the negotiating table, a position formalised within the Tripartite Alliance. Unsurprisingly, therefore, labour expected a privileged position within the new order. This was the case but only to an extent. There was no dramatic intervention to shift either the distribution of resources or power in their favour and in most respects their position vis-à-vis capital remained much as before. Only the Basic Conditions of Employment Act can be seen as constituting a gain for labour that was not closely linked to other high-level priorities of government. Other pieces of labour legislation promoted and secured their interests largely consistent with the government’s wider development strategy. Thus the LRA, including its Workplace Forums, promoted better industrial and shopfloor relations, the Skills Development Act promoted productivity, and the Employment Equity Act was to help de-racialisation the workplace.

While government was dissatisfied with businesses’ response it was labour which became dissatisfied with government. As we have seen, labour’s dissatisfaction crystallised around Gear. While directly reassuring to capital since it indicated that aspects of the status quo were to be maintained, little in Gear negatively impacted on industrial workers directly. The mobilisation of opposition against Gear was greatly assisted by the indirect impact that workers would experience, via extended family structures, from restrictions on budgetary expenditure.

More direct, however, was the transference of fear over retrenchment onto Gear. Extensive job losses occurred in the economy during the second half of the nineties as a result of adjustment to tariff reductions, that pre-dated Gear. This was aggravated by an unrelated economic downturn. While contrary to the interests of key sections of organised labour, the policy of tariff reductions was hard to oppose head-on. Since tariffs as a policy of the apartheid regime had failed to create acceptable conditions for the black working class, arguing for their continuation was difficult. Transferring opposition to the effects of tariff reductions onto Gear’s ‘neo-liberal’ agenda of ‘globalisation’ provided a way out of having to support an apartheid era policy while being able to oppose its post-apartheid dismantling.
However, of more importance in explaining organised labour's opposition to Gear is an understanding that under this conflict between labour and government lay a conflict between labour and capital in which Gear had assumed symbolic importance.

4.9.2.3 Getting Insider Groups to Co-operate with Each Other

The insider-led development strategy, envisaged by government, centred on a vibrant manufacturing base underpinned by co-operation between labour and business. However, the hope that this process might begin as Mandela ended his first state of the nation speech, less than a month after the 1994 election, with the refrain “Let us all get down to work!” proved over optimistic. Instead, labour and capital have remained locked in a conflict that predates the democratic transition.

Despite this conflict being rooted in division of both class and race, it has been contained. While contained, this conflict has taken the form of an impasse. Both capital and labour are unable to defeat the other. Nor, given the demands of patriotism, are either able to escalate the conflict openly.

Elements in both organised labour and business continue to attempt to find grounds for co-operation between the two ‘social partners’ but, in general, these forces are weakly represented. Cosatu’s September Commission (1997), which detailed a programme of ‘strategic unionism’ that would help shape economic and social development (Webster 1997:13), disappeared with little trace. Much the same fate befell the efforts of the Consultative Business Movement (1994), which put forward ideas of tripartite co-operation in the form of a ‘Social Compact’. While examples of co-operation within Nedlac projects can be cited – one of which, the Workplace Challenge, constitutes the bulk of this thesis – in general, Nedlac was the scene of hard-fought negotiation over legislation that was treated almost exclusively in distributional terms rather than creating a dynamic national development path.

The failure of labour and capital to develop a national economic agenda results from their inability to develop new strategies that could be aligned with such an agenda. This, in part, results from their organisational weakness and lack of capacity. Both have chosen more secure, conservative approaches despite the different demands of the new situation. Reacting against proposals, rather than developing co-operative alternatives, has presented a less risky strategy to leaderships who, in the new environment, find themselves inexperienced.
Capital found itself in terrain for which it was not prepared. It was unsure of both its own political position domestically and how to cope with increased competition from abroad. Years of protection from foreign competition and restrictions on domestic labour had enabled it to return extraordinarily high levels of return on investments – levels which had become to be seen as the norm – but not the capacity to respond either competently or resolutely to the new and demanding situation.

The result was a continuing of businesses’ obsession with the cost of labour. Stanley Uys, reporting in 1988 on the ideas of “half a dozen of Johannesburg’s brightest thinkers on economics...at the intellectual rock face of the business community” reported that while “[t]here is no such thing as a ‘business viewpoint’” there was one exception to this and on this “businessmen are unanimous...the biggest ‘hassle’ in their lives is labour, organised and unorganised. It is the single most important deterrent to business expansion and job creation” (1). That labour, both organised and unorganised, receive such prominence in the problems of business indicates difficulties beyond a confrontational industrial relations environment and extending to the racial antagonism that cuts between management and labour – whether organised or not.

Faced with increased competition, in unfamiliar political terrain, and with weak collective organisations, ‘social conservatism’ provided the most comforting response for business. That a low-cost strategy was maintained in the face of a militant labour movement and a government clearly committed to developing a more orderly and more skilled working class reflects the inability of most business leaders to conceive of accumulation strategies other than those pursued in the past. Thus, the SAF’s *Growth for All* document centred on the proposal for a two-tier labour market in which labour could be obtained at minimal cost. Much the same strategy was employed over labour legislation. Capital attempted to minimise the newly proposed costs of labour even when these costs would raise its productive capacity.

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35 Pereira (1990:207) describes ‘social conservatism’ on the part of the Brazilian Right as follows: “The ideological right is formally concerned with income concentration in Brazil, but does nothing to solve the problem; it knows that a social pact, which would be essential to control wages and curb inflation, cannot be implemented without concessions to the workers in terms of social reforms, but as a rule they tend to oppose social reforms.”
4.9.2.3.2 Labour’s Response: A Withdrawal to Defensive Positions

Labour has also found itself without direction. For both black federations the old simplicity of political unionism which could strike at the racist government through capital while simultaneously making gains for its membership was over. Now they found themselves with a black government, that they had helped bring to power and which Cosatu was in alliance. Additionally, while continuing to confront capital, they also had to acknowledge that these same capitalists, whom previously they had sought to overthrow, were now vital to the country's future. To make matters worse, key sections of their leadership had been stripped out of the federations and had entered Parliament or the civil service. Lower down, shop stewards and organisers were also leaving for local government or into management, as business sought to pre-empt affirmative action legislation on terms of their own choosing.

Labour’s reaction to Growth for All was a defensive continuation of past policies – to force as many concessions from business as possible. It retaliated to the SAF’s proposal to deregulate the labour market by ratcheting its own demands to levels that would block any serious dialogue. Given labour’s lack of capacity, closing down engagement with capital was not an irrational move. If it could not move forward in partnership with business then it was better to rely on defensive tactics which would, at least, be hard to out-manoeuvre.

4.9.3 Class Impasse Corralled by National Consensus

Neither capital’s Growth for All nor labour’s Job Creation and Social Equity show serious engagement with a strategy of insider-led development. Rather, under the required national rhetoric, sectional interests are protected in a continuation of class conflict.

36 Both sides have attempted to mobilise outsider groups in this class conflict. Irrespective of the genuine concerns that might underlie these attempts to speak on behalf of the unemployed or informal workers, such initiatives provide each side with a greater claim to be acting in the national interest. Thus, businesses’ key arguments against organised labour have been presented as the promotion of the unemployed and those in the informal economy who, it is argued, are excluded from economic participation due to the rigidity of the labour market. This alliance of interest between business seeking a deregulation of the labour market and those currently without a stake in the formal economy is represented at a political level by the linkage between the DP and the Malamuela Social Movement for the Unemployed which is highly critical of Cosatu.
This situation, visible in these documents, continued after the publication of Gear. While, as outlined, there were reasons why each side might oppose or support Gear, its inception as a definitive statement of government policy, in which privileges were given to both capital and labour, failed dramatically. Instead, it became a site of conflict with business and labour taking antagonistic positions on either side of government. These positions over Gear could have been reversed if the document had emerged under different circumstances with emphasis stressed on, and debate focused around, policies other than the government’s desire to demonstrate macroeconomic stability. The protracted negotiations within Nedlac over labour market legislation, with the positions of business and labour vis-à-vis government reversed, illustrates just that. The failure to develop any social pact, despite the offices of Nedlac, encapsulates the resulting failure to develop a national economic agenda.

Nevertheless, the degree to which class conflict has been contained is striking. In part this reflects the limitations of both capital and labour as organisations capable of conducting any war of manoeuvre given strategic confusion and lack of capacity on both sides. It is also, however, a reflection of the success of the nation-building project which has circumscribed the range of actions that can be prosecuted. Openly to escalate class conflict would be, in the current environment, ‘unpatriotic’. As such, it is not a viable option, and both capital and labour find themselves in an impasse with class conflict corralled by patriotism.

4.9.4 The Implications of Class Impasse on Shopfloor Productivity

This section explores the implication of the class impasse in relation to shopfloor relations in South Africa. It argues that, in the event of this impasse being broken, cooperative workplace change will not be automatic since national-level agreements cannot be simply extended to the shopfloor. Consequently, projects, such as Nedlac’s Workplace Challenge which have looked at increasing productivity through improving shopfloor relations, will be an important asset in economic development.

The obvious implication of the class impasse in South Africa is that the post-

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Labour, on the other hands, points to the existing situation of job losses and the high number of dependants each worker supports to argue that it is acting in the interests of the unemployed. In 1999 the union federations organised the Job Creation Trust, to which workers were encouraged to donate one day’s pay, highlighting this commitment.
1994 economic development strategy, on which much else hinges, has made painfully slow headway. In concrete terms it has been impossible for social dialogue to produce the national-level agreement, or social pact, that was originally envisaged. The impact of this failure on macroeconomic variables such as inflation and wages are hard to ascertain, though in the absence of a social pact there has certainly been no explosion of either. Probably of more importance has been the psychological impact of these core sections of society failing to move beyond confrontation.

A second and important outcome is the failure to mobilise a new patriotism to raise productivity and hence competitiveness in line with South Africa’s development needs. Instead, given the situation of class conflict, business has responded almost universally to increased international competition by shedding labour rather than seeking to raise productivity, output, and jobs. The failure to reach agreement at peak levels has clearly had an impact on the ability of industry to engage in productivity-increasing strategies. Thus, the shopfloor Workplace Forums, for which provision was made in the Labour Relations Act, rapidly became subject to a union boycott on the grounds that they would be used to undermine the power of organised labour. By the end of 1999, only twenty such forums had been established (Mdladlana 2000:3).

This lack of co-operation between management and workers questions earlier optimistic scenarios presented by supporters of corporatist agreements. A lack of national-level agreement is an important factor but other potential difficulties also appear to have been overlooked or glossed over in the race to establish policy for the new South Africa. Maller (1992) has outlined the danger of unions being undermined by participative programmes with management, von Holdt (1997) has questioned unions’ ability to be proactive in the face of employers resistance, and Buhlungu (1997) has pointed out that the shopfloor does not simply implement the instructions of its union.

These difficulties are significant and the importance of peak-level agreement on processes on the shopfloor should not be over-determined. While peak-level disagreement is likely to block shopfloor agreement, the reverse is not always true. International experience of social pacts over wages indicates that a key factor in their breakdown is militancy on the shopfloor and by firm-level management which, after a period of restraint, cannot be controlled by peak-level structures. Since this occurs over wage negotiations, where peak-level structures have considerable influence, it is all the more likely for productivity improvements. Success, or otherwise, in raising
productivity rests on daily interactions between shopfloor workers and line-management – far beyond the reach of the best intentioned 'social-democratic gladiators' in Nedlac or other tripartite institution.

Because the class impasse is contained within a national consensus, the insider-led economic development strategy is, at least for some time, on hold rather than a missed opportunity. At some point, insider groups might be able to get beyond the barriers created around Gear and attempt to construct and implement a national economic agenda. At this point there will be huge interest in co-operation to increase productivity. However, an assumption that this will flow automatically from peak-level agreements is misplaced. Shopfloor relations between workers and management are not an extension of the national organisations of capital and labour but microcosms of them. The clear implication of this is that they too have to go through extensive processes, with the potential to fall back on strategies of conflict, before co-operation can be established and productivity increased.

It is therefore valuable to understand the experiences of projects, at the sector and company level, that have attempted to implement strategies of co-operative-based workplace change. Understanding how such processes have proceeded provides resources that will allow more rapid and effective shopfloor change to be facilitated in the future. The next chapter examines one such experiment – the Workplace Challenge in the plastics sector.
Chapter Five: The Workplace Challenge Project in the Plastics Industry

5.1 Introduction

Productivity is traditionally seen as a concern of management. However in South Africa, in the context of a transfer of political power and an attempt to transform society other social actors have found it necessary to address productivity as a source of economic growth and development. For example, the work of the Cosatu aligned Economic Trends Research Group in the late 1980s prompted the union federation to consider the question of economic policy for the first time. The shift from opposing apartheid to constructing economic policy for a post-apartheid future, began with Cosatu’s commissioning of the Industrial Strategy Project (ISP) in 1990. The ISP dealt with the general features of South Africa’s economic crisis as well as producing detailed industrial strategies for eleven sectors.

A theme running through these reports was the effect 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 (1994:107-8).

This chapter introduces one project, Nedlac’s Workplace Challenge in the plastics sector, which has attempted to address this problem of poor shopfloor relations in order to improve productivity.

The background to the launch of the plastic sector’s Workplace Challenge project in October 1997 illustrates the attempts of a number of institutions to frame and develop policy for improving productivity in the new South Africa. Some institutions, like the National Productivity Institute (NPI) which had been responsible for productivity under the old regime, sought to reintegrate themselves through such projects. Other institutions headed by new appointees, notably the Department of Trade and Industry (DTI), saw the project as a potentially valuable supply-side
initiative to complement its lowering of tariff protection. Finally, new institutions such as Nedlac were able to lend a degree of tripartite credibility to a process which attempted to get both sides of industry to take responsibility for productivity.

The outcome of the Workplace Challenge project in the plastics sector rested on, first, the potential of the industry and, second, the willingness of capital and labour to co-operate within the industry. To some extent the nature of the industry and the attitudes of its stakeholders were interconnected. This was especially so for business, where the upstream, capital-intensive polymer producers held different perspectives from the downstream, labour-intensive plastics converting companies. Both the nature of the industry and the attitudes of the main stakeholder groups are outlined in this chapter.

The project, and the earlier work of the Manufacturing Practices Working Group (MPWG) that oversaw the project’s implementation, are discussed in the context of the disappointing results recorded during the first year of this ‘flagship’ Workplace Challenge project. In light of these results, it is necessary to examine closely the events which occurred within factories, in addition to those at the sectoral and national levels, if the process of change, or its absence, is to be understood.

5.2 The Background to the Workplace Challenge Project in the Plastics Industry

The Workplace Challenge project in the plastic sector emerged from two initially separate tripartite projects established after the transfer of political power in 1994. The first, Nedlac’s Workplace Challenge Project, was run by a sub-committee of its Trade and Industry Chamber. This took the form of a series of provincially-based workshops funded by the NPI in late 1996, designed to raised awareness of productivity issues. Funding for a second phase of industry-based pilots, which aimed to increase productivity through improved shopfloor relations, was agreed by the DTI in late 1997.

The second project from which the plastic sector pilot emerged was the DTI’s Cluster Programme. In 1996 the DTI initiated a tripartite cluster in the petrochemical, plastics and synfibre\(^1\) industry known as the Petrochemical, Plastics and Synfibres Cluster Initiative (PPSCI). A sub-committee of this Cluster Initiative, the MPWG,

\(^1\) Synthetic fibres, such as nylon, made from petrochemicals.
focused on shopfloor relations and their effect on productivity. Following work on an industrial framework agreement, the working group identified pilot sites within the plastics conversion industry to demonstrate the value of improving shopfloor relations.

These two projects, which by late 1997 were effectively running in parallel, were joined when the MPWG received funding from the Nedlac Workplace Challenge Project to finance its demonstration programme in the plastics industry. This formed Nedlac’s first ‘flagship’ Workplace Challenge pilot project.2

5.2.1 Nedlac’s Workplace Challenge Project

A proposal for the Workplace Challenge project, linked to available funding, was submitted to Nedlac in July 1995 by the NPI. This proposal originated from informal discussions in early 1995 between Gideon Skhosana of the NPI, Chris Lloyd and Alastair Machin, two Australian trade unionists working in Cosatu, and Jayendra Naidoo, the Director of Nedlac and former Cosatu National Negotiations Coordinator. Skhosana was responsible for a budget of one million Rands to promote productivity, but was reluctant to do this through TV advertisements as originally envisaged within the NPI. Lloyd and Machin, drawing on their experience with the Australian Best Practice Demonstration Program begun in 1991, put forward the idea of a series of workshops in which stakeholders would develop sectoral plans for industry. The hostility of organised labour to the NPI, which had been associated with widespread retrenchment programmes, meant that it was not in a position to host such a process and it was agreed that a formal approach should be made to Nedlac. Labour Market Alternatives (LMA), a union-friendly consulting company of which both Lloyd and Machin were directors, assisted Skhosana in drawing up the proposal which was then sent to Naidoo as Director of Nedlac. The proposal explained that:

The emergence of a new political dispensation in South Africa has re-opened the country to new competitive pressures for our industries. With reductions in local tariff protection rates starting to take effect in 1995, South African industries will need to restructure considerably and rapidly if they are to survive and if the country is to emerge as a significant industrial nation (NPI 1995:1).

2 Officially the PPSCI’s Workplace Challenge Project.
It took Nedlac almost a year to establish a sub-committee of its Trade and Industry Chamber to oversee the project. Jayendra Naidoo then contacted Avril Joffe an industrial sociologist at LMA who had been a co-director of the ISP. LMA drew up a second proposal that was submitted to Nedlac’s Trade & Industry Chamber in July 1996. This proposal highlighted the different perspectives held by employers and unions on key aspects of industry transformation.

The chasm which has emerged between the main industrial parties in the understanding of the problem, [and] the means to address it...forms a major impediment to implementing and achieving meaningful improvements in the current status of industrial performance and, accordingly, calls for a proper dialogue between the social partners (2-3).

The first phase in a programme to deal with this gulf was a series of provincially-based workshops aimed at sensitising leaders of business and labour to the need for productivity and competitiveness (LMA 1996:4). These workshops, known as Phase One of the Workplace Challenge, took place in October and November 1996 with over 700 delegates attending the nine two-day workshops. The first day of each workshop included a presentation by the DTI. This described the Workplace Challenge as one of the supply-side measures that was facilitating South Africa’s reform from import substitution to the development of ‘internationally competitive industries’. This was necessary if the Government’s targets for growth and employment creation set out in the recently published Gear document were to be reached (Heher 1996).

Although these workshops were completed by the end of 1996, financing for the next phase of the Workplace Challenge was not secured until the DTI allocated funding in June 1997 for Phase Two. LMA was then appointed Project Manager for the series of proposed pilot programmes in those industrial sectors that could demonstrate growth potential and a commitment from all stakeholders to workplace change.

Initially it was hoped that up to twelve pilot programmes would be started across a range of industrial sectors with the DTI’s funding. However, while the

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3 Then known as the Sectoral Workshop Facility.
4 The original proposal was for three phases; the second comprising industrially-based workshops and the third factory-based projects. The decision to collapse these latter two phases together, into the new Phase Two, was a response to demands from the DTI for rapid results to justify the project’s expense.
plastics sector was able to start almost immediately because of the work of the MPWG (discussed in the next section), progress in other sectors was much slower. The main reason for this was the virtual absence of any history of co-operation between stakeholders in these industries. This made the establishment of tripartite projects a long and difficult process. Nonetheless, by 1999 a total of seven Workplace Challenge projects were running with a further five in the ‘nurturing stage’.

5.2.2 The Petrochemical, Plastics and Synfibres Cluster Initiative (PPSCI)

In late 1995 the Minister of Trade and Industry, Trevor Manuel, wrote to representatives of all the major stakeholders in the petrochemicals, plastics, and synthetic fibres industry announcing a workshop intended to set up a cluster project. His letter explained that South African industry had to restructure in order to become internationally competitive as a result of the World Trade Organisation’s initiative in lowering tariff barriers. The objective of the workshop was to “facilitate rapid development, particularly [in] the downstream sectors [of the industry] where job creation and export benefits are greatest” (Manuel 1995).

Opening the workshop, which was held on 23 January 1996, the Minister explained that:

We want to construct an economy which is a synthesis of a number of global players in various sectors, an economy which provides more than adequately for the citizens of our country and region. These statements may be hackneyed by now but, in the context of our discussions here, they are worth repeating so that all of us remain fixed on our bearing (Manuel 1996).

At the end of the workshop the tripartite Steering Committee for the Petrochemicals, Plastics and Synfibres Cluster Initiative (PPSCI) was formed and a number of working groups were established to investigate issues raised at the workshop and to

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5 The seven operating projects were: plastics (Project I, Phase Two), capital equipment (Project I), furniture, footwear (KwaZulu-Natal), stainless steel, clothing, and auto (parts). The five projects in the nurturing stage were, plastics (Project II), steel tanks, footwear (Cape), building equipment, and capital equipment (Project II).

6 These clusters drew heavily on Porter’s (1998) ‘diamond’ analysis of competitive industries. The national Cluster Programme, consisting of approximately fifteen industrial sectors, was driven from within the DTI by Tony Heher, a businessman who had been appointed as one of two Chief Directors of Industrial Promotion. Its tripartite and inter-departmental nature necessitated that it be run outside of the orthodox bureaucratic line of command within the civil service. A small informal unit of young highly-motivated appointees facilitated what was, for awhile, the DTI’s “flavour of the month” (Dludlu 1998:13).
report at a future plenary session of the PPSCI. The brief of the Manufacturing Practices Working Group (MPWG), one of these groups, included “aspects of human resources within the cluster, for instance the improvement of industrial relations practices, and the provision of better education and training” (DTI 1996:3).

All the working groups reported on progress at the Second Plenary session of the PPSCI on 6 February 1997 and a follow up Bosberaad (conference) was organised for 11 March to chart the ‘way forward’. At the Second Plenary, the MPWG presented a ‘framework for shopfloor co-operation’ which it had drawn up. It proposed that “business and labour have a shared interest in developing a petrochemical and plastics cluster which is able to create sustainable enterprises and jobs” (PPSCI 1997a:30). Restructuring was necessary, it went on, to meet the demands of South African consumers, improve working conditions, meet the challenges of international competition, and promote investment growth. However, it was also pointed out that while labour and business could identify common interests, “they will have different concerns and approaches to restructuring within this vision” (31). Consequently, much of the framework document was concerned with a process of negotiating restructuring that would take account of these different interests. The PPSCI’s Second Plenary recommended that this framework be developed into an industry-level agreement.

Discussions at the Second Plenary, further developed at the Bosberaad, also focused on the idea of a ‘bottom-up’ approach to the problem of shopfloor relations to complement the proposed ‘top-down’ industry-level agreement. This was to consist of pilot sites that would be assisted to restructure along the lines developed by the framework agreement. These demonstration plants would then help convince the wider industry to restructure: “By a steady process of creating a few role model firms a year a gradual transformation of the industry could take place. As the pool of transformed firms expands, business pressure will be exerted on those who have not adapted to the new realities” (Naude 1997:6).

The format of such a project was developed by members of the MPWG during 1997 and a number of companies, contacted through the Plastics Federation of South Africa, expressed an interest in becoming demonstration plants. In July 1997 the MPWG drafted an application to the Nedlac Workplace Challenge Committee. This document was finalised in September 1997 and approval of funding was given later in the month.
The funding by the Nedlac committee of the PPSCI’s pilot site project linked together what had been until then two separate, though increasingly parallel projects. Figure 2 shows the development of these two projects leading to the formation of the Workplace Challenge project in the plastics industry.

To obtain funding from Nedlac, the MPWG had had to assess the industry on a number of criteria. Key among these were the potential of the sector for growth and employment creation and the willingness of the main industrial parties – capital and labour – to engage in workplace restructuring. These two criteria are discussed in the following sections, which deal with the plastics conversion industry and its two main stakeholders.

### 5.3 The Plastics Conversion Industry

The plastics conversion industry constitutes the end of a series of value-adding activities that forms the industry cluster considered by the PPSCI. The process begins with plastic polymers that have been produced from the products of petroleum cracking, or in the case of South Africa from coal. These are then turned, by a small number of capital-intensive producing firms, into plastic polymers which constitute the raw materials of the ‘downstream’ plastics conversion industry. This downstream industry uses a variety of physical processes, such as extrusion and injection moulding, to convert the plastic polymers that it buys from the ‘upstream’ producers into final and intermediate goods, such as piping, fittings, rigid sheets, bottles, and packaging materials.

In contrast to the capital-intensive upstream industry, plastics conversion industry is labour intensive. Low barriers to entry have produced a highly fragmented industry. While only three polymer producers employ approximately 2,000 people, around 1,000 downstream plastic conversion companies employ some 40,000 people.

The issue of pricing along the value-chain of the cluster has significantly influenced the industry’s development. In a report on the industry for the ISP Crompton (1995), a former General Secretary of the Chemical Workers Industrial Union (CWIU), argued that “the domestic [plastic] polymer price has been determined as a result of the large [domestic] producers lobbying the Board of Trade

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7 This section is based on Crompton (1995), MPWG (1997), Roberts (1998), Malikane et al. (1999) and Samela (1998).
and Industry, which has been sympathetic to their cause, and determined tariffs accordingly” (94).

This pricing structure, which favoured the producers of plastic feedstock over the plastic converters, was increasingly regarded as impeding economic growth and job creation. Raising the price of plastic feedstock generated high profit levels for the three major polymer producers, but constrained domestic consumption. This restricted market for polymers limited the producers’ ability to operate plants with volumes that would be globally competitive. More immediately, however, the downstream conversion industry was regarded as having the greatest growth and job creation potential, but potential that was restricted, inter alia, by the price of their raw materials. The growth potential of the downstream industry was indicated by low per capita consumption of plastic, compared to other countries at similar levels of economic development, and new applications for plastic products.

Tariff reform reflected the government’s priorities of opening up the economy and encouraging the downstream conversion industry. Tariffs on basic polymers were reduced from a maximum of 45 percent in 1995 to a maximum of 10 percent in 1999. Tariffs on plastic products were reduced from between 24-30 percent in 1995 to 15-20 percent in 1999. In all cases, the 1999 tariff levels were below those required by the WTO (DTI 1997). It was anticipated that all companies, upstream and downstream, would face increased competition as a result of these tariff reductions.

5.4 The Stakeholders’ Approach to Restructuring

The MPWG application for funding from the Nedlac committee was successful because of the economic and employment prospects of the industry and the willingness of capital and labour to engage in workplace restructuring. That this latter criteria was fulfilled was in large part due to the work already undertaken by the MPWG, which had gone far further than other industrial sectors in exploring areas of consensual workplace restructuring. However, the MPWG consisted of only a small number of individuals who had been able to establish working relationships that were not necessarily reflective of the industry as a whole.

These wider stakeholder approaches to restructuring are explored in more detail below. In essence, however, we can see business’s view as being heavily influenced by its ability to act collectively. The small number of upstream companies
who had demonstrated their ability to maintain the pricing structure within the industry continued to protect their interests – interests which did not coincide with the vision of either the PPSCI or the Workplace Challenge. Downstream companies’ inability to act in their collective interests continued. With the exception of a small number of individuals, their general lack of participation in the MPWG indicates a shared ‘social conservatism’ (see Chapter Four, Section 4.9.2.3.1), albeit passively and silently, with upstream companies over possible strategies for economic development.⁸

With organisational structures spanning the industry and beyond, unions tended to take a broader perspective of the process. Generally, they perceived workplace change involving dialogue to be in their interests, though this was not always straightforward.

5.4.1 Business

Business’s contribution to the PPSCI differed according to the two major fractions within the plastics industry: the concentrated, capital-intensive upstream producers, and the diverse, labour-intensive downstream converters. Prompted by government into participating in the Cluster Initiative, upstream businesses maintained a visible presence, primarily to ensure that nothing countered their perceived sectional interests. Downstream business, on the other hand, with the exception of a few individuals who brought their companies into the Workplace Challenge project, barely participated in the PPSCI. This denied the process legitimacy, especially as the Cluster Initiative’s vision focused on this part of the industry.

The report of the PPSCI’s Feedstocks Working Group, which dealt with the sensitive issue of polymer pricing, illustrates this. Dominated by upstream producers, the working group reported at the Second Plenary that the major factors inhibiting downstream converters from investing for export was not, in fact, the price of feedstock. Rather, they claimed that the two major problems were, first, the lack of an assured supply, for which it recommended a range of tax incentives for upstream

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⁸ In addition to the Workplace Challenge project, a small number of other companies in the industry had, in fact, already initiated “innovative (if contested) workplace change processes...aimed at improving shopfloor relations and introducing best practice...[with] mixed results” (MPWG 46 17/8/97).
investment, and, second, the absence of any "history or culture of [downstream] converters making significant investment dedicated to exports" (PPSCI 1997a:24). The virtual absence of converting companies within this working group meant that this 'blaming the victim' was challenged only by labour, in particular, CWIU.

This lack of any significant representation of downstream converting companies was clearly understood as a problem by those seeking to develop the industry overall. In his ISP report, Crompton had argued that the "rampant" tensions and suspicions between converting firms had to be overcome so that "the monopolistic polymer manufactures would be faced with the collective strength of the converters...which would act to balance the power relationships [and price setting] more equitably" (1995:200).

The problem was not overcome within the PPSCI and the "withheld participation" of the converting companies was raised by Bill Naude (1997) of the Plastics Federation (PFSA) in a strategy document circulated prior to the Bosberaad. The Bosberaad agreed that "the focus was now plastics converting" (PPSCI 1997b:1) and in an attempt to rectify the perceived imbalance favouring the industry's upstream companies, the composition of the Steering Committee of the PPSCI was agreed at two upstream representatives and six downstream representatives, as well as four labour representatives, the DTI, Industrial Development Corporation, and PFSA (PPSCI 1997b:5).

Thus, two shifts of focus took place within the PPSCI during 1997 – first, from upstream to downstream and, second, from the industrial-level agreement to the factory-based projects. For upstream businesses, moving the spotlight onto downstream factories and away from issues of pricing was welcome, while the continuation of one aspect of the PPSCI meant that they could still claim to be supporting the development of the cluster. Any strengthening of industry-level bipartite processes also raised the potential of centralised wage bargaining which employers opposed. Downstream converters' general abstention from the process may have been due to a fear of legitimating such industry-wide processes. These presented a greater threat to the labour-intensive converting companies than to the capital-intensive upstream producers. Additionally, downstream converters were often fearful of entering into any form of co-operation for fear of losing competitive advantage. For smaller companies there was also the question of capacity – many simply did not have
the resources to devote time to anything other than the day-to-day running of their businesses.

This general lack of participation by companies meant that the business input into the PPSCI and the Workplace Challenge centred on a few individuals whose contribution to the process depended on their personal positions. These contributions could be very valuable – for example, Managing Directors ‘delivering’ their companies as pilot sites. But behind these individuals there was little or nothing in the way of an agreed position by business as a whole. The most strongly organised fraction of the industry, the upstream producers, had successfully deflected attention from themselves; the wider PPSCI project was now reduced to a rump project of the original initiative involving only a handful of downstream companies.9

5.4.2 Organised Labour

A number of unions organise in the plastics industry. Both Numsa and CWIU are Cosatu affiliated unions with strong traditions of ‘worker control’ and commitments to socialism. While Numsa is primarily a metals-based union, it is strongly represented in the plastics conversion sector. The membership of CWIU, a small, well-organised and combative union, is concentrated in the chemical industry. Here it is rivalled by the Nactu-affiliated Sacwu, which operates on a more pragmatic platform.

All three unions were involved in the establishment of the PPSCI,10 and both CWIU and Sacwu representatives regularly attended the MPWG. Sacwu’s contribution tended to be supportive, but the union was rarely actively engaged with the process. The main CWIU representative, on the other hand, was a key player in the group who both drove, and at times blocked, the running of the MPWG.

9 With the exception of the MPWG, none of the working groups did more than examine the problems identified by the initial plenary meeting and make recommendations. By 1998 the PPSCI, as an industry-wide initiative, had effectively collapsed and the Steering Committee only met twice in that year. This collapse was due in part to the failure to involve downstream converters – a matter that was not rectified by the allocation of seats on the Steering Committee. By late 1998 upstream representatives on the Steering Committee were using this “strong (albeit silent) rejection of the cluster process” to argue that “two and a half years is surely sufficient time for the cluster process and its structures to be tested. Clearly, the plastics converters have shown that they prefer to progress into the future through normal commercial processes that exist between them and their customers and suppliers” (Munday 1998:3).

10 Additionally, Sactwu – which organises in the synfibres industry – was involved.
While labour representatives made important contributions to the PPSCI and Workplace Challenge programmes, they were never bigger than their unions. The organisation of labour meant that decisions could, at least to some extent, be communicated back into its structures and filtered down to its membership. It also meant that any policy developed had to fit into an organisation that stretched from the shopfloor to national leadership, not only in theory, but also in practice.

This vertical stretch of organised labour enabled it to take, in contrast to business, a broad national perspective. Masindi Mavhivaha, an Area Organiser for Sacwu and a member of the MPWG, explained that,

the [PPSCI] cluster was trying...to increase co-operation among stakeholders in order to grow the South African economy.... If the economy does not grow...it means that trade unions cannot exist. But also another difference is that after 1994 things changed. We had to do something, [because of] our patriotism, we all had to do something to ensure that the economy grows [and] will generate wealth and create jobs.\textsuperscript{11}

However, the greater ability to see a broader picture did not necessarily mean that there were not sectoral interests for the unions to defend. CWIU's refusal to sign the national framework agreement developed by the MPWG provides an example of this. CWIU argued that it could not endorse the framework document because the PPSCI was an inappropriate bargaining structure. Behind this procedural argument, however, there was the tactical issue of the CWIU's long-running campaign to establish a national Bargaining Forum for the chemical industry. Refusing to negotiate anything outside of such a structure increased the pressure on companies to accept it. CWIU's stance also concerned the union's need to manoeuvre around its own national policy, which was hostile to productivity-driven work re-organisation (CWIU 1997b).\textsuperscript{12} This meant that any national agreement would fly in the face of agreed policy, but lower-profile plant-level projects could be accommodated.

5.5 The Project in the Plastics Industry

The provision of funding by Nedlac's Workplace Challenge committee to the

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\textsuperscript{11} Interview (20/11/98).

\textsuperscript{12} See Chapter Seven, Section 7.3.3 for details of CWIU's internal politics and how this affected the Workplace Challenge.
MPWG's 'bottom-up' project of creating demonstration sites for the plastics industry allowed the plastics Workplace Challenge project to begin in late 1997. This section looks at the earlier work of the MPWG and argues that without it the project would not have been able to continue. This earlier work established trust and developed a mutually agreed project between industry-level players. The structure of the project is then briefly outlined. Finally, the disappointing results reported at the project's final workshop are discussed. A key point raised in this context is that the working group overlooked the fact that factory-based agents would have to undergo their own processes of establishing trust and agreeing a common project.

In this section the concept of 'process' is used extensively. While 'process' often simply refers to a series of events that agents undertake, its use in this thesis also refers to a more significant understanding of 'process' as the interaction between agents that drives change. The emphasis is placed not on the events undertaken, but on the agents' involvement in these events. It is this interaction, which changes attitudes and understandings, that is important.

5.5.1 The Importance of the MPWG's Earlier Work

The working group initially pursued both the top-down and bottom-up approaches to transforming shopfloor relations that had emerged from the PPSCI's meetings in early 1997. However, turning the framework document into an industrial agreement was stymied by the refusal of CWIU to sign the document.

A shortened version of the document, Visions and Principles, was subsequently used by the MPWG. This consisted of the shared vision of business and labour in developing the industry and the principles for workplace change. These principles were: the involvement of legitimate stakeholder representatives, access by all stakeholders of relevant information, the provision of training and expertise to all parties, and an up-front commitment to the preservation and creation of employment.

Although this document fell far short of the hoped for industry-level agreement, two distinct benefits from the process were identified by key participants in the MPWG. First, during the engagement, a 'de-horning' had taken place in which representatives of labour and business realised that they could deal with each other over areas of common interest.
Second, the discussions had set the parameters for the project. This was manifest in the *Visions and Principles* document reproduced in the project 'handbook' (MPWG 1997). This codification resulted in a number of presumably unsuitable companies dropping out of the process when they discovered the principles on which the project was to be run. It was also manifest more dynamically in guiding the development of the project. As Mike Kerr-Peterson, chair of the MPWG, put it, "I think if we had started without [the framework document] and muddled our way along, I don’t think it [the Workplace Challenge] would even have got off the starting blocks."13

5.5.2 The Structure of the Project14

The first phase of the Workplace Challenge in the plastics industry,15 between October 1997 and November 1998, was organised by the tripartite MPWG which met monthly. The focus of the project, however, was in the pilot companies where funding obtained via Nedlac was used to finance management consultants jointly chosen by workers and management. These consultants assisted bipartite committees in the companies to improve shopfloor relations and productivity.

The companies sent delegates from these bipartite committees to six plenary-style 'Milestone Workshops', organised by the MPWG, where they reported progress and discussed problems (Photos 1 and 2). In addition, capacity-building workshops were run by the MPWG for both management and workers. To assist the dissemination of the process to the wider industry, academic researchers were linked to the project.16

5.5.3 Disappointing Results from the Flagship Project

Participation in the Milestone Workshops by company delegates was generally enthusiastic. However, it became apparent that none of the companies were going to

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13 Interview (6/11/98).
14 For a more detailed description of the project's structure, see Dickinson (1999).
15 A second phase of the project in plastics (Phase Two) was run between February and December 1999.
16 Two researchers were attached to the project. The author (see Chapter Three) and Professor Christo van Wyk of Potchefstroom University.
meet the original twelve-month timetable and the MPWG successfully negotiated with the Nedlac committee for an extension, adding two additional Milestone Workshops to the original four. Of the six companies that continued beyond the opening workshop in October 1997, two quickly dropped out, leaving four companies representing eight sites. The remaining companies continued to send delegates throughout the process. One noticeable feature of these workshops was the increased confidence of worker representatives, as reflected in their participation levels.

The final Milestone Workshop of the project was held on 5 November 1998. The four remaining companies stressed the improvement in relationships as a result of the project, but had few quantifiable productivity improvements to show. While this lack of quantifiable results could be explained in part by disruptions to the process, such as a national strike in the sector, it did not provide a ringing vindication that productivity could be raised through improved shopfloor relations.

A number of explanations for this poor performance were identified. While the introduction of the Workplace Challenge into a company required the ‘go-ahead’ of the MD this did not always mean that top management would consistently or strongly back the project. If top management did not provide strong backing there was a danger the project would be relegated to becoming an ‘HR issue’. Other management portfolios also had to be involved, particularly production, given that improvements in productivity would come from areas of the company under their control. If they backed the project, improved shopfloor relations could lead to productivity gains. If they did not, their disinterest would prevent implementation of the project on the shopfloor. It was also evident that production managers could subvert the project by exploiting its credibility with workers to minimise resistance to changes that had little if anything to do with co-operative workplace reorganisation.

A further reason for these disappointing results was the failure to anticipate the impact that poor shopfloor relations would have, ironically, on a project designed to improve shopfloor relations. A long ‘lead-in’ time for the project at the company level, had not been anticipated since it was assumed that under the umbrella of the tripartite working group, participating companies would be able to begin implementing the project immediately.
The example of Plastosheet, one of the participating companies, was important in the debates over this within the MPWG. Initially Plastosheet appeared to confirm that companies could, as the working group had hoped, rapidly implement the project. Thus, at the second Milestone Workshop at the beginning of December 1997, the company presented a plan for the project with targeted production measures. However, while formally accepted by worker representatives, these measures were not clearly understood, let alone jointly derived, and the targets were little more than a wish-list on the part of management. At the third Milestone Workshop, in March 1998, Plastosheet had to report that the workers were boycotting the process. The boycott was only resolved by a return to the earlier, but skimped, phase of building trust, obtaining a genuine consensus, and getting worker buy-in. This clear illustration of 'more haste, less speed' was used by members of the MPWG concerned that pressure exerted for results was marginalising the processes necessary for results to be sustainable.

Within the working group, those recognising the importance of process essentially won out by mid-1998 over those pushing, increasingly unrealistically, for rapid results. The Interim Report on the Workplace Challenge project in plastics presented by the MPWG to the Nedlac committee in June 1998 explained this as follows:

> Implementation of the process will only continue if each step is undertaken with the full understanding and agreement of both parties. This means that implementation will be methodical in the initial stages and, therefore, sometimes slow. Nevertheless, in the long run this approach will be faster (1998:11).

The working group's initial failure to realise the importance of a lead-in process resulted from an assumption that agreement reached in the MPWG over

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17 See Chapter Six for a detailed account of events at the Plastosheet pilot company.
18 This is not to say that the group's members agreed for the same reasons. The key business representative on the working group saw the development or discovery of a correct process as the key to unlocking the productivity and profit increasing potential of the project. Trade union officials, in contrast, saw the process as important in that it included, and developed, their members and interests.
19 The argument was not universally welcomed by the Nedlac Workplace Challenge Committee. While both labour and business representatives supported the need for process, the DTI representative was anxious, on behalf of the Department, for results. Threats to cut funding from the PPSCI project, if results were not forthcoming, caused considerable resentment within the working group. Members of the MPWG argued that the Nedlac committee's overriding of the demonstrated importance of process was "account think", that illustrated their ignorance of difficulties on the ground. MPWG.22 (6/5/98) and MPWG.27 (21/7/98).
almost two years of common endeavour could be transmitted directly to the participating companies. The possibility that it might be necessary to replicate a lengthy process of trust-building and agreeing a common project within the factories was overlooked.

5.6 Summary: New Policy Directions Dependent on Shopfloor Processes

In tracing the development of the Workplace Challenge project in the plastics sector, we can see that it emerged from the interplay between a wide variety of agents. Some, such as the NPI, represented ‘old’ institutions seeking to integrate themselves into the new environment. Others, such as the DTI, brought with them major shifts in policy direction. In trying to facilitate these changes, they set up further structures, such as the PPSCI and its working groups. Some new agencies, such as Nedlac, played a part by adding weight to new processes based on consensus between social actors. Finally, those social actors critical to the process, principally business and labour, brought with them their own views and interests which they sought to achieve through and within the Workplace Challenge.

While a variety of interests can be assigned to these agents, this does not detract from the fact that they developed a process to deal with perceived weaknesses in the South African economy. At a national level it was understood that for the visions of a new South Africa to be fulfilled, a strong and vibrant economy was needed. The Workplace Challenge was one attempt to achieve this.

It was an achievement that the tripartite MPWG was able to continue meeting and to develop a practical framework for the Workplace Challenge project in addition to a set of framing principles. However, this achievement took time. As we have seen, only through extensive interaction were industry-level players able to establish enough trust to work on a common project and to agree on what the parameters of that project should be.

Recognising this is important in understanding how productivity is to be improved in South Africa. We need to recognise the role of process at the shopfloor level, rather than rely solely on policy developed at national or industry level. Given the key role of shopfloor relations, improving productivity needs to be understood as a process between agents and not as a formula that can be externally imposed. We need to understand the local dynamics at play within the individual factories. We also need
to understanding what influences do penetrate these institutions from industry-level players, and the wider process of transformation taking place around them. With these perspectives in mind, the following chapters look at the Workplace Challenge plastics project in two of the pilot companies.
Figure 2: The Development of the Workplace Challenge Project in the Plastics Industry

Supply-side policies accompanying lower tariffs

DTI

Cluster Programme

Cosatu

Industrial Strategy Project

Australian Best Practice Project

Experience of workplace change projects

Employers

Petrochemical, Plastics and synthfres Cluster Initiative (PPSCI)

National Productivity Institute

Nedlac

Labour Market Alternatives

Unions

Member's experience of previous work change projects

PPSCI Steering Committee

Funding

Tripartite credibility

Experience

Framework Agreement discussions

Manufacturing Practices Working Group

Nedlac's Workplace Challenge Committee

DTI

Input

Workplace Challenge Phase One

Workplace Challenge Phase Two

Representative Sector Committee

Pilot Companies

The Workplace Challenge Project in the Plastics Industry

Key

Influence

Contribution

Process

Organisation

131
Chapter Six: The Workplace Challenge at Plastosheet

6.1 Introduction

This chapter provides a detailed account and analysis of the Workplace Challenge project carried out by the Plastosheet company between October 1997 and November 1998. It begins with a description of those aspects of the company relevant to the Workplace Challenge, including increased levels of competition and the shopfloor environment. The initial perspectives of collective and individual agents involved in the Workplace Challenge project and an account of some of the key events that took place are then outlined.

In brief, the Workplace Challenge proceeded rapidly at Plastosheet during November 1997 with the appointment of a management consultancy that drew up, with management, a project plan to which worker representatives agreed. After a successful training workshop for the project committee in March 1998, workers in the key production section of the factory mandated their representatives to boycott the project. This boycott was lifted in May 1998 and, through consultant-initiated interventions, the underlying cause was exposed. However, despite this success, implementation of the project throughout the rest of 1998 was slow and sporadic, with worker leaders expressing frustration at the pace of change. The main events of the Workplace Challenge at Plastosheet are summarised in Table 1.

The final sections of the chapter analyse these events. Central to this analysis is an examination of the alliances that were constructed within Plastosheet and the motivations behind them. It is argued that to understand the central, inter-class alliance between management and workers, it is also necessary to understand the internal alliances that were constructed within these two groups.

A number of insights into these alliances are then drawn out. An alliance within management was organised with the help of the consultancy. This was not, however, based on a coherent strategy of how the Workplace Challenge should be implemented. Rather, individual managers approached the project with the concerns of their particular portfolio positions. These were simply added to the project plan, rather than sequenced according to an agreed strategy. This failure to clarify priorities explains management's weakness in driving the Workplace Challenge. In addition to
Table 1: The Main Workplace Challenge Events at Plastosheet (1997-1998)

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>13 October 1997</td>
<td>Project’s opening Milestone Workshop</td>
</tr>
<tr>
<td>November 1997</td>
<td>Four meetings between management and worker representatives to establish the Workplace Challenge. Consultant presents project plan at the last of these meetings. Management appoints CCA as the company’s Workplace Challenge consultancy. The plan is approved.</td>
</tr>
<tr>
<td>2 December 1997</td>
<td>Milestone Workshop. Plastosheet presents project plan.</td>
</tr>
<tr>
<td>December 1997 – January 1998</td>
<td>Christmas shutdown</td>
</tr>
<tr>
<td>5 – 6 March 1998</td>
<td>Consultants train Plastosheet’s Workplace Challenge committee</td>
</tr>
<tr>
<td>16 March 1998</td>
<td>Extrusion workers mandate representatives to withdraw from the project to apply pressure over shift dispute.</td>
</tr>
<tr>
<td>2 April 1998</td>
<td>Further negotiations over shift dispute end in deadlock.</td>
</tr>
<tr>
<td>8 May 1998</td>
<td>Workers end boycott of project without gaining concessions over shift dispute.</td>
</tr>
<tr>
<td>19 May 1998</td>
<td>Milestone Workshop</td>
</tr>
<tr>
<td>2 June 1998</td>
<td>Consultant conducts ‘boycott review’ meeting.</td>
</tr>
<tr>
<td>10 June 1998</td>
<td>Workplace Challenge committee meets with MD to discuss company finances and ‘attitude problem’.</td>
</tr>
<tr>
<td>20 June 1998</td>
<td>Worker representatives draw up shift system acceptable to both management and workers.</td>
</tr>
<tr>
<td>3 September 1998</td>
<td>Milestone Workshop</td>
</tr>
<tr>
<td>September 1998</td>
<td>Election of team leaders in Extrusion.</td>
</tr>
<tr>
<td>6 October 1998</td>
<td>Cutting Department proposes project initiative to train workers.</td>
</tr>
<tr>
<td>5 November 1998</td>
<td>Final Milestone Workshop</td>
</tr>
</tbody>
</table>

this plurality of portfolio-based approaches, management can also be seen to share some common perspectives. These include, first, the importance of the company benefiting from the project and, second, a belief that the alliance between themselves and workers was not one between equals.

Within the workforce two sets of internal alliances are explored: first, that of worker leaders reaching consensus over strategies and second, the alliance between worker leaders and their constituencies over these strategies. While the process of worker leaders reaching consensus is traced to their understanding of the project as a
national endeavour, the alliance between them and their constituencies relies heavily on the ability of the leadership to deliver tangible benefits to the shopfloor. Thus, there is a need for worker leaders to align shopfloor interests within the project. This mirrors and is therefore complementary to management’s insistence on the company benefiting from the Workplace Challenge.

The slow implementation of the project meant that this potential alignment of management and shopfloor interests was not sustained, however. A second problem was that workers leaders expected the Workplace Challenge to reflect the national values that they believed the project to be pursuing. Prominent among these was the expectation of equality. Given management’s approach, this was not always the case and, as a result, tensions over how the project should be pursued became increasingly apparent.

6.2 Background to the Workplace Challenge at Plastosheet

6.2.1 The Company

Plastosheet, established in 1973, employs 192 people. The majority of these, including its 96 production workers, are located at its factory site on Johannesburg’s East Rand (Photo 3). Originally part of the Murray & Roberts construction group, it was sold in April 1997 to management, assisted by Standard Bank.

Plastosheet produces rigid plastic sheeting. This is used directly in construction – notably roofing – and in other applications, such as packaging. It is also used indirectly, primarily in the motor and refrigeration industries which ‘vacuum-form’ the plastic sheet into linings.

Production is carried out in the Extrusion Shed where 10 extrusion machines are located (see Figure 3 and Photo 4). Each machine constitutes a discrete production line. Plastic ‘feedstock’ in the form of powder or pellets is mixed with colour and other pigments in the machine’s hoppers. This mixture is then melted and extruded under pressure through dies, forming plastic sheeting. Cutters trim the sheets to width (Photo 5) and guillotines to length (Photo 6). The sheets are packed and taken to Dispatch or, if they require further cutting, sent to the Cutting Department. ‘Side-trim’ and defective production is reground and this ‘regrind’ can, to an extent, be recycled.
The Extrusion Shed is extremely noisy with the constant sound of electric motors, guillotines, and regrinding. Around the front of the machines where the plastic is heated to approximately 200 degrees Celsius, the working environment is hot. The air is often filled with dust from the mixing process.

The Planning Department organises production on the machines. To maximise the use of capital, machines are run twenty-four hours a day. Production ceases only because of machine breakdowns, planned maintenance, and the company’s month-long Christmas ‘shut-down’. Planning the production of orders is important since changes in dimensions or materials result in considerable ‘downtime’ of machines and increased scrap production.

### 6.2.2 Increasingly Competitive Markets and Plastosheet’s Response

While demand for rigid plastic sheet in South Africa is growing, the company has been losing its share of the market: from an estimated 75 percent in 1992 to just over 50 percent in 1997.\(^1\) Competition for market share has come primarily from new domestic producers competing on cost. Plastosheet has, as a result, made price reductions of up to 25 percent to some of its customers.\(^2\)

The lowering of tariffs for the company’s product from 30 percent to 17 percent beginning in 1995 (see Chapter Four, Section 4.7.3) has not resulted in significant import penetration, but has put pressure on profits. This pressure has come largely from the ability of Plastosheet’s customers to demand smaller orders at shorter notice, or ‘lead times’, since they now have the option of importing.\(^3\) To compete, average lead times have been reduced from up to six weeks to less than two and, in the case of large customers, orders are occasionally run with only 24 hours notice.\(^4\) This enables customers to shift the cost of holding stock onto Plastosheet. Since Plastosheet largely operates an ‘ex factory’ rather than ‘ex stock’ dispatch system, the pressure has impacted on production which is forced to run more and shorter production runs. This has increased the amount of machine downtime and scrap production.

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\(^1\) Plastosheet.18 (20/11/97).
\(^2\) Diary (31/3/98).
\(^3\) Plastosheet.58 (10/6/98).
\(^4\) Plastosheet.32 (4/3/98).
Figure 3: Plan of Plastosheet (Not to Scale)
The increasing inability of the company to control the price of its products, and its continued inability to influence the price of its raw materials (see Chapter Five, Sections 5.3 and 5.4.1), has focused profit generation on lowering 'conversion costs'. In 1998 the average value of the company's products was R15 per Kg. The average cost of raw materials was R9 per Kg, leaving a margin of R6 per Kg to cover the conversion costs of labour, capital, and overheads.\(^5\)

An attempt to lower conversion costs took place in 1993-1994 with the employment of the management consultancy Knox D'Arcy. Knox D'Arcy introduced new production procedures and measures aimed at monitoring and lowering conversion costs. The new procedures were accompanied by a number of retrenchments in a 'downsizing' exercise. While the measurement systems introduced by the consultancy continue to operate in the factory, most of the initial gains recorded in productivity have subsequently been lost.\(^6\) This seems to have resulted primarily from the non-sustainability of many of Knox D'Arcy's changes which, consequently, amounted to little more than an expensive 'Hawthorne Effect'. Similarly, some of the financial gains from the retrenchment of permanent employees has been eroded by the increased employment of casual labour,\(^7\) suggesting that the downsizing exercise was not sustainable.

As a result of this experience, reducing conversion costs through further cuts in the wage bill is not regarded as a key priority by management. However, other aspects of conversion costs are seen as having potential. The skill and attitude of the labour force are seen as significant factors in determining scrap levels and the length of machine downtimes.\(^8\) Thus, the Workplace Challenge, with its emphasis on cooperative workplace reorganisation, was seen by management as attractive in being able to mitigate the effects of the more competitive economic environment. Beyond meeting increased competition, it was hoped that the Workplace Challenge would help to achieve goals set out in Plastosheet's 1995 'Vision 2000', the company's mission statement. These goals were:

\(^{5}\) Plastosheet.58 (10/6/98).
\(^{6}\) The MD of the company estimated this loss of initial gains at between 60 and 70 percent (Interview).
\(^{7}\) MW(I).36 (3/9/98).
\(^{8}\) Plastosheet.58 (10/6/98).
1. To remain the largest rigid sheet producer in South Africa.
2. To be rated as best sheet supplier in terms of quality and service by customers.
3. To produce at least 10,000 tonnes per annum of plastic sheet by the year 2000 [from 7,000 tonnes in 1995].
4. To be world competitive and have the lowest unit costs in South Africa.  

6.2.3 People

The management structure at Plastosheet is fairly ‘flat’ (see Figure 4). Under the company’s Managing Director are factory managers responsible for departmental portfolios such as Quality, Production, and Human Resources. In Extrusion, the largest department which is the responsibility of the Production Manager, supervisors now form a single tier of line management, although previously operators shared some line management responsibility. Above supervisor level, the only African manager is the multi-lingual HR Manager, Robert Maleka.

Of the 96 permanent production workers, 72 are employed in Extrusion. The least skilled job is that of the ‘packers’ who work at the end of each production line (Photo 7). ‘Mixers’ work on the raised mezzanine filling the machine hoppers with the appropriate raw materials (Photo 8). The most experienced production workers are the ‘operators’ who are responsible for controlling the machines to ensure quality production (Photo 9). Operators report to their shift supervisor, who reports to the Production Manager.

Until the late 1980s, Plastosheet operated on a strict racial division of labour: white management, Indian or coloured supervisors and operators, and Africans in the lower production positions of mixers and packers. As a result of skill shortages and wider social changes, the company started to promote Africans within the company into operator and supervisory positions.  

Nevertheless, a racial division of labour remains to this day. Although the number of African operators is increasing, most are still Indian. One African was promoted to a supervisory position in Extrusion, but moved to another company. While there is an African supervisor in the small Materials and Regrind Department,

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5 Plastosheet 1 (23/5/97).
10 Interviews.
the terms ‘supervisors’ and ‘Indians’ are still, on occasion, used interchangeably by both management and workers.\textsuperscript{11}

\textbf{6.2.4 Unionisation}

Plastosheet was unionised in 1977-1978 by Mawu (Metal and Allied Workers Union), which merged in 1987 with six smaller unions to form NUMSA (National Union of Metal Workers of South Africa) – one of the most important Cosatu-affiliated unions. Given the then racial division of labour, the union recruited only African workers in low-skilled jobs. The promotion of Africans into operator positions has seen a corresponding spread of union membership.

NUMSA remained the only union in the factory until mid-1997 when a split occurred after union officials failed to deal satisfactorily with workers’ grievances over a long-standing shift dispute (see below). A majority of workers in Extrusion, including the shop stewards, then joined Moclawu (Motor, Catering, Liquor and Allied Workers Union).

Moclawu is an independent union with a few hundred members\textsuperscript{12} drawn largely from small shops and petrol stations (Photos 11 and 12). Plastosheet was a demanding site for the union since the shift dispute continued until July 1998 and because the new members, having broken with their union once, could easily rejoin NUMSA or a third union if they were not satisfied. Efforts to give Extrusion workers a ‘full service’ were hampered by the union’s limited capacity\textsuperscript{13} and by late 1998, a drift back to NUMSA appeared to be reversing Moclawu’s majority union status.\textsuperscript{14}

Although shop stewards from the two unions meet management jointly on a monthly basis, there is generally little co-operation between them. The two unions run their weekly meetings separately and simultaneously. Moclawu shop stewards see the NUMSA shop stewards as being partly responsible for, if not actually collaborating with, NUMSA official’s ‘sell out’ to management over the shift dispute. NUMSA shop stewards, on the other hand, while also feeling let down by the NUMSA official over

\textsuperscript{11} Plastosheet.58 (10/6/98).
\textsuperscript{12} Moclawu was registered with the Department of Labour in January 1995 with a membership of 281 (Plastosheet.9 5/11/97).
\textsuperscript{13} For example, it had to rely on public transport when visiting the factory – a journey of between one and two hours.
\textsuperscript{14} Plastosheet.92 (3/11/98).
Figure 4: Management Structure: Extrusion and Other Departments at Plastosheet

Top management

Managing Director

Factory management

Production Manager

Other factory managers e.g. Human Resources

Line management

One supervisor per shift (previously two per shift)

Supervisors in departments outside Extrusion e.g. Cutting

(Previously operators had some line management responsibility)

One operator per machine

Workforce

One mixer per two machines

Workers in departments outside Extrusion

One or two packers per machine
the shift issue, see the Extrusion workers who joined Moclawu as using their central position in the factory to place their own interests above those of the workforce as a whole.

Given their common background, both unions operated with similar cultures of 'worker control' which require shop stewards to obtain mandates from their constituencies for any decision. These mandates are formally discussed at the weekly meetings, though more informal channels for expressing opinions are evident on the shopfloor – especially at the shift change. The relative power between shop stewards and their constituencies is complex and subtle. On one hand, shop stewards have the opportunity to persuade their constituencies to agree to strategies which provide some room for manoeuvre when dealing with management. On the other hand, the rank-and-file can insist that their representatives simply relay shopfloor demands directly to management.

It is evident that the shift dispute caused damage to union structures in all parts of the factory. In sections of the factory still organised by Numsa, shop stewards retained considerable respect, but their influence was now limited by the defection of the most powerful department. By contrast, in the more turbulent Extrusion department, the rank-and-file tended to dictate demands via the shop stewards. This complex relationship is explored, in the context of the Workplace Challenge, later in the chapter.

6.2.5 The Shopfloor Environment and its Implications for the Workplace Challenge

The Workplace Challenge project was intended to address poor shopfloor relations. In addressing this issue the project had to begin in the very environment it was seeking to change. As a result, the very issues that the Workplace Challenge was to address could also obstruct its implementation. This section looks at some of the key features of the shopfloor environment at Plastosheet and draws out some of the implications for the project.
6.2.5.1 The Shift Dispute

At the start of the Workplace Challenge, shopfloor relations at Plastosheet were strained. This was a situation no different from that in most South African factories and, in this sense, was simply a reflection of the wider industrial relations climate. In its specific context, however, the poor state of labour relations at Plastosheet centred on the long-running shift dispute.

The dispute over the shift system began in early 1995 with management introducing ‘continuous production’. This changed working patterns and necessitated that Extrusion workers operate shifts that allowed machines to be kept running over weekends. Previously, unless there were pressing orders, machines had been shut down over Saturday and Sunday. The central problem of the newly-introduced shift system for workers was that their leave-days didn’t regularly coincide with weekends, when they could spend time with their families. This seemingly simple problem was not understood by management, and therefore not resolved, until July 1998. The dispute continued without resolution for over three years. Meanwhile, because the central problem was not understood, attempts to rectify workers’ grievances had confused matters and introduced a number of secondary grievances. These were largely perceptual, though deeply held. Independent arbitration eventually ruled in favour of management in June 1997, an event which triggered the split in the union. This did not resolve the matter and it was only after the intervention of the Workplace Challenge consultant in 1998 that a solution – acceptable to both sides – was finally agreed.

Why it took so long to settle an issue which was in everybody’s interest to resolve is illuminating. Language barriers, while a common source of poor communications in South African factories, do not explain the duration of this dispute since the human resources manager was fluent in Sepedi, the predominant African language in the factory. Rather, the failure to resolve the problem appears to have been management’s misinterpretation of the interests of workers. Thus, when workers tried to explain that leave was falling on weekdays and was of no value to them, management assumed either that workers now wanted to be paid for days off or that they were asking for further compensation, for the inconvenience of shift work. To

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15 Plastosheet.13 (17/11/98).
resolve the problem management offered increased bonuses for shift work. While workers were not going to turn this down, it still left the central problem intact – not being paid for what they saw as enforced and unwanted days off during the week.

In the language of the Workplace Challenge project, the shift dispute constituted a ‘burning issue’ which would have to be overcome if productivity could be addressed with the co-operation of the workforce. It also illustrates how protracted and complex disputes can become within the South African shopfloor environment.

6.2.5.2 Causes of Shopfloor Conflict

The example of the shift dispute illustrates how poor communications, not necessarily based on language barriers, can prevent problems being resolved. However, even if misunderstandings can be avoided and problems correctly identified, low levels of capacity can make their resolution difficult.

If we understand capacity as the skills and experience that agents are able to bring to bear on any task then it is clear that a lack of capacity will inhibit co-operation. As Chapter Four noted, the majority of the South African workforce has been systematically barred from effective education and training. This is apparent in workers’ unfamiliarity with basic mathematical techniques such as percentages or ratios. This inhibits their ability to understand, negotiate, and monitor agreements even if they have a good intuitive understanding of the issues.

While such constraints were visible among the workforce at Plastosheet, a lack of capacity among management was also evident. This was manifested in its inability to maintain routines. Examples of this include the failure to organise meetings with sufficient notice and the absence of prompt starts, agendas, and minutes that would allow others to participate in processes of change.

The lack of capacity on both sides, combined with other obstacles, resulted in what was referred to within Workplace Challenge structures as ‘friction’. In the context of war, von Clausewitz ([1838] 1993) uses this term to describe how “countless minor incidents...combined to lower the general level of performance, so that one always falls short of the intended goal” (138). Similarly in the factories, countless minor incidents, such as late notice for meetings, illness, urgent orders, cancelled meetings, report backs not taking place, or minutes not being produced
delayed implementation of the Workplace Challenge, even when both sides were committed to the project’s success.

Isolating and describing poor communications, a lack of capacity, and general ‘friction’ as factors contributing to poor shopfloor relations is valuable, but we should not consider these to be the sum of the problem. Poor shopfloor relations stem from systemic roots, notably from wider political and social tensions within South Africa and from tensions over distribution within the capitalist mode of production. As we noted in Chapter Three, under apparently concrete demands or complaints can lie clashes of values or senses of injustice that have developed not around the specific cause of dispute, but in wider historical and social contexts.

6.3 The Workplace Challenge at Plastosheet

6.3.1 Introduction

The decision for Plastosheet to participate in the Workplace Challenge was formally taken by the MD, Alan Lloyd, who delegated responsibility for the project to Robert Maleka, the HR Manager. Maleka occupied a central position in the informal structure of the company and was the main channel of communication between management and workers. As a ‘mover and shaker’, he was active in areas beyond the normal HR brief.

Under Maleka’s enthusiastic championing, the Workplace Challenge was rapidly implemented. Following the project’s opening Milestone Workshop in October 1997, four meetings took place during November 1997 between Plastosheet management and worker representatives. Additionally, management engaged as its Workplace Challenge consultancy Competitive Capabilities Africa (CCA), a Cape Town-based firm specialising in the introduction of industrial Best Operating Practices using a workplace reorganisation manual, TRACC.16

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16 The consultants did not know whether this title for their company’s manual was an acronym or not, and if it was, they didn’t know what it stood for. Apart from being used in the phrase ‘to be on TRACC’, no other use was made of the manual’s title.
6.3.2 Initial Perspectives on the Workplace Challenge at Plastosheet

6.3.2.1 Management

Since the MD had formally approved the project, no manager openly expressed opposition. However, the MD himself was uncertain whether it was the best way to improve productivity and wondered if it might not divert attention from other, possibly more important, approaches.\(^{17}\) His introduction of the project to the workforce at the October 1997 ‘employee feedback meeting’ was muted.\(^{18}\)

In addition to this uncertain backing from the MD, there were divergent views among management as to how the project could contribute to raising productivity. Managers generally saw the greatest potential for the Workplace Challenge in areas relating to their own portfolio responsibilities. Thus, the Production Manager, Andrew du Plessis, emphasised scrap; the HR Manager communications; and the MD, previously the company accountant, overall conversion costs.\(^{19}\)

These divergent views necessitated a series of compromises between managers involved in the project. These portfolio concerns, along with other production criteria – such as quality – do, in fact, form a set of inter-linked issues that can be articulated together. The ‘soft’ issue of communication affects ‘harder’ issues of scrap and quality, which in turn impact on conversion costs. Nevertheless, while inter-linked, they could not all be tackled simultaneously given limited resources. This was not, however, recognised and, rather than clarifying priorities for action, the compromise consisted of finding a sufficiently embracing formula to accommodate all their concerns.

During the first Workplace Challenge meeting the shop stewards raised many production problems around the material handling system and communication. These examples allowed the production manager to assert that “everything comes down to scrap” and the HR manager to say that it was “also a communication problem”.\(^{20}\) When the MD arrived at the meeting he added his own concern – the cost of production. He stressed the importance of “keeping the customer happy” and

\(^{17}\) Interview.
\(^{18}\) This was the first time the project was communicated to the entire workforce. It was item eight of 16 on the agenda and received only a brief mention (Plastosheet.3 20/10/97).
\(^{19}\) Plastosheet.7 (3/11/97), MW(I).36 (3/9/98) and interviews.
\(^{20}\) Plastosheet.7 (3/11/97).
explained that the continuous shift system, while unpopular, was necessary because it lowered costs. He also stressed that he didn’t want the project to become a “management – trade union issue”, rather, it was “about us”.  

The three managers then accommodated their different approaches to the Workplace Challenge by agreeing that a project title of ‘material utilisation’ would cover them all. The MD confirmed that he was “happy with the project” and the three managers drew up a list of the positions that needed to be represented on the project committee without involving the shop stewards who sat through their discussion.

6.3.2.2 The Workforce

The workers’ response to the project was reactive. With little prior consultation they felt that management’s expressed need for their participation amounted to a ‘take it or leave it’ offer – the implications of which they were uncertain. The key question for the Moclawu shop stewards from Extrusion was whether retrenchments would be sprung upon them, as with Knox D’Arcy, or if there might be benefits from participation.

One of the workers who was influential in this analysis was Shaun Adams, a coloured machine operator who had worked at Plastosheet for eleven years after terminating his university studies due to financial pressures. Although he had never been a union member, he had represented workers in negotiations on previous occasions. His initial view of the project was that management was using it to get things from workers. He explained that workers viewed ‘productivity’ with scepticism since it had been introduced some years earlier for management’s benefit. “Now that they realised that the black man is going to be in charge they make them work harder.”

Given these concerns, workers’ initial abstentionist response, powerfully articulated by David Sefala, was not surprising. Sefala, a Numsa shop steward, had

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21 Plastosheet.7 (3/11/97).
22 Plastosheet.7 (3/11/97).
23 Adams was unusual, though not unique, among the workers involved in the project, in that he had some tertiary education. The termination of schooling due to financial circumstances was common among those interviewed.
24 Plastosheet.7 (3/11/97) and Plastosheet.16 (19/11/97).
worked in the Cutting Department since 1975. When in the second meeting Maleka explained that they wanted worker involvement, Sefala responded that workers' lack of education and training meant that they were not in a position to help. "For three hundred years" he said, "we have not known the products of our own country. This has not changed." People, he argued, needed to be trained.25

Despite these doubts, worker leaders decided that they should participate in the project and obtained a mandate from the workforce. In Extrusion, where management had decided to focus the project, Daniel Masondo, a mixer and effectively Moclawu's chief shop steward, was cautiously optimistic that there might be benefits in the form of training, bonus payments, and increased knowledge.26

6.3.2.3 The Consultancy

To implement change CCA needed agreement to a project plan from both management and workers. This would allow them to begin a process of managed reforms which essentially amounted to the following steps:

- Improve communications to allow the identification and resolution of outstanding 'burning issues'.
- On the back of these improvements, systematically introduce new and efficient forms of work organisation (teams and Best Operating Practices).
- Promote worker participation utilising improved communications and decision-making skills.
- Motivate these new forms of work organisation through 'line-of-sight' incentive schemes.27
- The resulting increases in productivity will then impact positively on the economic performance of the company.

6.3.3 The November Meetings

Four Workplace Challenge meetings took place during November 1997 at Plastosheet (Photo 10). During these meetings much of the time was taken up by Maleka explaining the project to worker representatives. Worker representatives, as we shall

25 Plastosheet.16 (19/11/97).
26 Plastosheet.20 (25/11/97).
27 That is, the incentives depend on output and quality achieved by workers and not on factors beyond their control such as profit levels.
see, paid little attention to these explanations. The representatives did, however, offer numerous examples of production problems. These included the contamination of offcuts, which lowered their regrind value, and operators not informing mixers of the length of the product run, resulting in full hoppers having to be emptied and re-bagged. Management paid little attention to these accounts other than to justify their own perspectives on the goals that the Workplace Challenge should pursue.

The CCA consultant, John McKeefry, a New Zealand graduate who had worked as a trade union official before coming to South Africa shortly after the 1994 elections, attended the latter three meetings. Initially familiarising himself with the plant, he only intervened when absolutely necessary.

One such instance was during the second meeting after Sefala had made his point as to why workers could not assist management with the project. Du Plessis, the Production Manager, had quickly jumped in. “I agree”, he said, seizing on Sefala’s abstentionist position to legitimate management control of the Workplace Challenge. “Let’s [management] go for it!” McKeefry, who up until then had remained listening, quickly intervened with an appeal addressed to the worker representatives, but also directed at du Plessis. He told them that workers knew where the wastage occurred and that management only thought they knew. The project required workers’ inputs and he was worried that if this didn’t occur management would produce a project plan which was “off the mark”.

It was only at the fourth and final meeting of the year that McKeefry took over and presented a project plan, prepared with management during the three days that he had now spent at the plant. The plan’s focus was on material handling, utilisation, and extrusion. It went on, over numerous pages of the flip-chart, to list twelve objectives, performance measures, training, the negotiation of a productivity incentive scheme, and details of the proposed committee which would run the project. Only the project’s name and the exact composition of the committee were presented for discussion. With minor additions, the plan was agreed.

28 It should be noted that the costs of such a ‘simple’ communication problem are multiple. Emptying the hopper involves labour costs, results in spillage, and delays the next product run with further labour and capital cost implications. The material which is now mixed must be precisely labelled. If it is not, it can only be used in the lowest grade (and cost) products. Even if correctly labelled, it ties up capital (since it can only now be reused when exactly the same product is to be run), occupies warehouse space, and complicates the material handling system.

29 Plastosheet.16 (19/11/97).
30 Plastosheet.16 (19/11/97).
31 MW(I).8 (2/12/97).
Agreement on the plan allowed the company to make this the centre of its presentation to the second Milestone Workshop. Being the only company able to report this level of progress was clearly a source of pride to management.

6.3.4 Committee Training

Although the Workplace Challenge committee met weekly during February 1998, it was not until the beginning of March 1998 that the next step in the consultancy’s programme – that of training the committee – took place. The committee consisted of five worker representatives, four from Extrusion, including both Moclawu shop stewards, and Sefala from Cutting. Management was represented by the HR Manager, the Production Manager and two supervisors. The two-day training session was run by CCA’s McKeefry, who was assisted by an African consultant, Earnest Buthelezi, previously an assistant general secretary of the Food and Allied Workers Union.

The session began with Masondo asking what was in the process for the workers. Maleka responded by saying that the project “didn’t work that way”. This interchange was not original. The minutes of the Workplace Challenge committee meeting of 25 February 1997 recorded, under the heading ‘Project Focus’, that management had “again explained” that the project was about working “smarter instead of harder”. Consequently, the minutes continued, “employees must therefore understand that before we can enjoy additional benefits...we must first work towards improving our overall performance and total productivity.”

The training programme was structured, first, to establish the need and benefit of co-operation; second, to familiarise both parties with new ways of interacting; and finally, to agree on the practical steps necessary to ensure that this interaction was efficiently carried out. This would result in a common approach to the project.

The benefits of co-operation were illustrated through a ten-round Prisoner’s Dilemma game between management and workers. The penalties for not cooperating were illustrated when management reneged on an agreement after the fourth round and thereafter workers declined any further move towards co-operation. Both

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32 MW(I).9 and MW(I).15 (both 2/12/97).
33 Plastosheet.35 (5-6/3/98).
34 Plastosheet.29 (25/3/98).
35 This use of the Prisoner’s Dilemma game, referred to as the ‘red-blue game’ after the teams’ titles, was a standard aspect of CCA’s training.
sides played the game with a high level of strategic understanding, if not success, and the lessons were self-evident. Nevertheless, the consultants drove the point home. McKeefry explained that short-term gains meant long-term losers. Buthelezi told the workshop that “if you play the game of power, it ends up in the closure of the plant.”

The first exercise on the second day involved workers and management listing the power resources available to the other side (see Table 2). Both sides accepted the other’s analysis. McKeefry classified these as the ‘traditional’ power resources of conflict. By contrast, he explained that both sides now needed to operate with new co-operative power resources in the Workplace Challenge – quality of argument, negotiation skills, and information.

Table 2: Workers’ and Management’s Views of Each Other’s Power Resources

<table>
<thead>
<tr>
<th>Workers’ view of management’s power resources</th>
<th>Management’s view of workers’ power resources</th>
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<tbody>
<tr>
<td>Management authority [prerogative]</td>
<td>Shop stewards</td>
</tr>
<tr>
<td>Access to information</td>
<td>Collective strength</td>
</tr>
<tr>
<td>Financial strength</td>
<td>Union</td>
</tr>
<tr>
<td>Division [of workers]</td>
<td>[Union] Organisers</td>
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<tr>
<td>Victimization</td>
<td>Threat of strikes</td>
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<td>Intimidation</td>
<td>Strikes</td>
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<td>Favouritism</td>
<td>Intimidation</td>
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<td></td>
<td>Non-co-operation</td>
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<td></td>
<td>Defy instructions</td>
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<td></td>
<td>March/toyi-toying</td>
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<tr>
<td></td>
<td>Demonstrate [when visitors come to factory]</td>
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<td>Blockade factory gate</td>
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McKeefry’s description of a shift from conflict to co-operation was paralleled by Buthelezi, who gave a brief account of change in the South African labour movement. He explained that the unions had emerged after the Soweto uprising and that, while they had engaged in strategic debates, the unions’ main purpose was to destroy business in order to overthrow the government. Buthelezi then asked whether

36 Plastosheet.35 (5-6/3/98).
37 The only disagreement raised was by Shaun Adams, who argued that workers didn’t defy instructions because of their fear of the boss (Plastosheet.35 5-6/3/98).
they still wanted to destroy business and overthrow the government. He answered his own question with the assertion that now it was important to build the unions and strengthen the government.

McKeefry, weaving Buthelezi’s and his own narratives together, explained that the Workplace Challenge committee at Plastosheet needed to take a lesson from the leaders of South Africa who had negotiated the transfer of political power. Conflict between parties should now be used creatively, McKeefry explained; proceeding on the basis of consensus was the best way of achieving this.38

The participants stayed on after the session for beer and cool drinks. After two days of workshops there was an intimate atmosphere. People continued with what had become the main topic of conversation during the breaks – exchanging information around customs and food from their own cultures.39 This exchange of information was clearly novel. When interviewed six months later, both du Plessis and Enoch Sithole, the African Materials and Regrind Supervisor, referred back to this process as evidence of how communication between racial groups was improving.40

6.3.5 Boycott and Resolution

6.3.5.1 The Project as a ‘Power Tool’

Despite the success of the training in establishing a group with an agreed process over the project’s objectives, the Workplace Challenge quickly came to a standstill. Ten days after the training session, workers in Extrusion mandated their shop stewards to withdraw from the process.

This move followed negotiations over the shift system in which the shop stewards had returned on three consecutive days without an increased offer from management. Frustrated with the deadlock, workers looked for a ‘power tool’ to assist them. Withdrawing from the management-introduced Workplace Challenge seemed the best available option.41 At the March 1998 Milestone Workshop, which worker representatives did not attend, Maleka reported with some embarrassment that

38 Plastosheet.35 (5-6/3/98).
39 Plastosheet.35 (5-6/3/98).
40 Interviews.
41 Plastosheet.54 (2/6/98).
employees were using the project as a “bargaining chip” in a strategy of “blackmail”. 42

Further negotiations took place on 2 April 1998 between Extrusion shop stewards led by Christopher Ratlhogo, Moclawu’s General Secretary, and management. The negotiations were now ‘locked-on’ to peripheral but contentious issues around compensation for tea breaks and the calculation of holiday pay. When management refused to offer any further concessions in what it saw as a never-ending ‘pip squeezing’ exercise driven from the shopfloor, the union caucused and decided on an abstentionist approach that would “put their power tool to work”. 43 Management was free to determine the issues of tea breaks and holiday pay as it saw fit, but there would be no co-operation regarding the project. The negotiations ended acrimoniously.

Despite the fact that no further progress over these issues was made, the shop stewards informed management on 8 May 1998 that the employees had agreed to suspend the boycott. 44 In the absence of management making any further concessions, workers agreed with their shop stewards that continuing the boycott was pointless – effectively workers had ‘blinked first’.

6.3.5.2 A Review of the Boycott

CCA was now able to move into the next phase of the project’s implementation. However, while this was going ahead McKeefry ran a review of the boycott in June 1998. The objective was to expose the underlying cause of the boycott to ensure that similar delays did not occur again. 45 The review meeting was attended by a small number of the project’s ‘key players’ – Adams, Sithole, Maleka and Masondo. It quickly located a central problem that labour and management had previously known, but never discussed. When McKeefry asked why the union had increased its demands during negotiations, the justification given was the ‘attitudinal problem’ within the company. From workers this was expressed as “I don’t care for the company because the company doesn’t care for me.” 46 A number of examples were given as to how this

44 Plastosheet.44 (12/5/98).
45 Plastosheet.54 (2/6/98).
46 Plastosheet.54 (2/6/98).
was actively manifested: deliberately packing and dispatching poor quality products, spillages on the mezzanine, and the contamination of product mixes through pigment addition. Less active, but more pervasive, was the general attitude of workers to “come to work, do your job, and go home”. The root of this problem was located by those at the meeting in the shift dispute starting in May 1995.

McKeefry suggested that the ‘way forward’ was for the committee to meet with the MD. The MD should explain the market and financial situation of the company and the workers should discuss the attitudinal problem that they had just outlined. Agreements over key focus areas, such as heightened competition and the shift system, could then be tackled.

The meeting went ahead a week later with the MD giving a detailed explanation of the company’s markets and the competition it was now facing, as well as a breakdown of the company’s finances. This economic narrative was followed by his asking whether everybody agreed with the need for improvements.

Earnest Marakalla responded. Marakalla, the committee’s second operator, had been the first African to be promoted to this position in the company and was a member of Moclawu. He agreed with the need for improvements, but wanted to know how the committee could do this if all its members were never able to meet together, because of being in different shifts, to discuss problems. Lloyd, misunderstanding Marakalla’s comment as an expression of worker abstentionism, replied that if people believed it was only a problem for management, then they “wouldn’t get far”. Warming to his theme, he explained to the workers that the term ‘worker’ was a problem. Rather, it was important to understand that “we’re all workers at Plastosheet.” Everybody needed to look at what was good for business, he said.

Despite these difficulties, the meeting was generally constructive and Masondo pledged that employees wanted Plastosheet to improve since it was part of their lives. He also stressed, however, that they needed to point out problems. These

47 Such actions are far from being unique to Plastosheet. Sabotage occurred at all project sites monitored by the researcher. What is remarkable here is it being discussed openly between management and workers.
48 Plastosheet.54 (2/6/98).
49 Plastosheet.54 (2/6/98).
50 Plastosheet.57 (11/6/98).
51 Plastosheet.58 (10/6/98).
52 Plastosheet.58 (10/6/98).
included the shift issue, the attitudinal issue, communications (such as workers not happy with being called ‘Hey!’), and training.\textsuperscript{53}

6.3.5.3 Resolving the Shift Issue

An attempt to deal with the shift issue later in the afternoon got nowhere and McKeefry suggested that the union draw up a shift system that met the needs of its members. This reversed the normal process of the union responding to a management proposal. The union did this at a meeting ten days later, devising a continuous shift system in which leave days fell only on weekends.\textsuperscript{54} Their proposed system was acceptable to management and after minor negotiations, an agreement was signed in July 1998.\textsuperscript{55} Importantly, the long running ‘burning issue’ of the shift dispute had finally – and in the end rapidly – been resolved.

6.3.6 Process Implementation

With the site now ‘opened-up’, i.e. management and worker representatives were co-operating, the Workplace Challenge could move to the more formalistic implementation of CCA’s TRACC process. Responsibility for this was passed over to another CCA consultant, Allan Leslie, a chemical engineer.

6.3.6.1 The Pre-Workshop Meeting

Given the boycott, workforce participation was still very uncertain. At a two-day workshop in mid-July 1998, the main purpose of which was to develop shopfloor teams for Extrusion, Leslie asked in a pre-workshop meeting with Maleka and du Plessis, if the participation issue was “under control”.\textsuperscript{56} Du Plessis’s view was that the representatives came to meetings, but that nothing happened. He saw this, at least in part, as a result of workers being unable to leave their machines. Maleka’s view was that workers needed guidance, noting that “any project is driven by management…

\textsuperscript{53} Plastosheet.58 (10/6/98).
\textsuperscript{54} Plastosheet.60 (20/6/98).
\textsuperscript{55} Plastosheet.68 (13/7/98).
\textsuperscript{56} Plastosheet.71 (14-15/7/98).
[Workers] don’t know where to start." If guidance was given, he believed, the workers would be able to participate.

The purpose of the pre-workshop meeting organised by Maleka and Leslie was not only to assess the likelihood of worker participation, but also to ensure management participation, specifically that of du Plessis. Until then his involvement with the project had been erratic. Now that implementation of change was to begin in Extrusion, his active support was critical. Leslie, supported by Maleka, put this to him directly and made strenuous efforts throughout the workshop to accommodate his concerns to ensure that he remained ‘on board’. At the same time, Leslie needed to avoid a situation in which du Plessis took a role, as Production Manager, that would push the project in too technical a direction. He cautioned du Plessis that the performance measures that teams used had to be directly relevant to workers. Teams needed tools that they could understand. If this was not the case, Leslie warned, “You are sending people [i.e. team leaders] out to die.”

6.3.6.2 Shopfloor Teams

The full workshop got underway at eleven, with the worker representatives having waited since nine o’clock. Maleka breezily explained that there had been nothing secret about the earlier meeting and Leslie began by outlining the process of team development. This involved inter alia a defined membership, a code of conduct, daily meetings, a basic ‘scoreboard’, and extensive training.

After summarising the main features of workplace teams, Leslie somewhat cautiously asked whether teams were the right approach. The response was immediately positive, with Masando saying that co-operation between operators and packers had already improved since the agreement with management over the shift issue. Adams added that an informal team had operated for some time on the two machines behind the ‘Berlin Wall’ (see Figure 3) where he worked. Operators

57 Plastosheet.71 (14-15/7/98).
58 Plastosheet.71 (14-15/7/98).
59 Plastosheet.71 (14-15/7/98).
60 This caution was undoubtedly influenced by the problems he had experienced in introducing the concept of teams to the Workplace Challenge committee at Pipeco-Roodekop (see Chapter Seven).
covered for each other, packers helped out across the two machines, and cleaning was
done in common to avoid shifting dirt from one machine to the other.61

6.3.6.3 Slow and Sporadic Implementation of the Project Plan

Despite this enthusiasm, the establishment of workplace teams proceeded slowly and
had not been completed by the final Milestone Workshop. Another aspect of the plan
that was not implemented was the new productivity scheme. Interviewed in
November 1998, McKeefry confirmed that this aspect was “critical” for the project’s
success.62

One process that did take place, but which became contentious, was the
election of team leaders in mid-September 1998.63 After du Plessis talked about the
necessary skills required, it was decided that team leaders would be chosen by
workers. Following a ballot, management informed workers who the team leaders
were but did not post the election results. This was contrary to workers’ expectations
of a democratic process. Several requests from Workplace Challenge committee
members finally succeeded in getting the results posted, but by the time this occurred
interest in the elections had largely passed.64 Adams, who had himself been elected as
a team leader,65 raised this in an unscripted contribution to the project’s final
Milestone Workshop. He viewed it as a failure to capitalise on workers’ first
contribution to the establishment of teams.66

In attitude if nothing else, a noticeable boost to the generally lethargic
implementation came from the successful project-wide Capacity Workshop for
management held in August 1998. Three managers attended from Plastosheet:
Maleka, George Smith, the Business Improvement Manager, and Kevin Mariais, from
Maintenance.67 In a Plastosheet Workplace Challenge committee meeting in
September 1998, which Smith attended in addition to Maleka and du Plessis,
management was noticeably optimistic. A number of anecdotes from the project

61 Plastosheet.71 (14-15/7/98).
62 Interview.
63 Plastosheet.89 (29/9/98).
64 Plastosheet.88 (22/9/98) and Plastosheet.92 (3/11/98).
65 Adams received the most decisive backing of the four team leaders elected. Out of 30 votes he
received 23, with the remaining seven distributed among three other operators (Plastosheet.84 N.D.
(?/9/98)).
67 MW(II).28 (18/8/98).
workshop’s visiting speaker were relayed. These focused on how the speaker’s factory had learned to “work smarter instead of harder”. However, this enthusiasm soon waned.

6.3.6.4 Project Implementation in Cutting

Although all consultancy and management resources remained channelled into the team implementation in Extrusion, some developments took place elsewhere in the factory. On 6 October 1998, at a meeting in the Cutting Department called to discuss late deliveries of orders, Sefala raised the problem of operators having to wait up to an hour for an artisan to carry out basic repairs, such as changing blades or belts on the cutting machines. His suggestion that operators be trained in these basic procedures was carried out later in the month.

While this was a limited intervention, involving only six hours training, and had emerged outside of the pilot area, it was remarkably well-targeted in terms of the broader project objectives. Shopfloor knowledge had been accessed and the identified problem addressed through training. Workers’ skills and responsibility had been increased and these gains were directly relevant to issues of product delivery and, hence, competitiveness.

6.3.7 One Year of the Workplace Challenge at Plastosheet

In reporting progress to the final Milestone Workshop in November 1998, the representatives from Plastosheet were able to point to a number of important achievements. There was agreement from both management and workers that relationships in the factory had greatly improved. This seemed to rest primarily on the agreement over the shifts, along with the tangible benefit of training, and the prospect of further benefits with the introduction of teams. The project in Cutting could also be pointed to as a small, but effective way in which the Workplace Challenge

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68 Plastosheet 88 (22/9/98).
71 This included the training of the four team leaders and the more substantive training of four learner-operators, including Daniel Masondo. This latter training was not part of the Workplace Challenge but was closely connected with project developments.
Challenge had had an impact. A further effect was the increased confidence of worker representatives who participated in the presentations at the Milestone Workshops. This reflected their greater familiarity in making presentations, but also their increased capacity to deal with workplace change issues.

This increased capacity heightened worker representatives’ sense of frustration over the slow process of implementation. The failure to roll-out the agreed project plan constituted a major weakness of the Workplace Challenge at Plastosheet. Part of this could be ascribed to the worker boycott. Yet even after the resolution of the shift dispute which underlay the boycott, the project was being implemented slowly and sporadically. Generally there were bursts of activity prior to Milestone Workshops, or when a consultant was in the factory. In between these periods little if anything happened, despite the evident willingness on the part of worker representatives to assist change processes. As a worker representative explained in the case of the July 1998 workshop decisions were not followed through:

We actually had some issues to be actioned, but nothing was actioned.... You know we went there [i.e. the weekly Workplace Challenge committee meeting] the first time [after the July workshop] and we sat in the meeting. We started waiting for these guys [i.e. management] but they never pitched up and we walked out of there at three o’clock.... The following week exactly the same thing.... In the end we are still the workers here and they are the management. So we just simply had to wait for them.72

6.4 Analysis

6.4.1 Introduction: Alliances and Motivations

That workplace change could only take place at Plastosheet with the assistance of outside consultancies – first Knox D’Arcy and then CCA – indicates a need for external capacity. Without additional resources, workplace re-organisation was not possible. The abrupt halt to the project resulting from the boycott also indicates that without worker co-operation reform is difficult if not impossible. However, it also needs to be recognised that even when there was co-operation from the workforce and a significant degree of consultancy support, the implementation of the project was slow and difficult.

72 Interview.
What follows is an analysis of the Workplace Challenge at Plastosheet. Two themes run through this analysis – that of unity and motivation. This is done through an examination of the alliances formed, which provide tangible expressions of unity between agents.

Against the backdrop of class and racial divisions, the primary concern of the Workplace Challenge was to forge an alliance between workers and management. While this inter-class alliance remains the centre of our concern, we also need to understand the internal alliances that are made within management and among workers, since it is from these foundations that alliances between the two groups are established.

In understanding the motivations that provide a basis for these alliances, it is necessary to move beyond monocausal explanations, such as those provided by rational expectations models. Such models, in which economic agents act in their individual and generally short-term interests, are useful, but only to a degree. In the complex reality of everyday institutions, such as the Plastosheet factory, a wider range of motivations can be observed. Of particular interest are motivations stemming from the wider process of South Africa’s transformation.

6.4.2 Management’s Internal Alliances

That the Workplace Challenge at Plastosheet proceeded despite the difficulties posed by the long-running shift dispute was due in large part to CCA. Within management it was Maleka, the HR Manager, who provided the obvious point of articulation between the company and the consultancy. This was determined at a formal level with the MD delegating control to Maleka. Beyond this formal responsibility, Maleka can also be seen as an informal ‘bridgehead’ for CCA to introduce its strategy into management and into the company as a whole.

Building the necessary management support for the project beyond this involved bringing du Plessis on board, as seen in the pre-workshop meeting in July 1998. It also required that Maleka obtain support from the MD for the project, but limit this support in terms of direct contact with workers. Maleka feared that such contact might be counter-productive given the MD’s approach. Thus, Maleka, assisted by the consultants, constructed alliances within management that allowed the consultancy’s strategy to be introduced.
6.4.3 Management's Motivations

As we have noted, management did not have a coherent vision for the Workplace Challenge. The different perspectives stemmed from managers' portfolio concerns and their views on social order, or how they thought society best functioned. These views appeared to change little during the course of the project at Plastosheet.

6.4.3.1 The Managing Director

While not a member of the Workplace Challenge committee, and generally distant from the project, Lloyd was of critical importance. The continuation of the project depended ultimately on his approval. As he understood it, the project had to be based on the economic needs of the company and everybody needed to unite around this objective.

This unity was expressed in egalitarian terms: 'we're all workers at Plastosheet'. However, his understanding of how decisions were implemented within the company was more complex than this might suggest. Using the analogy of a military command structure, he described how the racial division of labour within the company had ensured that orders were carried out:

We've got an instruction and a control mechanism but it is... only as good as the person that is actually going to enforce it.... [Previously] your privates are all the black [i.e. African] guys and we had the NCOs being Indian and coloured and the white officer core. So you actually made sure that the NCOs would be on the field.... You were reasonably happy that they would be carrying out the instructions of the officer core.  

Indian and coloured operators who supervised the packers and mixers on their line had identified with the company and not with the African workers or their union. Now, with Africans working as operators, the MD's concern was that “they do not quite see themselves as being very different to the rest of the black workers.”74 While Lloyd had seen the promotion of Africans as a contribution to the creation of a black

73 Interview.
74 Interview.
middle class,\textsuperscript{75} this had, paradoxically, increased the company’s vulnerability. As he explained, “previously the strikes were black and white in a nutshell. The guys [that] went on strike...would usually be the black workers and the Indian and the coloured workers would work.”\textsuperscript{76} This was no longer certain.

Lloyd believed that participating in the project would help Plastosheet, but only if it encouraged everybody to rally round when required. There was a danger that even greater participation in decision making by the workforce would further erode the instruction and control system. The project would only work, Lloyd maintained, “provided that the black workers...see this process as not being a political process, but rather what is good for the company.”\textsuperscript{77}

While at the national level there was disagreement over political and economic issues, Lloyd saw the unity that had emerged around sport as an approach that would make business “work a hell of lot easier”. As he explained, “Everybody will support the Bafana Bafana [South African] football team, even though the coach is a bloody Frenchman\textsuperscript{78} who happens to have a white skin. In the interests of the football team, he’s supported one hundred percent.”\textsuperscript{79}

6.4.3.2 The Human Resources Manager

Maleka, the central management figure in the Workplace Challenge, viewed the project as a way of getting worker co-operation motivated by mutual financial interests. As he put it, “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.”\textsuperscript{80} However, he made it clear that management needed to take the initiative in this and guide workers. An important aid in this guidance was the involvement of government and Nedlac in the project, which he viewed as an opportunity to get ‘buy-in’ from the workforce as they would not “see it as a management tool to work them hard again”.\textsuperscript{81}

\textsuperscript{75} Interview.
\textsuperscript{76} Interview.
\textsuperscript{77} Interview.
\textsuperscript{78} Philippe Troussier, a French national, coached South Africa’s 1998 World Cup bid.
\textsuperscript{79} Interview.
\textsuperscript{80} Interview.
\textsuperscript{81} Interview.
This was not a cynical manipulation of the project’s status. Rather, it was the desirable alignment of the company’s goals with the project’s objective of developing competitive industries that would provide jobs. Maleka’s easy articulation of mutual benefit was very much ‘on message’, as he reported to Milestone Workshops how the previous attitudes of ‘them and us’ were shifting towards a ‘common vision’.

6.4.3.3 The Production Manager

As the production manager, du Plessis was primarily concerned with ensuring output in Extrusion. While his enthusiasm for the project fluctuated, in part with the state of labour relations in the factory, his ability to participate was also affected by the demands – and often crises – of production. This made du Plessis acutely aware of the difficulties of running and re-organising production at the same time – something which he felt senior management didn’t fully appreciate.82

Although early in the project he had shown impatience with the involvement of workers, du Plessis increasingly saw the value of an alliance between workers and management in production. This alliance, as he understood it, rested on an understanding of the technical or ‘hard’ nature of the production process. Once workers understood this, improvement in work organisation would be forthcoming.

6.4.4 Management’s Alliance with Workers

Management’s view on their alliance with workers differed between individuals. Somewhat simplified, this was, for du Plessis – involvement in work organisation, for Maleka – common financial interests, and for Lloyd – loyalty to the company.

These views were all based on the individual manager’s portfolio responsibilities. This is not to say that these managers did not agree with the broader national objectives of the project. It simply indicates that management understood their alliance with workers to be based on company-level needs. To some extent, this is stating the obvious: managers are unlikely to voluntarily enter an alliance based on something that they understand to be good at a national level, but bad for the

82 Interview.
company. There needed to be a convergence between the two for management to participate. What should be noted is the sequencing.

A second feature unifying management’s perspectives was their assumption of superiority in any alliance with workers. Simplified, for du Plessis, workers would have to be taught to understand production. For Maleka, they would have to be led in their own interests. For Lloyd, they would have to demonstrate loyalty to the company per instructions. The validity of these assumptions clearly varies. The point to emphasise is that management approached an alliance with workers believing they had to explain, guide, and control.

6.4.5 The Workforce’s Alliances and Motivations

Two sets of internal alliances within the workforce can be identified: those among worker leaders and those between worker leaders and their constituencies. Although the Workplace Challenge project was officially bipartite, in practice it was introduced into Plastosheet by management. Not surprisingly, the initial response from worker leaders was non-committal or abstentionist. Despite this, the position of worker leaders shifted in the opening phases of the project to one of support. As the following sections demonstrate, this support for the Workplace Challenge was strengthened by an understanding that the project at Plastosheet was something that could benefit workers and was also a ‘countrywide concern’ to which they could contribute.

The consensus among worker leaders to proceed with the project was not in itself sufficient. The second internal alliance between worker leaders and their constituencies also had to be maintained. It was therefore important that they be able to convince the rank-and-file membership that the project was something that they should proceed with. This was necessary since the shopfloor could, if it wished, mandate shop stewards to withdraw from participation. It was also necessary since implementation of workplace change would require shopfloor co-operation.
6.4.6 The Workplace Challenge as a ‘Countrywide Concern’

6.4.6.1 Management’s Message

Maleka started the early Workplace Challenge meetings with a long monologue, sometimes up to half an hour in length, which provided background to the project. This was given whenever there was a new face, or if Maleka felt that people didn’t fully understand the foundations of the project. Consequently, a number of Workplace Challenge committee members heard this information on a number of occasions. The basic structure of his narrative was that South Africa was now a democracy and that this was introducing a number of changes including the end of protection and increased imports. These changes placed pressure on South African industry, including Plastosheet. Maleka was able to offer examples of a wide range of direct threats to Plastosheet, a favourite being a “Taiwanese firm” in Bloemfontein that ran on “slave wages”. The government, the narrative continued, was trying to create jobs and the question was, ‘What could Plastosheet do?’

At this point in the narrative the Workplace Challenge was introduced. Plastosheet, it was said, was lucky to have been included. Maleka asserted that what was needed was an economic miracle similar to the one experienced in the Asian economies which had once been behind South Africa, but were now ahead. The unions had approved the Workplace Challenge, though on a number of conditions; these included no retrenchments. Plastosheet had had a process in the past, Knox D’Arcy, which had brought retrenchments. The Workplace Challenge was different. What was needed now was to look for areas for improvement and to generate employment. If this could be achieved at Plastosheet, it could be replicated elsewhere and the economy as a whole would improve.

While worker representatives sat patiently through these explanations, it was evident that they soon stopped paying attention and were politely waiting for Maleka to finish. The message clearly had little impact and illustrates the disadvantage that management as a party to shopfloor conflict has in establishing a credible voice with the workforce. It was noticeable that more attention was paid when consultants

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83 Plastosheet.7 (3/11/97) and Plastosheet.18 (20/11/97).
84 Plastosheet.7 (3/11/97) and Plastosheet.18 (20/11/97).
delivered much the same narrative as Maleka during the committee training. Of greater importance in establishing that the Workplace Challenge was in the national interest and that workers should participate in it were the discourses between current and former worker leaders. A number of these discourses can be traced.

6.4.6.2 Enoch Sithole: Bridging ‘Both Worlds’ of the Factory

At the third meeting when Sefala again explained that the shopfloor was unable to engage with the issue of productivity, Enoch Sithole, the African materials and regrind supervisor, responded. Sithole had joined Plastosheet, like Sefala, in 1975 as a store man. He had been a founding member and first chair of the union (then Mawu) in the company, holding executive positions until 1989. In 1992 he had been promoted into his supervisory position, but maintained his union membership until 1997.\(^\text{85}\) As a result, Sithole knew, as he described it, “both worlds” of the factory.\(^\text{86}\) Such a position was not always easy. He felt that management had been slow in giving him full supervisory responsibility, while he had had to face accusations from workers of being ‘co-opted’ by management. Nevertheless, he felt that he had made the right decision in accepting promotion and it was clear that he was widely respected within the workforce, in part due to his past role in the union.

Sithole quickly saw the Workplace Challenge as an opportunity for business, labour, and government to work together in the national interest. He argued that, “Should all these three parties agree on some common issues and decide to work together, they can make South Africa a big nation.”\(^\text{87}\) He was, however, aware that working together would not be straightforward – ‘both worlds’ of management and workers presented difficulties. As he pointed out, “some of the members of management see it [i.e. the Workplace Challenge] as an improvement of productivity rather than as something that can benefit us all as workers and the country as a whole.”\(^\text{88}\) On the other hand, many workers “just think of it as something to squeeze out their last energy in order to achieve what the employer needs. They don’t see that they can benefit in the long term or in the shorter term.”\(^\text{89}\)

\(^{85}\) Interview.

\(^{86}\) Interview.

\(^{87}\) Interview.

\(^{88}\) Interview. Sithole made it clear that he did not include project committee members in this comment.

\(^{89}\) Interview.
He explained to Sefala and the rest of the meeting that the project was different because all the stakeholders were involved. Although it was starting from the grass roots level, it was a "countrywide concern". They had never had such an opportunity before.

Sithole championed the Workplace Challenge both inside and outside of project meetings. His first task had been to convince committee members that the Workplace Challenge was a government project. Despite Maleka’s detailed explanations of this, Sithole did not believe they had understood. Then he started to work through what remained of the Numsa structures in the factory, discussing the project with the Numsa shop steward David Sefala. These discussions involved linking or reconciling the Workplace Challenge with the union policies that they had previously debated and agreed. As Sithole later outlined:

I explained to him [Sefala] that if we can see it’s something that we have been trying to push.... We want to manage the economy of the country. How can we fail to see where we are going? From there some of the members started to understand what it is...[but] it’s a slow process.

6.4.6.3 David Sefala: Reconciling Union Policy with the Workplace Challenge

In addition to his discussions with Sithole, Sefala, despite his initial abstentionist response, had also been working through the implications of the Workplace Challenge. While this was hampered by the inability of the Numsa organiser to provide advice, the project’s Milestone Workshops were of assistance. In an early meeting of the Workplace Challenge at Plastosheet, Sefala had raised Numsa’s policy over trade. This argued that “tariff reduction without supporting polices in affected sectors leads to job losses” (1996:2). Maleka’s response had been unsatisfactory, saying only that South Africa couldn’t impose conditions if it wanted to be a global player.

A week later, Sefala raised the same issue in a discussion at the December 1997 Milestone Workshop. A national union official had explained that “the government must open the gates [for trade] and then we push [i.e. export] hard”,

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90 Plastosheet.18 (20/11/97).
91 Interview.
92 Interview.
while a management representative had explained that “if we close the gates to others they will do it to us”. Sefala was clearly pleased with how the issue had been addressed and understood the Workplace Challenge to be aligned with his union’s policies.

6.4.6.4 Shaun Adams: Seeing the Benefits for the Country as a Whole.

Adams, who had initially approached the project with caution, was also exposed to the project’s wider objectives through the Milestone Workshops. The December 1997 Milestone Workshop was Adams’s first contact with the project at a national level. Labour representatives met separately from management for a breakaway workshop and, early on in this discussion, he asked, “Where is this leading to? Are there benefits [for workers]?” He was followed by a speaker who said that there was a need to look at the project in broader terms. “We need to address how to handle gains – not only into the back pocket, but back into operating, to create jobs.”

The Milestone Workshops also provided direct proof that this was indeed a national issue. Adams pointed out that the project’s national nature could be seen in the very fact that other companies, often with similar problems, were attending. The high profile of the government and Nedlac in the project was also important. Had it not been for government’s involvement, Adams thought that workers would have viewed the project very sceptically, given their past experiences. However, he felt that “the ANC government wouldn’t initiate something like this if it wasn’t to the benefit of the whole country.”

6.4.6.5 Daniel Masondo: Dealing with a Militant Constituency

Worker leaders established an understanding of the project as being in the national interest. However, the ability of Extrusion’s Moclawu shop stewards to persuade their constituency of this was limited. This was not surprising given the break from Numsa. While Ratlhogo, Moclawu’s General Secretary, agreed with the aims of the project and attended a number of Milestone Workshops, his union could offer little practical

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95 Interview.
Moreover, by leaving Numsa, Extrusion workers had cut themselves off from a history of nationally-focused union strategies.

As a result, when Extrusion shop stewards such as Mazondo tried to cooperate with management over the project, they were vulnerable to pressures from the shopfloor. Consequently, championing the wider goals of the project was difficult. As Mazondo 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...”

Despite this difficulty, Mazondo saw the project in Plastosheet within a wider context. For example, he described how he discussed the Workplace Challenge to friends in Tembisa Township, or simply to fellow commuters who noticed his project folder. “I explain how the Workplace Challenge is”, he said. “Some ask why their company [is] not involved in such an issue. They have the same problems and maybe the Workplace Challenge can also help them.”

6.4.7 The Importance and Limits of the Workplace Challenge as a Countrywide Concern

The process of worker leaders establishing the project as being in the national interest operated throughout the period of the project, but was especially important during the opening phases. Without this process, participation would have had to have been based solely on projections of long-term material benefit.

Calculation of long-term material benefit was inherently difficult for workers and their leaders. This stemmed in part from their lack of capacity, which prevented them from estimating or monitoring, and thereby controlling, the value of proposed workplace reorganisation. Additionally, their assumption was that management would be attempting to gain something at their expense, while the project’s novel process was not, in the opening stages, clearly understood by worker leaders. Under such circumstances, calculating long-term benefits based on projected co-operation could not even begin.

On the other hand, alternative reasons for beginning co-operation, such as it being in the national interest, were arrived at relatively easily by worker leaders.

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96 Interview and Plastosheet.88 (22/9/98).
97 Interview.
98 Interview.
Given their understanding of the new government's intentions, their belief that the project was in the national interest provided reassurance that management could not provide. The understanding by a number of worker leaders that the Workplace Challenge was national in nature was critical to their decision to consider cooperation. This alone was not enough, however. We have already seen that in Extrusion, the need to maintain the second internal worker alliance — that between worker leaders and their constituencies — was a significant factor limiting worker leaders' championing of the project. The next section examines this issue.

6.4.8 Aligning Shopfloor Interests with the Project

The consultants established early on that there needed to be a separation between the Workplace Challenge and collective bargaining. However, this broke down when workers boycotted the project to apply pressure on the shift negotiations. While this decision was taken in frustration, it also reflected shopfloor understanding of tactics to achieve immediate gains, on the one hand, and the completely unfamiliar process being offered, in the form of the Workplace Challenge, on the other. The shift dispute had helped to entrench a culture of short-term positional bargaining, directed from the shopfloor, which made advocating long-term strategies more difficult. It was not possible to separate long-standing disputes, which continued to generate mistrust, from new processes that demanded trust.

In Extrusion both Masondo and Adams pointed out that the shift dispute and the Workplace Challenge were difficult to separate. Adams thought that the project's selection as a power tool by workers had resulted from a lack of trust in management. Deadlocking over the shift negotiations had increased mistrust and made it difficult to explain to the workers that the project was not a Plastosheet issue, but a national one. 99

The boycott illustrates the tensions that exist between leaders and their constituencies. While these tensions are always present, they are increased if leaders seek to pursue strategies with which their constituencies are not familiar. That the leaders themselves still only vaguely sense the value of the new strategy, and have little expert capacity to draw on, increases the difficulty in dealing with these

99 Plastosheet.54 (2/6/98).
tensions. In the end it was capacity provided by consultants, specifically McKeefry, that proved critical.

Reaching agreement over the shift system reversed perceptions of the relative merits of working within the project versus more familiar strategies of resistance, and aligned worker leaders and the shopfloor in a willingness to proceed with the project. The Workplace Challenge was now regarded as a viable vehicle within which their interests could be pursued, albeit contingent on continued progress.

6.4.9 Workers' Alliance with Management

For worker leaders to proceed with the project they had to convince first themselves and then their constituencies that forming an alliance with management was in the interests of national development and the shopfloor. That these two were easy to align in theory, if not practice, is not surprising given the wider environment of transformation in South Africa. Here, the upliftment of the black majority is to a large degree equated with the process of national development.

It was not difficult to understand that the company would have to do well if individual and national development was to take place. Yet, while management focused on the company, whose development would benefit the workers and nation, worker leaders focused on the nation and the workforce, whose development would benefit the company. This sequencing of development motivations constitutes a significant difference between management and worker leaders.

A second difference lay in how management and worker leaders understood the alliance between them. Management understood this alliance to be unequal in nature and acted accordingly. By contrast, the one quality required for such an alliance by worker leaders was that of equality.

As the embodiment of this alliance, the Workplace Challenge committee needed, for worker leaders, to reflect the value of equality. This was understood in moral and practical terms. Since they were working on a common project which was for the benefit of all, they must, at least within this context, be given equal status. When this did not happen, as in the case of the pre-workshop meeting (Section 6.3.6.1), worker representatives felt undermined. When interviewed, Masondo referred back to this meeting. He pointed out that the whole committee had been waiting, but Leslie had met with the management alone. "They say we are the
committee, then they must meet with the committee.” The excluded members had felt that something was being hidden. He had wanted to say so at the time, but had “kept it in his heart”.  

Despite these obstacles, worker representatives felt that the project had made progress in improving relationships within the company. Even the MD was greeting workers:

Two weeks back the operator on Number Eleven [machine] had to start running from Number Eleven right down to Number Nine telling people, ‘You know that man asked me how I am!’ [Laughs] Because it came as a surprise to him because the man never asked him that [before].

Within the national arena, Adams thought that “when we actually participate on an equal level we can call ourselves a rainbow nation.... At least as far as sport is concerned we can say that. As far as the working environment is concerned, no, definitely not. We still have that ‘them and us.’” This was, however, “what the project is all about. If the economy can improve, then South Africa as a whole can improve.... People need to feel part of this country. People need to feel proud that [their] input is being appreciated.”

6.5 Summary

Of central importance to the Workplace Challenge project at Plastosheet was the establishment of a durable alliance between management and worker leaders. While individuals from both these groups attempted in good faith to establish such an alliance, progress was slow and uncertain.

Constraints in the form of capacity, poor communications, and friction present very real obstacles to any project, especially one that relies on collaboration between management and workers. These factors cannot be ignored in any understanding of events at Plastosheet. The Workplace Challenge had to begin in the very environment that it was intended to change. Nevertheless, these barriers do not explain everything.

The ability of such an alliance to deliver tangible benefits is of prime
importance. This is particularly true for worker leaders who have to show delivery to their constituency if they are to retain their positions. At Plastosheet in general, and in Extrusion in particular, worker leaders were often in precarious positions that limited their ability to manoeuvre. That tangible benefits need to be delivered is also true of management, who have to be convinced that change will produce benefits within their own portfolio responsibilities, as well as contribute to the survival and growth of the company as a whole.

The prospect of mutual benefit constituted a central plank of the Workplace Challenge and was emphasised within the consultancy’s project plan. That such mutual benefits could be achieved does not seem in doubt, given the many ways in which workers identified inefficiencies in production, even before training in problem solving. However, realising gains from the utilisation of this worker knowledge depended on a systematic roll-out of the project plan that would allow rapid delivery within a process that all sides understood, agreed to, and were willing to continue. If the roll-out was slow, or incomplete, the lack of results would discredit any promises made, or expectations raised, over the Workplace Challenge.

It was not only the prospect of such mutual gain that brought worker leaders to support the project. A decision based on such an assessment was inherently difficult given their mistrust of management and the difficulty of calculating, let alone controlling, future benefits. Rather, what influenced key worker leaders was their understanding that the project was in the national interest.

Management was not unaware of this influence, but attempts to invoke such sentiments were neutralised by the history of mistrust between themselves and the workforce. It was the worker leaders who established for themselves that the project was for the whole country. They were assisted in this by individuals – notably Sithole and, to an extent, consultants – who were able to bridge this workplace divide.

While management agreed with the goals of a strong South African economy, this failed to unite them into a concerted and co-ordinated push to ensure that the Workplace Challenge was implemented rapidly and in a sustainable fashion. On the contrary, their approach was uncoordinated as it reflected their particular portfolio concerns. That the project’s implementation began to slow down long before a coherent set of changes were in place, jeopardising its chance of success, appears to have resulted from this lack of management co-ordination.
Although the Workplace Challenge was never fully implemented on the shopfloor, the differences in values between management and workers over their respective visions for the Workplace Challenge were already apparent. Management approached the alliance between themselves and the workforce from a perspective of superiority, which workers were expected to accept. Such views stemmed from portfolio positions, though also from views on social order. What the MD liked about South Africans’ enthusiasm for sport was that everybody appeared to forget their differences and rally around the flag. Workers, on the other hand, believed that if they were to be in an alliance, it had to be one between equals. In this way, their own perspective on social order in the new South Africa was revealed. If they were working for the good of South Africa, then they should all do so as equals. Adams was committed to South Africa’s development, but what he liked about sport was not that everybody rallied around the flag. Rather, it was that sport provided a level playing field for everybody.
Chapter Seven: The Workplace Challenge at Pipeco-Roodekop

7.1 Introduction

This chapter provides a detailed account and analysis of the Workplace Challenge at one of Pipeco's four factories – Roodekop – between October 1997 and November 1998. Following a description of aspects of the company relevant to the Workplace Challenge, the initial perspectives of collective and individual agents towards the project are summarised. This is followed by an outline of the Workplace Challenge's implementation.

In brief, the Workplace Challenge process began at Pipeco on a company-wide basis with the appointment of a consultant in November 1997 and the decision to proceed via a negotiated 'framework agreement' that would guide the project. The agreement was successfully negotiated in March 1998, though never formally signed, and was followed by plant-level agreements and the training of factory committees. Training at Roodekop in April 1998 ended in confusion as a result of the consultant's failure to appreciate shop stewards' commitment to their union. While good relationships were established and maintained within the Workplace Challenge committee, outside of this there was considerable resistance to, and subversion of the project from management and the shopfloor workforce.

A shopfloor-mandated boycott of the project at Roodekop in mid-May 1998 was only ended after the intervention of the union official in early June 1998. A national strike in August 1998 further disrupted the project, although it was successfully restarted. However, the views of the company's new MD, who had arrived in May 1998, were increasingly becoming apparent and management members started to follow his lead in seeing the project as marginal to the company's priorities.

The main events relevant to the Workplace Challenge at Roodekop are summarised in Table 3. The final sections of the chapter analyse these events. As with Plastosheet, the core features of this analysis are the alliances constructed within management and within the workforce, and the inter-class alliance between these two groups. While much of the analysis confirms conclusions drawn from the Plastosheet case, additional insights are also gained.
Table 3: Main Workplace Challenge Events at Pipeco-Roodekop October 1997 – November 1998.

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>13 October 1997</td>
<td>Project’s opening Milestone Workshop</td>
</tr>
<tr>
<td>20 November 1997</td>
<td>Union officials persuade Roodekop workers to participate in the project.</td>
</tr>
<tr>
<td>27 November 1997</td>
<td>Roseneath meeting. Consultancy (CCA) appointed.</td>
</tr>
<tr>
<td>26 March 1998</td>
<td>Milestone Workshop</td>
</tr>
<tr>
<td>April 1998</td>
<td>New shop stewards elected. Roodekop’s Workplace Challenge committee constitution agreed.</td>
</tr>
<tr>
<td>1 May 1998</td>
<td>New MD arrives at Pipeco.</td>
</tr>
<tr>
<td>12-13 May 1998</td>
<td>Consultants train Roodekop’s Workplace Challenge committee.</td>
</tr>
<tr>
<td>19 May 1998</td>
<td>Milestone Workshop</td>
</tr>
<tr>
<td>26 May 1998</td>
<td>Shopfloor mandates boycott.</td>
</tr>
<tr>
<td>28 May 1998</td>
<td>Consultant briefs management on incentive schemes.</td>
</tr>
<tr>
<td>7 June 1998</td>
<td>Union official persuades workers to end boycott.</td>
</tr>
<tr>
<td>June 1998</td>
<td>Die-change sub-committee meets.</td>
</tr>
<tr>
<td>29 July 1998</td>
<td>Pre-strike march in Johannesburg.</td>
</tr>
<tr>
<td>3 August 1998</td>
<td>Strike begins at Roodekop.</td>
</tr>
<tr>
<td>17 August 1998</td>
<td>Strike ends at Roodekop.</td>
</tr>
<tr>
<td>18 August 1998</td>
<td>Project Capacity Workshop for management. HR managers attend.</td>
</tr>
<tr>
<td>3 September 1998</td>
<td>Milestone Workshop</td>
</tr>
<tr>
<td>5 November 1998</td>
<td>Milestone Workshop</td>
</tr>
</tbody>
</table>

At Pipeco the Workplace Challenge followed an earlier and not dissimilar process aimed at co-operative workplace change – Workplace Democracy – which had been introduced by management with only limited union support. The general failure of this earlier process had engendered cynicism within the workforce. On the other hand, individuals, especially HR management and union officials, had learned from the experience. One result of this was a less idealistic approach than that taken during the earlier project and an emphasis on negotiated change. That this negotiated process was still relatively unsuccessful was due to a number of factors. The most important of these was the failure to extend the alliance built between HR management and shop stewards beyond the Workplace Challenge committee and onto the shopfloor.
This failure resulted from resistance to and subversion of the Workplace Challenge by agents within the factory who were necessary as allies if the project was to be successful. That this resistance was not overcome stems from a failure to cement and extend the management-shop steward alliance into the shopfloor workforce through either symbolic processes, such as factory-wide meetings, or material incentives. While the extension of this alliances seemed a possibility during early stages of the project, the change in MD at Pipeco meant that this did not happen. This change in personnel provides an important explanation for the project’s demise and also allows us to shed further light on the portfolio-influenced approaches of individual managers.

7.2 **Background to the Workplace Challenge at Pipeco-Roodekop**

7.2.1 **The Company**

Pipeco’s Roodekop factory on the East Rand is one of the company’s four South African production sites. The other sites are at Chamdor, on the West Rand, New Germany, near Durban, and Bellville in the Cape. The company also produces in Botswana and Namibia. Of Pipeco’s South African workforce of 650, the Roodekop factory employs 105 payroll employees and 28 staff.

Pipeco is jointly owned by Polifin, a plastic polymer producer, and Group 5, a Swiss-based multinational. Polifin is 60 percent owned by Sasol and 40 percent by African Explosives and Chemical Industries (AECI). AECI is owned by Anglo American Industrial Corporation (Amic) within the Anglo American Corporation. While incorporated into the pyramid ownership structures that typify South African capital,1 Pipeco’s joint ownership has allowed it to operate relatively independently.2 Since its creation through a merger in 1988, Pipeco has been highly profitable. In 1998 it won the Group 5 Chairman’s Award for the best profit results over the last five years.3

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2 Interviews.
3 Roodekop.71 (2/11/98).
7.2.2 Production at Roodekop

Built in 1982, the Roodekop factory is regarded as Pipeco’s ‘flagship’ plant and shares the site with the company’s head office, as well as the Regional Sales stock yard (Photos 13 and 14, and Figure 5). The company produces a wide range of extruded PVC pressure and drain piping and injection moulded fittings. The Roodekop factory is focused on pipe production.

The PVC feedstock must be bought from Polifin, at import parity pricing, but the company is allowed to source additives from other suppliers. Feedstock, in the form of powder, arrives by tanker and is stored in silos before being taken into the mixing tower where, under a computer-controlled process, appropriate mixes are pumped into the hoppers that feed the extrusion machines. Each machine is run by an operator who controls the machine’s temperatures and pressures as well as the cutting and ‘belling’ operations. Belling the pipes re-moulds one end of each section, allowing them to be joined together when laid. The operator is also responsible for inserting the rubber sealing rings and then loading the pipes onto trolleys (Photo 15). Checks are made by Quality Control at the beginning of each shift. When these have been approved, the pipes can be taken to Sales (Photo 16).

A daily management production meeting, chaired by the Production Manager, discusses the production schedule for each extruder, as well as hearing reports from Mixing, Reclaim, Quality Control, Engineering and other departments. ‘Kicks’ (admonishment) and ‘kisses’ (praise) are administered either directly or via the unit controllers, who attend production meetings.

Supervisors and operators in Extrusion are divided into three shifts that rotate over the morning, afternoon, and night shifts to maintain continuous production. Depending on the ‘order bank’, some machines are kept running over weekends. Production is disrupted by die changes necessitated by a switch in the product ‘run’. Changing the pipe thickness or gauge involves a relatively quick ‘front-end change’ in which only the inner ‘mandrill’ of the die is replaced (Photos 17 and 18). Changing the diameter of the pipe – a ‘line change’ – takes longer (Photo 19). On large diameter pipes this can be up to eight hours, during which no production takes place. Die

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4 Pipeco.3 and Pipeco.4 (both N.D.)
5 Pipeco.24 (23/3/98).
Figure 5: Plan of Pipeco-Roodekop (Not to Scale)
changes require the co-ordination of Production, Die Shop, and Maintenance (electricians). Die changes, or ‘set-up times’, have been identified as the major factor lowering Overall Equipment Efficiency and are regarded by management as an area in which major improvements can be made.

7.2.3 The Management Structure

Senior management consists of Pipeco’s MD, the four factory managers and other group (company) managers, such as Finance. These form ‘Execom’ – the executive committee – which meets monthly. The MD and Group Finance Manager report to the company’s directors.

Each factory manager is responsible for a factory management team consisting of departments heads such as Production, Quality Control, and Human Resources. Larger departments rely on up to two levels of line management to instruct and oversee workers. In Production, this consisted of two unit controllers, who work the day shift, and two supervisors per shift (see Figure 6).

7.2.4 Human Resources

Between factory management positions and unit controller there exists a major divide in terms of skill and responsibility. This divide is also characterised by race, with no blacks higher than unit controller or equivalent positions. This racial concentration of decision-making power is reinforced by the on-site presence of the company’s Head Office, whose entire staff, excepting the ‘tea lady’ and messenger, are white. Two internal legacies contribute to the maintenance of this situation.

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6 Overall Equipment Efficiency (OEE) is calculated from machine availability, performance (cycle time), and quality. Machine availability is affected by ‘die shop availability’ (set-up times), ‘mechanical availability’ (breakdowns), and ‘production availability’ (order bank).

7 At Roodekop, gains from increasing cycle time and improving quality were regarded as limited. However, machine availability was estimated at around 70 percent - largely as a result of the set-up times. Reducing set-up times therefore had considerable potential for improving OEE and conversion costs (MW(II).29 19/5/98).
Figure 6: Management Structure in Production and Other Departments at Roodekop

Head Office

- Company Managing Director
- Execom (Top) Management
- Head Office Management and Staff
- Group Managers and other Pipeco Factory Managers

Factory Management

- Roodekop Factory Manager
- Production Manager
- Other departmental management positions (e.g. Quality Assurance Manager)

Limit to black promotion 1998

Line Management

- Two unit controllers (days only)
- Equivalent positions in other departments (e.g. Quality Control Superintendent)

- Two supervisors per shift (total six)
- Equivalent positions in other departments (e.g. Reclaim Supervisor - no equivalent in Quality Control)

Workforce

- One operator per machine per shift (total thirty)
- Equivalent positions in other departments (e.g. Quality Control Senior Inspector)

- Other Workers (e.g. Quality Control Shift Inspector)
First, a retrenchment programme imposed in 1996 resulted in a streamlining of the workforce. This has restricted management’s ability to ‘groom’ potential internal candidates in intermediate assistant positions that would bridge the gap between the unit controllers and factory management levels.  

Second, the creation of Pipeco through merger, and the subsequent transfer of personnel from Chamdor, resulted in a complex amalgamation of pay-grading systems with workers on different rates of pay within the (nominally) same pay grade. For a number of workers, this meant they would not get a pay increase even if they were promoted. The low turnover of workers has meant that differences within grades have persisted. Management is unwilling to equalise wages levels, pointing out that remuneration was already, in total, twelve percent higher than the Bargaining Council rates. This reduced the incentive for workers to train and slowed internal promotion. It also generated bitterness among workers affected, producing a ‘burning issue’ within the factory.

Despite these difficulties some promotion of black employees was taking place during the research period. Often this resulted in workers leaving positions of responsibility within the union. For example, Pitso Malinga, who as a Quality Control Inspector had been Roodekop’s senior shop steward, was promoted to the staff position of Engineering Clerk Assistant. While remaining in the union, he did not stand for re-election in the shop steward elections of March 1998.

7.2.5 The Workforce

Black payroll employees have been unionised since 1982 in the Chemical Industrial Workers Union (CWIU), a Cosatu affiliated union with a record of good organisation and a militant position of ‘worker control’. Workers elect one shop steward for each shift and a fourth for Dispatch. Agreed ‘alternatives’ stand in for shop stewards if necessary. The four shop stewards decide on who should be the senior shop steward. The key resources that shop stewards have are the unity and militancy of the workforce. This resource is distinctly ambiguous, however, and, as we will see, could

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8 Interview.
9 This did not necessarily indicate that the company was paying above average rates for the industry, since other firms also paid above the minimum rates set by the Bargaining Council (Roodekop, 57 26/8/98).
be turned against shop stewards and even the union. Union members meet in the nearby township of Katlehong on the first Sunday of the month.

The most common first language spoken by the black workforce is Sesotho. However, as knowledge of isiZulu is more widespread, it is generally used in union meetings. The language of communication between management and workers is English, although multilingual black line managers are vital in ensuring the workforce understands management’s instructions and training. The absence of any clear ethnic majority within the black workforce is credited with the relative lack of internal conflict in Roodekop, compared to the often violent disputes between Zulu/IFP-Uwusa and ANC-Cosatu aligned sections of workforces in many East Rand factories during the early 1990s.\(^\text{10}\)

Most artisans working in the Die Shop and maintenance departments are white. They are unionised in the South African Workers Union (SAWU) – previously Yster en Staal, a white craft union. Two internally-trained black artisans left CWIU, but have not joined Sawu.

### 7.2.6 Markets and Strategy

The rapid growth of demand for plastic piping and the availability of second hand machinery from Europe created a crowded and competitive domestic market by the late 1980s, despite protection provided by tariffs. Major companies competed against each other across product ranges and against smaller companies producing cheaper piping with lower or no specifications.\(^\text{11}\)

The creation of Pipeco in 1988 began a process of industry rationalisation that was successfully continued by the company’s MD, Mike Kerr-Peterson, through his establishment of the sector’s Rigid Plastic Pipe Manufacturers Association. This organisation facilitated agreements between the three major manufacturers over product ranges and the buying out of smaller competitors.\(^\text{12}\)

Having re-organised the market, the MD oversaw an extensive re-capitalisation of the company, notably in Roodekop where, by 1998, ten extrusion machines were producing twice the volume of product that the originally-installed 19

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\(^\text{10}\) Roodekop.39 (2/8/98) and Roodekop.45 (8/8/98).

\(^\text{11}\) Interviews.

\(^\text{12}\) Interviews.
machines had produced. The company prided itself on a technological lead over its major domestic competitors that gave it a price advantage, primarily through the amount of raw materials used. However, it was also recognised that its machinery was generally slower and more labour intensive than the latest generation of machines used by some foreign competitors, despite the extensive re-capitalisation.

South Africa’s transformation after 1994 posed opportunities and threats for the company. The RDP, and especially the provision of drinking water, had increased the market for Pipeco’s products, though not to the extent hoped for by management. Moreover, the erosion of industry agreements and new domestic competitors limited opportunities for Pipeco.

The more pertinent issue as far as the company’s management was concerned was the threat posed by the lowering of tariffs and foreign competition in both the South African and sub-Saharan markets. This foreign threat was perceived as coming from quality products of highly-automated producers benefiting from long production runs in their own larger domestic markets. Pipeco also had to compete with cheaper products from overseas companies which could exploit lower labour costs.

7.2.7 World Class Manufacturing

Concern over these pressures began to be articulated by management in its understanding that Pipeco needed to become a ‘world class’ company. This brought the company into conflict with CWIU, which rejected the concept of ‘World Class Manufacturing’ on the grounds that “[restructuring] programmes try to get workers to give more to the company without improving working conditions in return. ‘World Class Manufacturing’ is often another management weapon in shopfloor conflict!”

For management, one of the key problems to becoming ‘world class’ – that is, being able to compete successfully in the new environment – was short production

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13 Interviews. Twelve machines were in the Roodekop factory; two of the older generation were kept largely idle in case of increased market demand (Roodekop.4 20/11/97).
14 Pipeco.11 (10/12/97).
15 Interviews.
16 Interviews.
17 Interviews.
19 CWIU (1997a:5).
runs and the subsequent downtime and scrap resulting from die changes. At least four solutions to this problem existed:

1. Market rationalisation and/or reducing the product range. This option was considered, with plans to reduce the number of pipe gauges, but the general view was that organising the market in a global economy was simply not feasible.

2. Increasing exports, notably to the rest of sub-Saharan Africa, since Pipeco currently had only 4-5 percent of this market. While this was encouraged, managers held widely different views on export potential.

3. Further increasing the capital intensity of the plant. To some extent this was taking place with new machinery installed during 1998. However no plans existed for a complete re-capitalisation of the plant.

4. Limiting the effects of short production runs by reducing the time taken to carry out a die change. Necessary, though not exclusive, to this approach was improving shopfloor relations. Such a development might well have further positive implications beyond the issue of die changes.

7.2.8 The Shopfloor Environment and its Implications for the Workplace Challenge

Just as at Plastosheet, the Workplace Challenge at Roodekop was intended to address poor shopfloor relations, but would have to be introduced into an environment already shaped by those relations. In general terms, the shopfloor environment at Roodekop was like that of Plastosheet – typically strained. The earlier project, Workplace Democracy, had had a considerable impact. On the one hand, relationships between shop stewards and HR management had been developed during this project and had generally remained good. On the other hand, the failure of Workplace Democracy had entrenched worker mistrust of management initiatives.

20 Interviews.
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Just as at Plastosheet, the Workplace Challenge at Roodekop was intended to address poor shopfloor relations, but would have to be introduced into an environment already shaped by those relations. In general terms, the shopfloor environment at Roodekop was like that of Plastosheet – typically strained. The earlier project, Workplace Democracy, had had a considerable impact. On the one hand, relationships between shop stewards and HR management had been developed during this project and had generally remained good. On the other hand, the failure of Workplace Democracy had entrenched worker mistrust of management initiatives.
In comparison to Plastosheet, there are higher levels of capacity among both the workforce and management, especially HR, at Pipeco. This higher level of capacity was evidenced by more consistent application of policy, better communications, and lower levels of 'friction' than at Plastosheet.

Despite generally higher levels of capacity at Roodekop, worker representatives remained at a distinct disadvantage with respect to management in their ability to analyse the effects of changes in work organisation. In contrast to managers, who were free to discuss the project on an on-going basis, shop stewards, who worked on different shifts, struggled to co-ordinate their own strategies – to the point where internal division erupted. While the presence of union officials and the consultants was of some assistance to shop stewards, their impact was limited. Union officials were hard pressed and consultant input was limited, given their premature departure from the process. Where training was provided, its value was diluted by the high turnover of shop stewards.

### 7.2.9 Crowded Agendas

At Roodekop management’s and the union’s agendas were, despite the higher levels of capacity, chronically overloaded. Consequently, while agreement to proceed with the project in Pipeco should have ensured rapid implementation of the project this was not the case.

The crowded nature of agendas was readily evident. When introduced, the Workplace Challenge had to compete not only with day-to-day pressures of running production, marketing, maintenance, and industrial relations, but also with the major computer upgrade to ensure Year 2000 compliance. As one manager remarked, this latter commitment couldn’t be postponed, however pressing other projects might be.

Having accepted the Workplace Challenge as a priority, albeit one that had to compete with other priorities, there was a tendency for management to assume that it would also become a priority for the workforce. This was not, in fact, the case. Although shops stewards tried early in 1998 to raise the project at the monthly union meetings in Katlehong, it was not until the October 1998 meeting, almost a year after its introduction at Roodekop, that union members spent time discussing the project in its own right.
7.2.10 The Workplace Democracy Project

Although the Workplace Challenge had high-profile support from both government and national union leadership, in many ways it was a re-run of Workplace Democracy, the earlier workplace change project. From early 1996, the major thrust in developing Pipeco as a World Class Manufacturing company had been improving shopfloor relations. This reflected the increasing recognition of the importance of shopfloor relations for South Africa’s industry. It also reflected the recognition that, while Pipeco had successfully focused on market organisation, capitalisation, and technological innovations, there had not been “an equal dedication to superior people involvement.”

Increasing ‘people involvement’, i.e. the black workforce, took place with the MD introducing and driving the Workplace Democracy project, facilitated by a Pipeco-paid management consultancy, Democracy and Work. This process, which was implemented by a team of management ‘change leaders’, addressed ‘burning issues’ identified by the workforce and attempted to establish shared values – different from those practised in the past – for all stakeholders in the company.

While the project was credited with improving trust between managers and workers, it did not live up to expectations. A number of difficulties were encountered which, by early 1997, led to the process coming to a halt at Roodekop.

First, although a list of common values was agreed between stakeholder representatives, the resultant ‘Creed of Accountabilities, Rights And Empowerment’ was never launched. Management had become increasingly concerned that the concentration on values was leading the company into ‘Marshmallow Mountain’ – “where everyone thinks they are doing wonderfully well – but you’re getting no results at the end of the day.” Workers, on the other hand, were concerned that the values might be used as a new disciplinary code.

Second, Task Action Groups were established to address burning issues raised by workers. However, many of these issues were, like the grading system, complex.

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21 Kerr-Peterson with Nel (1996?:2).

22 Ninety values, grouped under ten headings, were developed. The headings were: mutual respect and trust, customer service, loyalty and commitment, dedication to quality, safety and health, empowered participation, people development, open communication and information, fairness and justice, and top class performance and leadership (Pipeco 1997).

23 Interview. The phrase appears to have been coined by Mike Kerr-Peterson.

24 Pipeco.11 (10/12/98).
and little progress was made. In particular, workers felt that management did not respond to their lifting of the union-called overtime ban which had been restricting output. The major lesson for the workforce was that Workplace Democracy had failed to deliver. This was contrasted with the union’s strategy of conflict, which had achieved much over the years. Some management members, on the other hand, felt that workers had “wanted, wanted, wanted and weren’t prepared to give.”

Third, though the union was consulted, no negotiated agreement over the process took place. Management felt that there was insufficient support for the process from the union and that the turnover of union officials prevented continuity. The union increasingly saw Workplace Democracy as posing a threat of ‘union substitution’, since worker representatives in the project were not always shop stewards. This kind of parallel structure to the management-shop stewards meetings threatened to undermine the unity and the importance of the union at Roodekop.

While the legacy of Workplace Democracy was largely negative, there were some positive aspects. Relationships between HR and the shop stewards improved. Additionally, HR management had learned lessons – particularly the need to rapidly demonstrate the project’s feasibility to the workforce through the resolution of important burning issues or improved remuneration.

7.3 Approaches to the Workplace Challenge

7.3.1 Management

The approach of management to the Workplace Challenge at Pipeco can be analysed through departmental portfolio positions, much as it could at Plastosheet. However, additional sources of tension within management were present at Pipeco as a result of the more complex management structure.

7.3.1.1 Execom

Execom members, particularly the outgoing MD, saw potential for the Workplace Challenge to resolve the question of union support – an obstacle that they felt

25 Interview.
Workplace Democracy had never overcome. Dialogue within the plastic sector’s Manufacturing Practices Working Group, in which Kerr-Peterson had been chair, had led to co-operation between unions and employers. He believed that “despite ideologies, you can actually come together and develop a common path for success.”

The Workplace Challenge’s wider legitimacy would, he thought, allow Pipeco to continue the stymied reforms. The successful reorganisation of the market and the upgrading of machinery had brought the company from the brink of bankruptcy to sustained profit. However, improvements needed to continue if it was to become world class – this required increased ‘people involvement’. Between the two Milestone Workshops in 1997, while he remained at Pipeco, Kerr-Peterson drove the Workplace Challenge with the same determination he had brought to Workplace Democracy.

7.3.1.2 Roodekop’s Plant Management

Roodekop’s managers had their own misgivings over the Workplace Challenge. They felt that late 1997 was not an ideal time to introduce a new project into the factory, since a lot of staff time was already committed to the introduction of the new computer-controlled Manufacturing Process System ensuring Year 2000 compatibility.

Execom, they believed, had unrealistic expectations over the speed at which the project could proceed. They also opposed Execom’s determination to run the Workplace Challenge at a company level, requiring the four sites with their three unions to proceed simultaneously. Roodekop, in common with other management teams, would have preferred to control the Workplace Challenge at plant level.

None of the managers had any doubt that the workers would be raising demands as a condition of participation in the project, though exactly what these demands would be was not known. Whether consensus over such ‘deliverables’ could be reached depended, in their view, on the ability of the shop stewards to

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26 Interview.
27 Roodekop.4 (20/11/97).
28 Roodekop.4 (20/11/97).
29 Roodekop.4 (20/11/97).
deliver on agreements. Some managers believed that shop stewards didn’t speak for the shopfloor, and that any agreement reached would be reneged upon.  

Even if agreements could be maintained from the workers’ side, management was unsure of its own ability to continue such a process given the impact of the economic cycle. During late 1997 orders were strong and it was thought that this might improve with increased expenditure on construction prior to the 1999 elections. However, at some point there would be a recession and this, combined with previous improvements in capacity, would mean layoffs, destroying any trust that may have been developed.

While Roodekop management had strategic differences with Execom, they also saw problems of which they believed Execom was unaware. They felt that these differences stemmed from Execom not having its ‘feet on the ground’. In addition to these differences with Execom, there were differences within Roodekop’s management. Ken Brown, Roodekop’s Personnel Manager, saw the earlier Workplace Democracy as valuable in improving relationships between shop stewards and management, even if the wider goals of the project had not been achieved. HR saw the Workplace Challenge as an opportunity to continue this process, but was acutely aware that shop stewards’ credibility with the workforce depended on their ability to deliver. With regard to this, HR was conscious that workers had recently defied their union’s overtime ban when the company had been struggling to meet its orders, but when shop stewards had asked for ‘something extra’, given their ‘co-operation’, the request had been “laughed off” by senior management. Shop stewards would want to be sure that they were not going to get the same response if they persuaded their members to participate in the Workplace Challenge.

Mike Jones, Roodekop’s Production Manager, thought that the Workplace Democracy project had actually done damage by raising expectations. He was sceptical about what worker participation in the Workplace Challenge could achieve.

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30 Roodekop.4 (20/11/97).
31 Roodekop.4 (20/11/97).
32 Two HR managers were influential in the Workplace Challenge at Roodekop. In addition to Brown, James Matlock, who was responsible for company-wide HR and who was based in Pipco’s head offices, was frequently involved. The two managers worked closely together and generally shared similar views on the project. Reflecting this, the term ‘HR’ in this chapter refers to both these managers.
33 Roodekop.4 (20/11/97).
34 Roodekop.15 (26/5/98).
35 Roodekop.4 (20/11/97).
He thought it would be of more use if shop stewards used their influence to emphasise the need for everyone to keep focused on their jobs and to avoid mistakes. However, he was more than happy to use the Workplace Challenge if it legitimated technical innovations that would raise productivity. The establishment of a task group to introduce a new die-change technique will illustrate this point (see Section 7.4.4.3).

7.3.2 The Workforce

7.3.2.1 The Rank-and-File

Roodekop’s workforce was introduced to the Workplace Challenge at a 7 a.m. meeting in the factory canteen in late November 1997. Management had agreed to two hours paid time and the machines were kept running by artisans under the company’s ‘Z plan’.36 Tanya van Meelis, CWIU’s Industrial Restructuring Officer and a member of the plastic sector’s Manufacturing Practices Working Group, and Bongani Magqaza, the factory’s union organiser, both spoke at the meeting in an effort to ensure that workers would participate.

The meeting was disciplined and efficiently run by Pitso Malinga, the senior shop steward. Over twenty of the ninety union members present spoke. The orderly answering of questions from the floor was scrupulously maintained. Whenever the meeting became noisy after a joke had been made, Malinga called for quiet with a gentle downward movement of his hands that was quickly accompanied by calls for ‘hush’.37

Workers expressed their concerns over the project. One pointed out that,

the management took us to another workshop [launching the Workplace Democracy project] and talked to us very nicely. [But] nothing has been addressed. Now they talk about World Class Manufacturing... but what about the small things that need to be addressed?... Can we trust this thing [that] you [the union] and management are bringing?38

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36 The Management’s ‘Z plan’ reassigned non-union employees into production jobs. This was used to allow union members to meet without machines having to be shut down, as in this case. It could also be used, with considerable overtime costs, to keep priority machines running during industrial action.
37 Roodekop.4 (20/11/97).
38 Roodekop.4 (20/11/97).
Suspicion as to the company’s motives were also raised by the very fact that it was professing to have changed. Almost a year later, in September 1998, a worker in Quality Control explained that, “It cannot be possible for someone who has been oppressing all along to suddenly change unless there is a hidden agenda…. That was a fear within workers. What was behind this sudden change?” 39 The most likely ‘hidden agendas’ were believed to be retrenchments or, as an operator in Extrusion thought, “the company was coming out with another of its tricks to persuade the workers to work harder without benefiting anything out of it.” 40

An extensive list of issues that needed to be addressed was then drawn up and agreed to by the meeting. These included: training, grading, wage increases, and employment security. Workers also wanted transparency of decision-making, for example being consulted on the installation of new machines. 41 One worker angrily asserted that by the end of the following year nothing on the list would have been settled. Van Meelis summed up the meeting saying that there needed to be progress on these issues - “only then [would they] be able to say yes or no [to the project].” 42

7.3.2.2 Worker Leaders

Malinga who had been central to the Workplace Democracy process, was cautious about what the Workplace Challenge might mean. He explained that, “We need to address the concerns of [our] people and see if we can gain future benefit…. We see them [i.e. management] thinking productivity, but that means that we have to work harder.” 43 This concern, shared by workers and their leaders, as to what lay behind management’s championing of the Workplace Challenge meant that the union’s guidance was important to them.

Despite this reliance, worker leaders critically assessed the value of the union. The earlier defiance of the union’s ban on overtime indicated their willingness to explore alternative strategies. That co-operation between workers and managers held potential benefits for workers and, at the same time, threats for the union, was not lost on worker leaders. As one explained:

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39 Interview.
40 Interview.
41 Roodekop.4 (20/11/97).
42 Roodekop.4 (20/11/97).
43 Roodekop.9 (25/11/97).
If really it works, the Workplace Challenge, and people could share the wealth of the company then the union was afraid that we shall lose members. Why do we have to belong to a union yet [i.e. when] we can get something from the company? The company can give out the wealth.\textsuperscript{44}

Support for the union’s position was not automatic. It had to be won. However, this did not mean that the union was about to be thrown overboard. As we shall see in the case of the training ‘debacle,’ the union was defended as the collective organisation of workers.

7.3.3 The Union

At the Roodekop meeting van Meelis explained the union’s view on the Workplace Challenge to the workforce. Restructuring of companies was a problem, she said, and couldn’t be left to bosses alone. World Class Manufacturing was being introduced to increase profits and there was a danger that this would be done through increased retrenchments and outsourcing. The most important thing was that new jobs were created.

As van Meelis noted, there was also the danger that much time would be committed to the structures running the project and that this could weaken the union. Workers didn’t need to participate, but there were dangers in not participating since management could then do what it wanted. Consequently, it was important that the workers “engage with restructuring in the union way”.\textsuperscript{45} An important step to ensure that the Workplace Challenge did not threaten jobs or the union would be the negotiation of a framework agreement.

However, CWIU’s policy on workplace re-organisation and its own internal politics made ‘restructuring the union way’ far from straightforward. All union officials were bound by union policy, which was hostile to key elements of company restructuring, including World Class Manufacturing, teams, ‘Green Areas’, and incentive schemes.\textsuperscript{46} Nevertheless, a need for pragmatism was recognised within the union and where there were ‘sufficient organisational strategic reasons’, policy could

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\textsuperscript{44} Interview. \\
\textsuperscript{45} Roodekop.4 (20/11/97). \\
\textsuperscript{46} CWIU (1997b).
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be put aside. Such situations were more likely at the plant level where local conditions might favour strategic deviations from national policy.  

Definitions of ‘sufficient’ reasons for putting aside national policy were, however, influenced by political outlooks and these differed within CWIU. Broadly, the majority of the union’s head office, to which van Meelis was attached, was ANC and/or SACP-aligned. In contrast, most officials of the Wits Branch, under which the Roodekop factory fell, were ‘ultra-leftist’ in outlook.

The Workplace Challenge was not central to these differences; the major issue was the question over whether the alliance between the ANC, the SACP, and Cosatu should be maintained, or whether it should be broken up and a ‘workers’ party’ established, as the ultra-leftists were urging. The Workplace Challenge was, however, evaluated from these wider perspectives, with ANC-led strategies supporting class cooperation in the interests of national development and ultra-leftists calling for a heightening of class conflict. Consequently, CWIU’s Head Office was cautiously willing to engage with the Workplace Challenge, thus legitimating it within the union. The Wits Branch leadership, which was largely responsible for the CWIU’s national policy on restructuring, was hostile.

By accident, Magqaza, the Wits Branch local organiser who covered Roodekop, held views that paralleled those of Head Office and was willing to engage with the project. This was not always easy. He had to defend his involvement in Roodekop’s Workplace Challenge project within the branch by reference to CWIU’s National Executive Committee’s decision to participate. The process also took up a great deal of his time and he had to be careful not to open himself up to accusations that he was ignoring workplace problems in other factories as a result. Despite this, he played an important role in the process at Roodekop, initially ensuring that workers agreed to participate and later persuading them to call off their boycott of the process.

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47 Interviews.
48 Inter alia Diary 21/3/98.
49 Interviews.
7.3.4 Line Management

Traditionally, line-management at Roodekop had been white, but increasingly this had changed with blacks being promoted up to the level of unit controller (see Figure 6). The promotion of black workers into supervisory positions appears initially to have been based simply on reliability in carrying out instructions or, as it was less charitably described, because “they used to say *baas*" to their bosses."51

Such individuals were clearly threatened by changes in the company, especially if they involved an operator becoming “responsible for his machine”.52 Rumours that the unit controller positions were to be abolished circulated early in the Workplace Challenge. The lack of any feedback mechanism to line management meant that such rumours persisted for some time.53 Initial resistance to the project was manifested by supervisors making it difficult for shop stewards to attend scheduled meetings. This only ended when senior management, frustrated by the shop stewards’ failure to attend, investigated the cause of their absence and applied pressure through the Production Manager.54

More recent appointments had been more meritocratic. This coincided with, and was influenced by, the more co-operative processes introduced by Workplace Democracy and Workplace Challenge. In these different environments, management was better able to see the qualities of individual workers undistorted by antagonistic relationships. While this change was by no means universal, it did mean that that some individuals who had held prominent positions in the union were now promoted.

Even though they were promoted because of their abilities such line managers faced a complex situation. While they were now located within the management command structures, they remained rooted within a very different culture – for example, returning each evening to the exclusively black townships. Those who had been active within the union were vulnerable to accusations that they had been

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50 *Baas* is an Afrikaans word which translates as ‘boss’ or ‘master’. It carries enormous significance in indicating racial subservience. The term *baaskap* is understood to mean white domination.
51 Interview.
52 Interview.
53 Interview.
54 Interviews.
promoted to remove “a good negotiator...out of his constituents”, or that they were affirmative action “window dressing”.

While they were often accused of having ‘jumped the fence’, their position was ambiguous. Malinga remained active in the union following his promotion, though he felt that “sometimes it [be]comes hard to have those two positions at the same time.... Even though I’m a member [of the union], they have suspicion. On the other hand, management also has suspicion. So I’m just alone here.” Even Alfred Dambe, a former senior shop steward who had left the union and become the factory’s Personnel and Training Officer, was sometimes still asked by workers for advice on union matters.

7.3.5 Consultants

Pipeco selected CCA, the same consultancy that worked with Plastosheet’s Workplace Challenge project. Their approach to the project has already been described in Chapter Six, Section 6.3.2.3. Their actual role in Roodekop’s Workplace Challenge project was more limited than in Plastosheet due to the greater capacity of agents at Pipeco and, as we shall see, their effective exclusion from the process after the training ‘debacle’.

7.4 The Workplace Challenge at Roodekop

7.4.1 Starting the Process: Roseneath

On 27 November 1997, bipartite delegations from all four Pipeco sites, along with Execom members, attended a meeting at the Roseneath Conference Centre close to the Roodekop factory. Notably absent were the CWIU officials who were at their national bargaining caucus. The purpose of the meeting was to agree to embark on the Workplace Challenge as a company, and to select a consultantancy to facilitate the process.

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55 Interview.
56 Interview.
57 Interview.
58 Interview.
The meeting was opened by Kerr-Peterson who explained why the company needed to embark on the project. While Pipeco was good on technology and was even able to export some of its technological innovations, he explained, it was weak in other areas, especially human resources. The country needed jobs and hence economic growth. This meant that the economy needed to be competitive. In fact, the situation was pressing, according to Kerr-Peterson: “Rome is burning.” The company faced competition from cheap labour imports, but following this was not the development route that the government wanted pursue. Recognising this, Kerr-Peterson said that the company was trying to follow a ‘high-wage route’. 59

When he then asked whether the project was “the right way to go” there appeared to be general agreement. Simon Applethorn, the company’s Financial Manager and a member of Execom, then took over from the MD and put up his summary of the objectives of the Workplace Challenge, taken from the Nedlac Report on the countrywide workshops on productivity held in late 1996 (see Chapter Five, Section 5.2.1). These were:

- Develop a new strategic vision
- Identify best operating practices to improve productive performance and competitiveness
- Restructure shopfloor practices to achieve best operating practice performance
- Adopt new training and skills development programmes to support and underpin restructured shopfloor practices
- Implement new democratic institutional arrangements to govern the process of transformation 60

Applethorn stressed the need for Pipeco to move onto the ‘new strategic vision’ or, as he described it, the “new ground” that they offered. 61 This summary of objectives was accepted as the basis by which delegates would evaluate presentations made by the four consultancies tendering for the project. After the presentations, the MD again took the floor and suggested that they should now vote on the basis of the presentations, rather than having their “minds swayed by discussion”. 62 With the exception of the two Roodekop shop stewards present, all the participants rated the four consulting firms. CCA emerged as the clear favourite.

59 Pipeco.9 (27/11/97).
60 Roodekop.7 (20/11/97).
61 Pipeco.9 (27/11/97).
62 Pipeco.9 (27/11/97).
The Roodekop shop stewards felt that an agreement reached between CWIU and Roodekop management two days earlier to start the process by negotiating a framework agreement was not being honoured. In the absence of their officials they were not sufficiently confident to intervene with their objections. The MD and other Execom members were clearly aware of this and, by keeping the meeting going at a rapid pace they made such objections difficult. Feedback from the earlier Roodekop meeting was finally scheduled at the end of the day, with CWIU’s proposal for a framework agreement noted as a “minority view”.

7.4.2 The Framework Agreement

Top management saw the framework agreement as unnecessary given the new agenda provided by Nedlac. CWIU and factory management, especially HR, saw negotiating a framework agreement as the best way of proceeding given the failure of the previous Workplace Democracy project. In the absence of CWIU officials from the Roseneath meeting, top management appeared to be winning on the issue of a framework agreement.

However, a decisive shift towards the negotiation of a framework agreement came, somewhat unexpectedly, from the CCA consultant, John McKeefry. After CCA’s selection by the company he outlined where the consultancy could assist in the implementation of the Workplace Challenge. To the evident delight of the HR managers and CWIU shop stewards, he stated that a “framework agreement is critical for a company of your size.”

Negotiations began in late March 1998 and continued over five days. A brief introduction to the agreement, added to the second of five drafts and left unchanged, outlined that, “Business and labour have shared interests in developing a plastics converting industry which is able to create sustainable enterprises and jobs and to maintain and expand existing employment.” Other than this general vision, the document and the negotiations themselves were focused directly on practical issues of workplace change.

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63 Roodekop.9 (25/11/97).
64 Roodekop.9 (25/11/97).
65 Pipeco.11 (10/12/97).
66 Pipeco.22 (23-27/3/98).
Two key national assurances were agreed during the negotiations: that no job losses would result from the project and that workers would be represented only by shop stewards in the envisaged National Workplace Challenge Forum. In addition, local (plant) forums were also to be set up. The question of incentives was worded to the satisfaction of CWIU by stating that the distribution of gain from the project would be agreed by consensus. This catered both to the letter of CWIU policy and to its spirit, which saw incentives as a tool to divide workers through competition and as a source of patronage in the hands of management.67

One point that proved difficult to deal with was the term ‘World Class Manufacturing’. The phase was unacceptable to Magqaza’s principal – John Appolis, the Wits Branch Secretary. Magqaza explained during the negotiations that the union “didn’t have a problem except with [the] wording”, and offered the alternative of “improvement of productivity and working life”.68 Management negotiators, however, were adamant that at least one reference to the phrase should remain. This reflected their mandated position, but also their own view that it was what they wanted Pipeco to become.69 In the end there was an agreement to search for a mutually acceptable form of wording.

This was never done and the document remained unsigned.70 Nevertheless, it was used extensively at Roodekop both directly and through extensive reference to it in the local Workplace Challenge committee constitution. However, two aspects of the agreement were never developed. These were, first, the establishment, by consensus, of a means of equitably sharing gains resulting from the project, something that was to have major implications and, second, the establishment of the National Workplace Challenge Forum.

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70 Magquaza saw the deadlock over wording as significant. Other factors were also important, however, in explaining why the agreement had not been finalised – notably the union’s limited capacity and its internal differences over the Workplace Challenge (Interview). Management also made little attempt to get the agreement signed, since without finalisation they did not have to implement aspects of the agreement, that they disliked, such as the national forum.

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7.4.3 Training

CCA's Workplace Challenge proposal envisaged that no training would start until the framework agreement and plant-level committee constitutions had been agreed. Roodekop adopted a constitution for its Workplace Challenge committee in April 1998. The document drew much of its content from the national framework agreement, adding only rules for the factory's Workplace Challenge committee.71

Shop steward elections had also taken place in April, with a less experienced set of shop stewards being elected. Amos Galeni, an operator, was selected by the new incumbents as the senior shop steward. Agreement for five shop stewards on the Workplace Challenge committee allowed Aaron Mofokeng, who had been replaced by Lucky Randera as B shift's shop steward, to continue his involvement in the project.72 There had also been management changes. Roodekop's new Factory Manager, Piet Esterhuysse, had been briefed by HR on the Workplace Challenge and attended the two-day training session.73

7.4.3.1 Day One: Building Trust

The first day of training, run by McKeefry, focused on the operation of Roodekop's Workplace Challenge committee. As with the Plastosheet training, it began with management and shop stewards playing each other in a ten-round Prisoner's Dilemma exercise. Both sides 'defected' for the first four rounds before representatives met and agreed to co-operate. Despite discussions over the advantages of defecting, the agreement held for the remaining six rounds. McKeefry commented that this was one of the "best" results he had seen in approximately thirty such games.74

The rest of the day, in which the role of the Workplace Challenge committee and decision-making processes were discussed, progressed well and Randera eventually asked what would happen to line management if the project continued. Since, he explained, the "whole vision was one in which each and every employee
was capable and flexible and able to sort out problems”, there would be no need for them. Brown explained that everybody in South Africa was effectively doing the job of the person below them. If supervisors were freed from this, they could do their proper job of co-ordinating production.

Late in the afternoon Esterhuyse pointed out that management probably didn’t even know where their employees lived or how they travelled to work. He suggested that the committee hold a session in which they found out about each other’s lives. The shop stewards were clearly elated about this proposal and Brown appropriately commented in a stage whisper, “I think he scored there.”

7.4.3.2 Day Two: The Teams Debacle

The second day of training was run by Allan Leslie, another CCA consultant, and attempted to look at shopfloor practices. One technical issue and three ‘people issues’ were proposed by Leslie for the project in Roodekop. The technical issue was ‘set-up time reduction’ or die changes. This was not a new issue to Pipeco. In Roodekop, set-up times were the major cause of machines not been available, and machine availability was the weakest of the three factors contributing to Overall Equipment Efficiency. The three ‘people issues’ – visual performance measures, shopfloor teams, and problem-solving for continuous improvement – were intended to facilitate this reduction of set-up times.

For the shop stewards, introducing shopfloor teams posed a problem. Union policy, which had been circulated to them by the CWIU prior to the training, stated that “teams...divide workers and introduce competition among workers....[T]hey are nothing more than attempts to weaken and undermine the union and hide the fundamental differences between us and companies....”

Randera attempted to raise the problem by asking how they could work as a team given the pay imbalances in the workplace. Leslie brushed this aside, saying that McKeefry would be able to help them with the issue of grading. After lunch, during

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75 Roodekop.13 (12-13/5/98).
76 Roodekop.13 (12-13/5/98).
77 The issue of reducing die change times had been addressed by a sub-committee of the Workplace Democracy project headed by the Production Manager. This had, among other things, introduced improvements such as the pre-heating of dies (Pipeco 1996).
which the shop stewards were able to confer, the problem was put more bluntly by Mofokeng. He said that since they did not agree with teams, they were not willing to discuss them.  

Leslie responded by saying that he wanted them to “take a step back” and to “step through the logic”.  

Stepping through the logic consisted of re-running the morning’s explanation of why addressing people issues, including the introduction of teams, would impact positively on production. Not surprisingly, little progress was made and, in the face of Leslie’s increasingly evident failure to convince the shop stewards, the session began to flounder. Eventually Mofokeng led the shop stewards in a walkout to caucus over the problem. They rapidly concluded that they rejected ‘teams’, but approved of ‘teamwork’ if that meant co-operation on the shopfloor. This was accepted and the training continued, although by then most of the afternoon had been spent on the issue.

Underlying this apparent pedantry was an important issue for the shop stewards. If they were going to co-operate in workplace change, they expected to be treated as equals. While they understood ‘teams’ to be something that management would use to exploit them, they were not against co-operation on the basis of mutual contribution and benefit. By terming such co-operation ‘teamwork’, they believed that they were making this point clear.

The training incident greatly weakened the credibility of the consultants and, having lost their position of managing the project’s development, they found it difficult to re-enter the process. They made little further contribution to the Workplace Challenge at Roodekop.

7.4.4 Progress

7.4.4.1 ‘Talking Nicely’: The Workplace Challenge Committee

Although the team issue had damaged the process, factory management – notably Brown as the committee administrator – and the shop stewards agreed to start regular

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79 Roodekop.13 (12-13/5/98).
80 Roodekop.13 (12-13/5/98).
81 See Chapter Three, Section 3.7.2 for further details of this incident.
82 Roodekop.13 (12-13/5/98).
meetings. Two events were subsequently to disrupt the Workplace Challenge in Roodekop. The first, in the form of a worker-mandated boycott, delayed the project for two weeks over May and June 1998. A second disruption resulted from the national strike in the industry which lasted for almost three weeks at the beginning of August 1998. Despite these obstacles, however, progress was made.

The ‘get-to-know-each-other’ sessions took place with genuine interest on both sides, but it was clear that lines of communication between the committee and the rest of the factory would to be more difficult. As Randera put it during the first meeting, “here we are talking very nicely, but elsewhere there is less co-operation.”

This referred to supervisors making it difficult for shop stewards to attend the committee meetings – something that was ‘sorted out’ when Esterhuysie took the matter up. A broader, and more difficult, communications issue was how the workforce as a whole should be kept informed.

On a practical level, shop stewards were aware of how easy it was for rumours to take hold, especially over issues as controversial as the Workplace Challenge. An initial proposal by management for shift-based feedback meetings had been rejected on the grounds that these would “lead people to think differently and to confusion [i.e. division] among the workers.”

Shop stewards explained that it would be better to brief the entire workforce in one meeting on the project’s progress. This desire to deliver a single message to the workforce was not only to avoid division among workers, but also to maintain the fragile unity among shop stewards. While urged by the union to accept the project, they did so with very different levels of enthusiasm. Moreover, they were all aware that if the project did not deliver something to the workers, those who had been seen to champion it would be held responsible.

Additional personal tensions between shop stewards entered into this situation and eventually broke into the open at the end of October 1998. While articulated in terms of tactics in dealing with the management, the root of the disagreement lay in the failure of the new and largely inexperienced shop stewards to co-ordinate their roles. This absence of co-ordination was exposed by Randera, who differed with Galeni, the senior shop steward, during a project meeting. This public breaking of ranks undermined Galeni and opened up a power struggle between the two that had

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83 Roodekop.20 (9/6/98).
84 Interview.
85 Roodekop.68 (6/10/98).
been latent ever since the initial decision to select Galeni as the senior shop steward after the union elections in April 1998. The dispute was taken to the November monthly meeting where it merged with other divisions within the workforce. Randera, who had emerged as the key proponent of the Workplace Challenge, was deselected as a shop steward.

7.4.4.2 All on the Same Side?

The shop stewards' repeated calls for factory-wide meetings were not only a reflection of the tense relationship among themselves and the difficulties that they encountered in championing a project about which the workforce felt distinctly ambivalent. There was also a symbolic aspect involved. Those stewards supporting the project felt that if the Workplace Challenge was for the whole company, then everybody should be involved in regular meetings. As one shop steward put it, it was “important to move as one unit, so [that we are] all on the same side.”

In particular, they wanted joint reports to the workforce from Workplace Challenge committee representatives. This was not only to ensure that everybody got the same message, but also because if the Workplace Challenge was for everyone in Pipeco, this should be reflected with representatives of both management and labour standing together over the project. In a microcosmic version of national calls for unity in post-apartheid South Africa, Malinga explained that:

The Workplace Challenge must be different...in the sense that we need to see shop stewards and the management, both of them addressing us.... We need to see a join venture...all the whites and blacks, not only the blacks.... What does it demonstrate to us [if there are] blacks on that side and whites that side?

The shop stewards proposed a monthly meeting of the factory’s entire workforce. Esterhuysen, having consulted with the new company MD, offered two such meetings a year due to cost implications. No agreement over this was reached and feedback continued to rely on ‘communication briefs’ written by Brown that were

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86 Roodekop.65 (4/10/98).
87 Roodekop.68-Roodekop.74 (6/10/98 – 19/11/98) passim.
88 Roodekop.25 (23/6/98).
89 Interview.
90 Roodekop.29 (7/7/98).
posted on the notice boards. Although cost was a consideration in rejecting factory-wide meetings, the proposal had less than enthusiastic support from factory-level management. Although they understood the need for good communications, none of them considered that such meetings might have symbolic as well as practical value. What, in fact, concerned managers most was that a factory-wide meeting would mean losing part of their weekends, since Saturday mornings would be the logical time to hold them.

7.4.4.3 The Set-up Task Group

At the first Workplace Challenge committee meeting, management raised the issue of die changes and how there were considerable savings to be made in reducing set-up times. Shop stewards agreed, but wanted to know if the suggestions of operators would be taken into account. While this was accepted, the Set-up Task Group, which was established in June 1998 to look at the issue, met only long enough for Jones, the Production Manager, to launch a technical innovation that he had wanted to try out for some time.

The Set-up Task Group was dominated by Jones. Although he constantly asked worker representatives for input, they were clearly not in a position to contribute to the technical discussion that Jones initiated. The Production Manager’s proposal was for a high-tech ‘Formula One’-type change of the die’s mandrill tip while the machine was temporarily stopped but not shut-down. By eliminating the normal shutdown process, considerable savings were envisaged. It was also anticipated that Production, the Die Shop, and the electricians would have to cooperate, given the importance of working swiftly if an excessive build-up of pressure behind the die was to be avoided. This technical approach contained little that the operators could engage with. As Jones pushed ahead, shop stewards concluded that the task group was “going management’s way”.

91 Roodekop.22 (18/6/98). On a 110mm pipe this was estimated to cut a gauge change from 350 minutes to 25, and to reduce scrap by over 400Kg. The savings, per change, were estimated at R4,764 (MW(II).7 5/11/98).
92 Roodekop.22 (18/6/98) and Roodekop.25 (23/6/98).
93 Roodekop.36 (28/7/98).
7.4.4.4 Savings in the Slow Lane

Many of the problems actually experienced in production were the result of poor organisation and communication. Operators were well aware of the nature of these difficulties and shop stewards raised a number of such issues during Workplace Challenge meetings. For example, it was pointed out that even though the operator knew a problem required technical attention, each level in the production hierarchy would try to adjust the machine before calling their superior. Meanwhile, scrap continued to be produced. The culture of deliberately passing problems on between shifts and between departments was also raised.94

Additionally, observations of die changes demonstrated that there were many low-tech possibilities for reducing set-up time.95 For example, the die change on Number Three machine on 17 July 1998 proceeded slowly because an accident the previous night had put the belling machine, at the end of the line, out of action for several hours (Photo 20). Until the backlog of 400mm pipes now stacked outside in the yard (Photo 21) had been brought back in and belled, the die change to the new 315mm size could not be completed.

The accident had resulted from a forklift hitting the storage rack of Number Three machine as it was manoeuvred in to collect pipe from Number Seven machine. This machine, which had only recently been placed next to Number Three machine (see Figure 5), resulted in a bottleneck between the two machines with trolleys for Number Three having to be removed to allow access to Number Seven. No operators had been consulted before this machine was moved.96

While the belling of the 400mm pipes was a priority if production was to be restarted, the operator only spent one and a half hours out of four under observation actually belling. This was due to a number of factors, the most important being the shortage of forklifts and trolleys available. The operator required these if he was to get the 400mm pipe back onto his machine for belling and out again to clear the backlog. The shortage of forklifts was compounded by the lack of a rational allocation system. Getting the forklift to shift pipes was, for the operator, a matter of catching

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94 Roodekop.68 (6/10/98).
95 Two die changes were observed. A front-end (gauge) change on 110mm pipe (9/7/98) and a line change from 400mm to 315mm pipe (17/7/98).
96 Interviews.
the driver’s eye. At one point, the forklift moving the 400mm pipes was taken off this job by a supervisor who wanted it to collect scrap so that he could balance his spreadsheet (of materials, scrap and product) before the end of the shift.97

This observation of die changes was carried out (by the researcher) with the intention of recording the situation prior to any improvements that the Set-up Task Group might implement. However, rather than establishing the basis of a ‘before and after’ account, what was revealed was that die changes were affected by numerous, often simple problems, none of which were being addressed by the Set-up Task Group, although they were apparent to shopfloor workers.

7.4.5 The Boycott: ‘Something for Something’

Although the framework agreement separated the Workplace Challenge from ‘substantive’ issues such as pay, Roodekop workers mandated their shop stewards to withdraw from the project at the end of May 1998 – ostensibly in support of the union in the national wage negotiations which were deadlocked. What actually underlay this breach of the framework agreement was the widespread feeling among the workers that they needed to see real benefits if they were to co-operate with management. There needed to be “something for something, not nothing for something”.98

On being informed of the boycott, Magqaza asked that management allow a general meeting of the workforce. He was confident he could “clarify the need to separate the two things”.99 While Magqaza was not in a position to overrule the workers’ mandate, he could get them to reverse their decision. Management agreed to this and put its ‘Z plan’ into operation the following morning for an hour to allow Magqaza to address the workforce. Management stressed the importance of the project to both Magqaza and the shop stewards. Esterhuyse raised the upcoming Milestone Workshop in which the company would have to report progress. Matlock said that the companies taking part in the Workplace Challenge were role models for the plastics industry: “They are looking at us. It’s not about Pipeco; it’s about our industry. It’s important that we resolve this as a matter of urgency.”100

97 Roodekop.33 (17/7/98).
98 Roodekop.57 (26/8/98).
99 Roodekop.15 (26/5/98).
100 Roodekop.15 (26/5/98).
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97 Roodekop.33 (17/7/98).
98 Roodekop.57 (26/8/98).
99 Roodekop.15 (26/5/98).
100 Roodekop.15 (26/5/98).
However, Magqaza was unable to clarify the situation since the more militant B shift\textsuperscript{101} failed to turn up for the meeting. The shop stewards were themselves divided on the boycott. Some agreed with Magqaza. Others felt that the project could be used to leverage a concession from the management – something that they felt they were owed after their defiance of the union’s overtime ban. This, of course, could not be said openly to the union organiser. While Randera, B shift’s shop steward, was increasingly committed to the project, his shift members remained sceptical. They sent a different representative to explain that they felt the matter needed to be discussed in a full general meeting of the workforce.\textsuperscript{102}

This took place on 7 June 1998 in the Phooko Centre in Katlehong. The meeting room was without furniture other than a metal bench, which the shop stewards and older workers occupied. Electric cables ran along the tin roof and hung down into the room suspending empty sockets or bare wires. The windows had been painted over and the only light came through those that had been smashed. The forty or so workers who attended stood in the gloom throughout the meeting which, due to start at eight o’clock, got underway around nine-thirty and went on until after twelve. Galeni chaired the meeting and Mofokeng took the minutes with a borrowed pen.\textsuperscript{103}

The boycott was quickly resolved with Magqaza explaining that five companies were participating in the Workplace Challenge, but that the wage negotiations concerned the whole industry. He also referred to the framework agreement. The meeting accepted the organiser’s authority and agreed to return to the project.\textsuperscript{104}

In Plastosheet the boycott of Workplace Challenge ended when workers had ‘blinked first’ in a confrontation with management. In the case of the boycott of the project at Roodekop, it was again workers who ‘blinked first’, but this time effectively in a confrontation with their union.

\textsuperscript{101} Management put B shift’s militancy down to ‘stirrers’ who did not take positions of responsibility but remained hidden. Members of B shift put their militancy down to being a younger and more politicised group. They also felt that other shifts took advantage by waiting for them to take decisions over issues (Roodekop.16 27/5/98 and MPWG.24 4/6/98).

\textsuperscript{102} Roodekop.16 (27/5/98).

\textsuperscript{103} Roodekop.18 (7/6/98).

\textsuperscript{104} Roodekop.18 (7/6/98).
The return to the project did not mean that the matter of incentives for participation was closed. HR management was, in fact, pushing for some form of gainsharing, which they saw as essential to the project’s success. To facilitate this, they arranged for McKeefry to talk to management members.

This meeting was used by both the consultant and the HR managers to impress upon the two Execom members present the need to move quickly. An important question was whether it should be a profit or gainsharing scheme. While the consultant strongly suggested that it should be gainsharing on the grounds that this afforded a ‘line of sight’ that workers would understand, it was clear that Execom members were already thinking of a profit sharing scheme. Non-Execom management cynically viewed Execom’s preference for a profit sharing scheme as a result of the fact that there was “a lot in it for them”.

Proposals for a company-wide profit-sharing scheme were drawn up by management, but these had not been presented to the company’s board of directors by the final project Milestone Workshop. Additionally, management plans to give a one-off bonus payment to the workforce to “say thank you for helping the company to post some very good results” were cancelled following the 1998 strike. This followed a similar disappearance of a proposed one-off bonus discussed by management in late 1997, but withheld for fear that it might be interpreted as a ‘bribe’ to participate in the project or, later, not to take part in industrial action.

Workers were not aware of this incessant discussion among managers over whether some form of bonus should be given. Nevertheless, they did not need to be a party to these discussions to note that the framework agreement to develop an incentive scheme was not materialising. The failure of the company to take any visible steps to ‘give out the wealth’ was cause for widespread disappointment among workers and their leaders. Additionally, those leaders who supported and worked for co-operation with management found themselves increasingly undermined.

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105 Gainsharing distributes savings made in production in an agreed ratio. Profit-sharing distributes a percentage of company profits. The former is directly influenced by workers’ actions, the latter is additionally influenced by factors outside workers’ control.

106 Roodekop.15 (26/5/98), Roodekop.16 (27/5/98) and Roodekop.17 (28/5/98).

7.4.6 The Strike

By the end of July 1998, the Workplace Challenge was facing a number of problems in Roodekop. The most immediate threat to the project was the failure of national negotiations between the CWIU and employers. A 'full-blown' strike was called at the beginning of August 1998. Unlike the boycott, which emanated from within the workforce, the strike emanated from outside the factory.

Although the majority of CWIU's national membership voted for strike action in the national ballot, at Roodekop sixty percent of the union opposed industrial action.\(^{109}\) Whether the plant would strike was initially uncertain with members of B shift threatening to boycott the march scheduled to precede the strike.\(^{110}\) Both the union organiser and shop stewards held meetings with B shift on the eve of the march, and the following morning, 29 July 1998, almost the entire workforce turned up for the march (Photos 22 and 23).

The national CWIU speaker at the march told the workers that the bosses had declared war on the workforce by refusing to meet its demands for a 10.5 percent increase.\(^{111}\) This theme was picked up throughout the day with workers urged to "prepare for war". John Appolis, the Wits Branch Secretary, took this further and explained that there was "a war every day in the factory between bosses and workers."\(^{112}\)

When the union held its regular monthly meeting the following Sunday, hardly a voice was raised from the fifty or so members present, despite shop stewards urging them to 'cough out' their reservations over the strike that was to start the next day.\(^{113}\)

7.4.6.1 The Strike at a National Level

At a national level, 47,000 workers from CWIU and Sacwu struck for three weeks. In terms of workdays lost it was the second largest strike in South Africa during 1998. The 846,000 workdays lost constituted over a fifth of the 1998 total (Government

\(^{108}\) Interview.

\(^{109}\) Roodekop.36 (28/7/98).

\(^{110}\) Roodekop.36 (28/7/98).

\(^{111}\) Both CWIU and Sacwu were demanding 10.5 percent; the employers were offering between six and eight percent.

\(^{112}\) Roodekop.37 (29/7/98).

\(^{113}\) Roodekop.38 (2/8/98).
However, other than local settlements, few concessions were forced from the employers.

Initially, the strike was dominated by the early but short-lived threat to petrol supplies as a result of strikers blockading refineries.\textsuperscript{114} The Sowetan, the largest circulation newspaper with a predominantly black readership, urged the parties to resolve the strike speedily. It argued that, “The prohibitively high cost to our economy makes this imperative. In fact it demands that they elevate national priorities above their sectional interests.”\textsuperscript{115} The levels of violence in the strike were also of concern. This included shootings and firebombing at companies in the Alrode industrial estate near Roodekop.\textsuperscript{116} By comparison, events at Roodekop were largely peaceful.

7.4.6.2 The Workers' Strike at Roodekop

On the workers’ side, the strike at Roodekop was highly organised with three committees operating within the workforce. Shop stewards and their alternatives, relying strongly on the union official, dealt with negotiations; the Strike Committee, elected at the monthly meeting, organised picketing and marches; and the Disciplinary Committee was responsible for internal order. While each committee had its area of responsibility, major decisions were generally taken between members of all three committees that collectively represented the formal and informal leadership of the workforce.\textsuperscript{117}

All CWIU payroll employees joined the strike, including the shift supervisors and one supervisor-level employee who was acting as a unit controller. It was agreed that CWIU members in staff positions\textsuperscript{118} would continue working since the pay negotiations did not affect them.\textsuperscript{119} An agreement was later reached with management that these members would not be moved from their normal duties to production.\textsuperscript{120}

All the strikers were expected to arrive at the factory by 7.30 a.m. to start picketing. Their attendance was recorded by the Disciplinary Committee. Fines, at a rate agreed by the strikers, were imposed on those who were late or absent.

\textsuperscript{114}\textit{Inter alia} The Star. "'Fuel strike war' as police, workers clash", p1. (5/8/98).
\textsuperscript{117} Roodekop.36-Roodekop.53 passim.
\textsuperscript{118} Between three and five employees were in this situation (Roodekop.42 6/8/98).
\textsuperscript{119} Roodekop.38 (2/8/98).
\textsuperscript{120} Roodekop.42 (6/8/98).
Additionally, those who broke these rules were made to stand on a crate in the middle of the assembled workforce to explain themselves (Photo 24). Such explanations were ended with the transgressors leading chants of “Viva Cosatu! Viva!” and “Viva, CWIU! Viva!”121 Most afternoons a small group was left at the factory gate to maintain a presence while the majority of the workforce marched to other CWIU-unionised factories in the Roodekop area to demonstrate support. Pipeco also hosted such demonstrations (Photos 25 and 26).

On the first day of the strike, picketing was intense with a few minor incidents between workers and delivery drivers that were largely contained by the shop stewards. The most notable of these was when a black contractor entered the factory, ostensibly to make a delivery, and then loaded pipes onto his bakkie (pick-up) at Sales. The strikers refused to let the truck leave until it was unloaded (Photo 27). Shop stewards believed that this had been a deliberate ‘probe’ by management to test the determination of the strikers.122

After the first day, traffic coming to the factory diminished as suppliers heard about the picket. Some of this traffic was allowed through if it did not relate to production. However, no raw materials were allowed in and no products allowed out. Picketing ended between 3.30 p.m. and 6.00 p.m., depending on circumstances, usually with a meeting at the gates and sometimes singing and toyi-toying123 up and down the main driveway of the factory.124

As the strike dragged on and a national settlement above the employer’s last offer became increasingly unlikely, attention was focused on gaining some concession at the plant level. A number of companies in the sector did make settlements (generally disguised) above the industry offer, and workers hoped that the same might be achieved at Roodekop. Negotiations with management, led by a CWIU official, were opened up but the refusal of management to contemplate a company-level settlement only added to workers’ frustration.

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121 Roodekop.41 (5/8/98).
123 Toyi-toying refers to slow, co-ordinated rhythmic dancing steps common at demonstrations in South Africa (see Photo 22).
124 Roodekop.36-Roodekop.53 (28/7/98 – 17/8/98) passim.
Management’s Strike

Management put the ‘Z plan’ into operation with artisans and staff operating twelve-hour shifts to meet priority orders. Some Head Office personnel worked in Dispatch where trailers were loaded during the day and picked up once the strikers had left. These arrangements, an open secret, kept key customers serviced, but raised costs.\textsuperscript{125} Overtime payments and lost production were estimated at around R1.1m for the twelve workings days lost to the strike.\textsuperscript{126}

Views on how the strike should be dealt with differed. HR, who handled most of the strike, preferred that it run its course and focused on maintaining communication, rather than escalating the situation. As a result, they welcomed openings to negotiate picketing procedure at plant level and a series of meetings took place. They were also receptive to the union’s attempt to open more substantive negotiations at plant level, although they were not in a position to offer anything. More hawkish management – notably Sales and, as the strike wore on, the MD (now Peter van Zyl, who had replaced Kerr-Peterson in May 1998) – insisted that business be carried out as normal.\textsuperscript{127}

Conflict: Division and Solidarity

The conflict polarised workforce and management. While physically they remained close, psychologically they moved apart. This was most clearly manifested in each side’s ability to understand their own internal divisions, and their inability to see the divisions of the ‘other’.

Thus, the workforce was unaware of the intra-management struggles over how the strike should be handled.\textsuperscript{128} They were, however, aware that their own differences over industrial action were resurfacing. By the second week of the strike, shop stewards believed that most people now wanted to go back to work, but that nobody dared say so directly.\textsuperscript{129} Management, while straining to pick up signs of a return to work, were unable detect this. Instead, during a caucus in plant-level negotiations, a

\textsuperscript{125} Roodekop.40 (4/8/98).
\textsuperscript{126} Interviews.
\textsuperscript{129} Roodekop.48 (12/8/98).
manager reflected that the workers’ [apparent] unity was about them being “all together, [they] share pain as well as good times.... [It’s] ubuntu\textsuperscript{130} which we whites don’t understand.”\textsuperscript{131}

The way in which South Africa’s racial divisions reinforced the gap between striking workers and management was illustrated when management discussed the union official’s request to talk to working staff members – a number of whom were black. Despite the official’s suggestion that Esterhuyse be present and that the meeting be conducted in English, management was afraid of what might happen. In caucus they tried to predict the outcome of such a meeting. One manager asked bluntly, “Is this a black thing?” If, as they feared, it was, the official would, they believed, be able to apply “blatant-subtle \textit{sic} threats”, despite the factory manager’s presence, and black staff would somehow be compelled to join the strike. The request was refused.\textsuperscript{132}

Maintaining unity was important to both sides. A management member described the company not exceeding the wage increase agreed by their employer association as comparable to a trade union issue in which they had to “stick together”.\textsuperscript{133} The workforce demanded full daily participation of its members. When this solidarity was transgressed, for example when strikers arrived late for picketing, public rituals of shaming followed by re-integration were carried out.\textsuperscript{134}

As the conflict intensified, these demands for solidarity increased. When, at the climax of the strike (see below), workers padlocked the gates and toyi-toyed behind them, Brown tried to get a message to the shop stewards via Randera that the MD was now willing to speak to them as requested. Before this message could be conveyed however, Randera was dragged forcibly back by workers. This episode contrasted with the casual contact between Brown and shop stewards that took place at other times during the strike. It also contrasted with Browns’s ability to walk alone through the same toyi-toying group to speak to other management members locked outside the gates.\textsuperscript{135}

\textsuperscript{130} \textit{Ubuntu} is a Sesotho term popularised in South Africa during the 1990s. It expresses the African understanding that ‘people are people through other people’, and that a spirit of mutual support should be promoted. The term was included in the Interim Constitution of 1993.

\textsuperscript{131} Roodekop.48 (12/8/98).

\textsuperscript{132} Roodekop.42 (6/8/98).

\textsuperscript{133} Roodekop.47 (12/8/98).

\textsuperscript{134} Roodekop.39-Roodekop.53 (3/8/98 – 17/3/98) \textit{passim}.

\textsuperscript{135} Roodekop.51 (13/8/98).
7.4.6.5 The End of the Strike

Financial pressure on strikers, the lack of any foreseeable national agreement, and the refusal of the management to settle outside of the national negotiations meant that the strike had become precarious by the end of the second week. The Workplace Challenge was an obvious ‘weapon’ that could be used by workers. On Thursday, 13 August 1998, workers marched around the office building with placards reading ‘No 10.5%, No World Class’ (Photo 28). Despite the workforce’s willingness to stake cooperation over the project for their wage claim, the shop stewards chose not to formalise this threat in negotiations. Rather, they opted to escalate the picketing informing the workforce that “this is war, gentlemen. Nothing in or out [of the factory].” The shop stewards insisted that they negotiate with the MD rather than factory management hoping that this might lead to a concession that factory-level management was evidently not in a position to offer.

The blockade of the factory achieved direct negotiations with the MD that afternoon but it did not bring concessions. In fact, the workers now faced a hard-line approach from which they had previously been shielded as a result of moderate management control of strategy at the plant level. Van Zyl said that the issue had to be taken “back to basics”. Under the South African Constitution, they had the right to strike, but he had the right to run a business. This right was being infringed upon. The labour lawyer that he had engaged told the shop stewards that they would have to comply with an interdict restricting picketing or face the consequences of 100 people becoming jobless.

In caucus the shop stewards now accepted that it was “a losing battle” and concern centred on getting a return to work agreement that minimised the effects of defeat. The importance of this was stressed by one of the shop stewards who explained that “if people go back [to work] one by one, we will end up killing each other in the location [i.e. township].”

136 Roodekop.51 (13/8/98).
137 Roodekop.51 (13/8/98).
138 This was the first time the MD had met the shop stewards since arriving in May 1998.
139 Roodekop.51 (13/8/98).
140 Roodekop.51 (13/8/98).
Management was informed that a ‘free flow’ of traffic through the gates would be permitted and further negotiations were scheduled for the following Monday. Van Zyl accepted the climb-down graciously and agreed to the organisation of transport to the townships since it was late and public transport had stopped. He added that in an open economy overseas companies saw only a South African company to compete with, not workers and management. “We must fight as one.”

Negotiations the following Monday secured a back to work agreement for the next day. The management was still uncertain as to whether workers were intending to continue the strike or not and, in the light of this, made some concessions. Although van Zyl had earlier insisted that action was to be taken against all workers who had breached disciplinary codes, factory management agreed to a ‘no discipline’ clause in the agreement.

7.4.7 The Project’s Demise

The agreement not to pursue any formal disciplinary action assisted a relatively smooth return to work. Despite initial feelings that a rapid return to the Workplace Challenge process was unlikely, discussions between Brown and the shop stewards resulted in the project committee meeting again in September 1998. This swift restart to meetings did not mean, however, that the strike had not damaged the Workplace Challenge.

The failure of the company to offer any kind of pay rise above the industry offer, as other companies not engaged in such projects had done, was seen as a further example of management’s unwillingness to ‘share out the wealth’. This, combined with management’s continued foot-dragging over any form of incentive scheme, entrenched the widespread view among workers that the Workplace Challenge was no different from previous calls to help the company which had gone unrewarded. Moreover, the initial attempt to raise productivity was, as we have seen, hijacked by

140 Roodekop.51 (13/8/98).
141 Roodekop.51 (13/8/98).
142 Roodekop.53 (17/8/98).
143 This contrasted with, for example, another Workplace Challenge company, where disciplinary action after the strike provoked further ‘wildcat’ action (Dickinson 1998).
144 Roodekop.54 (18/8/98).
145 Roodekop.61 (17/9/98).
the Production Manager’s ‘Formula One’ ambitions. The project was being asphyxiated by the absence of a ‘first move’ that could give oxygen to the process.

7.4.7.1 Drifting Away from the Project

This asphyxiation of the project was intensified by the new MD, van Zyl. Van Zyl, who arrived at Pipeco on 1 May 1998, was careful to praise the previous MD’s ten years at Pipeco. However, he made clear that his own philosophy was to “challenge everything…. [T]he reason why companies get into problems [is] because they think it’s OK [as they are]…and then you get a deterioration of systems.”147 The focus on workplace change had, he believed, meant that other issues had been neglected. The priority was now to get all the company’s ‘systems’ synthesised into manuals and reliably implemented from these.148

He was also sceptical as to whether worker involvement was, in fact, the best way forward for Pipeco. He thought that the Workplace Challenge had helped raise awareness that everybody in the company had to work together in the face of increased competition. However, he was concerned about the concept of workplace democracy that he felt was implied by the project. In the wider South African environment, which was about “voting into office whoever you want”, workplace democracy might be understood by the shopfloor as including the right to vote him out as MD.149

Van Zyl’s vivid views were not immediately apparent to those at Roodekop. Plant management had nicknamed Execom members after Greek Gods because of their distance from the rest of management. By comparison, van Zyl seemed to come from another planet. For some time they were confused as to where he intended to take the company. Shop stewards had even less chance to gauge his intentions since, other than the ‘showdown’ meeting at the end of the strike, he never met them. In fact, van Zyl never did make his views on the Workplace Challenge explicit. However, when he ordered the remaining Workplace Democracy notice boards to be taken down, on the grounds that the two words were incompatible, it started to become clear which way the wind was blowing at Pipeco.

147 Interview.
148 Roodekop.64 (1/10/98)
149 Roodekop.64 (1/10/98).
Execom members, including Esterhuyse, the new factory manager at Roodekop, increasingly began to take their lead from the MD. Given that the Production Manager had never been fully on board, this left only HR working with the project. This could be observed from the attendance of company management at the project’s Milestone Workshops. As one HR manager put it, “When Mike Kerr-Peterson was in charge...the whole lot [i.e. Execom] would be there. Now we haven’t a senior manager present.... It’s a row of HR.”\footnote{Interview.}

7.4.7.2 ‘All on Board’ – Even if the Ship is Sinking

Despite management’s drift away from the project, maintaining a public profile of success remained important. At the November 1998 committee meeting, Esterhuyse stressed the “need to have all on board” for the presentation at the project’s final Milestone Workshop a few days later. Most of the meeting was, however, taken up with the practical issues related to putting the factory on short-time due to falling orders as a result of an economic slowdown. Shop stewards accepted that this was out of the control of management, but were unsure as to how the workforce would react and thought that there was likely to be talk of withdrawal from the project\footnote{Roodekop.71 (2/11/98).}.

Even if this could be weathered, Roodekop management was increasingly aware that the project was to be shelved. Following a proposal in September 1998 from CCA’s McKeefry on how the project should be taken forward in the company,\footnote{Pipeco.27 (7/9/98).} Esterhuyse circulated his own views a few days later effectively abandoning the Workplace Challenge. He argued that the project could only be “embarked upon in a meaningful way” once a strategic planning exercise had been undertaken by the company. Until these had been accomplished, however, the project could still serve some purpose since there was “nothing wrong with setting a conducive environment in the company by proceeding with Workplace Challenge meetings and action plans.”\footnote{Pipeco.27 (10/9/98).}
7.4.8 One Year of the Workplace Challenge at Pipeco-Roodekop

At Roodekop the Workplace Challenge only really began to be implemented after the training workshop in May 1998. This delay resulted in part from the decision to proceed at a company level and the decision to negotiate a framework agreement. The framework agreement, while time consuming, provided a more secure base for stakeholders, especially the workforce and their union, than the initial attempt by senior management to utilise the project’s tripartite credibility. Although senior management was disappointed that such an agreement had to be negotiated, the MD continued to provide high profile support for the Workplace Challenge until his departure, effectively at the end of 1997.

Although damage was done during training as a result of the consultant failing to appreciate the importance of the union to the shop stewards, HR and the shop stewards established a good working relationship which was maintained, despite difficulties, throughout the year. Extending the trust established within the committee proved difficult, however. A number of factors contributed to this. Direct resistance from line management who felt threatened by the project in its opening phase was overcome through management pressure. However, attempts to implement the Workplace Challenge on the shopfloor were then subverted by the particular approach imposed by the Production Manager.

Although CWIU, despite its internal differences, had persuaded the workforce to participate in the project, workers, given their earlier experiences, remained sceptical. Management did not understand the need to demonstrate to the rank-and-file the unity and equality that shop stewards experienced within the Workplace Challenge committee. Shop stewards’ repeated requests for joint feedback meetings were ignored. However, even if such demonstrations had been carried out, they needed to be accompanied by tangible proof of the benefits of an alliance between workers and management.

The shopfloor-mandated boycott illustrated the increasing impatience of workers over long-standing grievances that, despite lip-service, were not being addressed. Although management constantly toyed with the idea of giving some form of bonus to workers, there always seemed to be a reason for not doing so. The failure of any significant workplace re-organisation and the absence of a gainsharing
agreement provided further excuses for management and further sources of frustration for workers.

The national strike disrupted the Workplace Challenge and polarised the two sides. Despite heightened conflict, however, the relatively peaceful nature of the strike at Roodekop, and the ability to rapidly restart project committee meetings, illustrates the remarkably good relationships established between HR and shop stewards. Yet this relationship alone was not sufficient. Although the project was restarted, it continued to face the same problems of implementation at the point of production. In addition, it was becoming increasingly obvious to management that the Workplace Challenge was marginal to the new MD’s strategy for the company; other managers began to follow him in withdrawing support.

7.5 Analysis of the Workplace Challenge at Roodekop

Despite high levels of capacity at Roodekop, the discontinuous implementation of workplace reorganisation, with the Workplace Challenge following Workplace Democracy, indicates that major workplace reforms were only possible through a concerted effort. Additionally, the workers’ withdrawal from both projects illustrated the considerable reactive power they had in being able to block change. These two features of workplace change parallel the experience at Plastosheet.

In contrast to Plastosheet, the higher levels of worker capacity, largely as a result of greater union-based organisation, and greater scepticism as a result of the similar Workplace Democracy project, led to a more considered approach on the part of worker leaders. This was, to a large degree, reciprocated by the Pipeco HR managers’ view that change had to be negotiated. The resulting framework agreement attempted to address concerns on both sides and map out how the project would be developed.

However, despite this more professional approach, the issues of unity and motivation addressed in the previous chapter remain of importance in understanding events at Roodekop. Simplistic calls for unity were rapidly pushed aside but, as we shall see, unity through the construction of alliances, or the failure to construct them, was of critical importance. Moreover, the motivation underlying these alliances can again be understood as incorporating both material and non-material aspects.
7.5.1 The Intra-management Alliance

At Plastosheet, we saw how the HR Manager, assisted by the consultant, constructed an alliance with the Production Manager while the MD was carefully 'handled' in order to maintain workforce support for the project. At Pipeco we can also assess the nature of management's internal alliance over the Workplace Challenge.

Initially, Mike Kerr-Peterson drove the opening phase of the Workplace Challenge, with some assistance from consultants. Considerable resources were mobilised to establish a new approach among the whole of Pipeco's management through well-researched analyses of the threats faced by the company and through the extensive management training (for Workplace Democracy) prior to the involvement of the workforce.

This process envisaged management initiating workplace change by first addressing the 'burning issues' of the workforce. What also happened was that management's own burning issues were clarified - although they were never referred to as such. The most obvious examples of management 'burning issues' are the commitment to the term 'World Class Manufacturing', the time taken for die changes, and the insistence that workers not be given any incentive that might be interpreted as a 'bribe'.

Although there was management consensus over its 'burning issues', there was no consensus over how these might be addressed in co-operation with the workforce. Rather, while the MD's championing necessitated that managers prioritised the project, the Workplace Challenge was implemented through different portfolio perspectives. HR was in favour of the negotiated co-operation believing that this held great potential. However, it felt that top management's approach was out of touch with shopfloor realities. Consequently, they attempted to direct the process in ways that they felt were most likely to succeed. Production management, on the other hand, was sceptical of what the shopfloor could offer. As a result, they interpreted and implemented the Workplace Challenge in line with their existing perceptions of how the factory needed to operate.

With changes in top management, this driving force from the MD fell away and the project became the de facto responsibility of HR. Increasingly, even lip-service to the project was no longer necessary – except where it helped to keep the workforce compliant. The intra-management alliance supporting the Workplace
Challenge, illustrated by attendance at Milestone Workshops, became conspicuous by its absence.

7.5.2 Management’s Motivations and Approach to its Alliance with the Workforce

As with Plastosheet, individual portfolio perspectives strongly influenced management’s alliances with the workforce at Pipeco. However, two differences from Plastosheet, with opposite effects on the Workplace Challenge, also need to be noted. First, the change in top management during the project reduced support for the Workplace Challenge. Second, the HR approach at Roodekop saw the need to recognise shop stewards as partners in the building of an alliance between management and workers.

7.5.2.1 Execom

7.5.2.1.1 Mike Kerr-Peterson: MD during Workplace Democracy and the Introduction of the Workplace Challenge

Kerr-Peterson saw the Workplace Challenge with its tripartite credibility as an opportunity to ‘jumpstart’ the stalled process of ‘people involvement’ that was central to the on-going modernisation of the company. Kerr-Peterson’s involvement was visionary – to find the “golden pathway” for his company that would then provide a model for South African industry. This enthusiasm was less evident among other senior managers who were sceptical from the beginning about the possibility of ‘people involvement’, or who became disillusioned when the workforce failed to respond enthusiastically. Yet given the MD’s determination, they had to be involved.

Although Kerr-Peterson was motivated by a visionary understanding of the potentials of co-operation, he was not unaware of the difficulties. While he recognised that the legacies of the past could not be ignored, he believed that if they were continually referred to no progress would be made. As he put it, “if we are forever looking back at negatives or history or whatever, you forget about the potential for the
future.” It was therefore necessary that people rise above the past. People had to ask themselves whether they wanted “the country to succeed”.154

While he understood patriotism to be important in focusing attention on the future, he was well aware that this alone would not guarantee success. In the nation, as in the factory, there had to be a balance between addressing social issues arising from the past and being competitive in order to secure the future. If this was not achieved, people would stop investing in the future and would focus on past injustices. He felt that preventing this was critical. As he observed, “How quickly can you get the productivity issue sorted out, something that brings the money in? That’s the trade-off you really battle with.”155

Despite this awareness, when the Workplace Challenge was initiated in Pipeco, Kerr-Peterson focused heavily on the project’s credibility as a means of orientating the participants onto the ‘new ground’. If people could only focus on the future and forget the past for long enough, the problems of the past would be left behind.

7.5.2.1.2 Peter van Zyl: MD from 1 May 1998

Van Zyl approached his management responsibilities at Pipeco with orthodox concepts of control and cost cutting, and found Kerr-Peterson’s legacy of ‘people involvement’ threatening. In addition to this, while his predecessor had believed that it was possible to work with the unions despite different ideologies, van Zyl was not convinced. He felt that “Nedlac, government, and management [expectations]...were alike. The unions were definitely on the other side because it’s more, ‘What’s in it for me?’ Not what’s in it overall, you know, the bigger picture.”156

Rather than negotiate workplace change with the unions, he felt that a ‘common goal approach’ would be best achieved if everybody got ‘back to basics’. Similarly to how Plastosheet’s MD believed that everyone in his company needed to see themselves as workers, van Zyl believed that everyone at Pipeco needed to focus on what they could contribute, irrespective of their position or remuneration.

154 Interview.
155 Interview.
156 Interview.
I believe everybody must give the work that they are paid for because I don’t think everybody puts in a full day of work for the money that they earn…. Some people earning R1,000 a month…are trying to get away with as little as possible and somebody earning R20,000 a month is also trying [to get away with as little as possible]. So it’s the same. That’s why I’m not saying it’s a workforce problem, a management problem, it’s everybody. It’s a work ethic [problem], the work ethic must change.\(^\text{157}\)

Van Zyl would prefer that inner compulsion, such as an individual’s work ethic, bring about the co-operation required from workers if the company was to be successful. If this was not forthcoming, his position as MD would, he believed, allow him to establish systems that would ensure that instructions from the very top of the company were carried out to the letter.

7.5.2.1.3 Two Approaches to the Same Objective

While the two MDs had fundamentally different approaches to the Workplace Challenge, this does not necessarily mean that they had different objectives. From the perspective of MD’s portfolio, it was a change in means, not ends. The Workplace Challenge shifted from being central to the strategy of increasing profits to being marginal.

Interestingly, when top management publicly addressed worker leaders, the rhetoric was no different. Attempting to bring worker leaders ‘on board’ the Workplace Challenge, Kerr-Peterson had raised the threat of overseas competition and the need for co-operative workplace change. Van Zyl, after the defeat of the strike at Roodekop, also raised the threat of overseas competition and argued that they “must fight as one”.

7.5.2.1.4 Other Execom Members: ‘Wait-and-See’

When Kerr-Peterson left, Execom members took a ‘wait-and-see’ attitude. As van Zyl’s approach emerged, they realised that support for the Workplace Challenge was neither necessary nor appropriate. Execom members who were formally responsible for the project, such as Applethorn, were conspicuously silent. Esterhuysse, the new Roodekop Factory Manager, initially approached the project with enthusiasm, but

\(^{157}\) Interview.
increasingly expressed concern over how the project fitted into the overall company strategy. Although he saw no “hard measurable benefits”\textsuperscript{158} from the Workplace Challenge, Esterhuyse believed that it had improved shopfloor relations in a way that normal interaction with shop stewards would not have achieved. This setting of a ‘conducive environment in the company’ would, he hoped, support any changes in strategy the new MD was going to introduce.

7.5.2.2 Production Management

Mike Jones, the Production Manager, thought that increased productivity would best be achieved with greater effort, tightening existing systems of control, and by new management-driven solutions. If the Workplace Challenge allowed such interventions to proceed more smoothly, this was advantageous. The new procedure for changing the mandrill tip without shutting down the extrusion machines illustrated how he utilised the project to legitimate his own portfolio-based priorities.

Other obvious areas for productivity improvements were ignored, however, such as those that would utilise workers’ knowledge around the positioning of machines and the organisation of forklifts and trolleys. This was in part due to the prestige of major productivity gains made through audacious engineering modifications. It can also, however, be understood as being attractive because it established a level of control over a process which had not previously been possible. The ‘Formula One’ aspect of the change forced three groups of workers into intense co-operation as pressure built up in the machine.

This imposition of control over shopfloor production formed the core of Jones’s perspective on productivity improvement. Thus, for example, when interviewed in October 1998, he suggested that there were more efficient approaches to raising productivity than shop stewards collecting data for the Workplace Challenge committee.

\textit{You’ve got to keep focusing... just doing basic things like, whenever a machine is generating scrap, I want to be phoned.... Because they know [if] I’ve got to be got out of bed at three o’clock in the morning, they’ll shit themselves. It kind of reduces reaction time.}\textsuperscript{159}

\textsuperscript{158} Interview.
\textsuperscript{159} Interview.
Jones's view of co-operation illustrates that it can be the product not of a voluntary alliance, but of coercion. Co-operation over the new mandrill tip change procedure does not indicate agreement, but rather co-operation forced upon the parties. The difference between these forms of co-operation is not immaterial. Apart from considerations of the quality of working life, forms of co-operative work based on coercion are static improvements. The agents forced to co-operate are passive in, and almost certainly resentful of, its development. Far from seeking further improvements, they are likely to attempt to subvert the process.

7.5.2.3 Human Resources Management

HR managers Ken Brown and James Matlock were acutely aware of the constraints that they had to operate within. In Workplace Democracy these had come from the MD and the consultant who had determined, often against HR's judgement, how the project should be run. While the change in MD meant that previous interference fell away, this freedom was increasingly circumscribed as support for the project was withdrawn. Despite the demise of the Workplace Challenge, Matlock and Brown remained convinced that changes in attitude were necessary. As Matlock explained:

The only way that South Africa can compete as a world class player is if relationships can be developed between labour, business and government.... There needs to be a radical shift from the philosophy and approaches pre-1994 regarding relationships in the workplace.160

Not surprisingly, HR expressed frustration, notably over the failure of the framework agreement to bind the parties at all levels into a durable partnership, and the failure to develop an appropriate gainsharing scheme. The negotiation of a national framework agreement represented the high-point of HR's influence over the Workplace Challenge. Despite constraints from their Execom-determined mandate and the unions' national policies, it was able to construct a comprehensive framework for co-operation that would facilitate progress.

Of equal importance, however, were the working relationships that were being created. Within the Workplace Challenge committee, trust was established. An

160 Interview.
important aspect of this trust building was the experience of shop stewards within the committee. They benefited from both the project training and their participation in well-run meetings in which their opinions were taken seriously. However, as we have seen, the failure to roll-out the project onto the shopfloor and the lack of any incentive scheme meant that this trust was not extended beyond the committee. The failure of the shop stewards to ‘prove themselves’ led to the workforce boycotting the process and applying increasing pressure on their representatives to withdraw. Without support from top management to counter the increasing scepticism of the shopfloor, HR managers could do little but watch the undermining of the shop stewards who championed the project and who represented their alliance with the wider workforce.

7.5.3 The Workforce’s Motivations and Alliances

As at Plastosheet, two significant sets of intra-labour alliances can be identified – those between worker leaders over the strategies that should be pursued, and those between worker leaders and their constituencies in implementing strategies. However, the situation in Roodekop meant that these alliances around the Workplace Challenge developed in different ways than they did at Plastosheet.

Critical to the thinking of worker leaders was the fact that the Workplace Challenge was, in effect, the second time that such a project had been run in the factory. Roodekop’s worker leadership had had different degrees of exposure to the failure of the earlier Workplace Democracy’s project. This resulted in a greater, but more pessimistic, spectrum of views on the Workplace Challenge than at Plastosheet.

7.5.3.1 A Spectrum of Views on the Workplace Challenge

7.5.3.1.1 Distrust of Management

Victor Motsi, who had worked at Roodekop for eight years, held no union post but was part of the workforce’s informal leadership since he was highly respected. He had participated in the Workplace Democracy project but opposed the Workplace Challenge, believing that management was insincere. This view was based on his perception that, despite promises, workers’ concerns had not been addressed. He explained that in Workplace Democracy, management “took the demands from the
workers...[but] afterwards we find there was not even one which has been addressed.” He was convinced that this would be repeated and increasingly felt vindicated as the project proceeded. His judgement was that management “want to succeed alone…. It’s just like somebody in disguise, who’s pretending as if they want to help you.” He did not think it was ever too late for management to change, but he was waiting for a clear indication that they were no longer ‘pretending’.

7.5.3.1.2 Disappointed Over Past Efforts

Pitso Malinga, who had been central to the Workplace Democracy process and to the introduction of the Workplace Challenge before his promotion to a supervisory position, had felt that there could be a genuine improvement in relationships. As he explained:

I was confident that if we bring the two parties together they [will] understand one another. Maybe they [i.e. management] will try to understand us [workers] and we should try and understand them. Because some of these people have perceptions about us, we black people, and we have perceptions about these white people. We are all ordinary people; it’s just the colour of skin that is different. So to bring the people together I thought it would benefit us and the company also. Because we would try to understand one another and work together as a team.162

While he thought that relationships had improved as a result of both projects, he was increasingly critical of management’s failure to demonstrate their commitment.163

7.5.3.1.3 Qualified Enthusiasm from Newcomers to the Process

Lucky Randera had only become involved in the Workplace Challenge when elected as a shop steward in March 1998. As a newcomer, he was impressed by what he saw and swiftly became an active proponent of the process, arguing that, “since our company has volunteered to participate in the project we see a lot of changes.”164 He felt that relationships had improved

161 Interview.
162 Interview.
163 Interview.
164 Interview.
to that extent that everyone feels [that] when he talks to another he can speak out his mind... without thinking maybe that person can intimidate him.... In the past we used to hide information when we talked. You just talked about the things that would make them happy, the things that would make them sad we would hide. 165

This optimistic assessment of the project was more common among the newly elected worker representatives who were also on the Workplace Challenge committee. The project-wide Milestone Workshops clearly had an effect in demonstrating the national nature of the project to participants through the collective experience of different companies coming together. For Galeni, the new senior shop steward, these workshops allowed them to get “another side of the project. It is a good thing.... It will uplift the economy of the country and people will get jobs.”166

Despite enthusiasm for the project, shop stewards such as Randera were aware that their relationship with management, even within the co-operative forum of Roodekop’s Workplace Challenge meetings, was not always equal. Some management members were more open than others – suggesting that information was being kept from shop stewards. On the shopfloor, even enthusiastic champions of the Workplace Challenge were aware that attitudes were changing slowly. As one operator explained:

When a person sees Mr Jones, they are still afraid of him, even if he’s on the right side. Like for instance, I’m working on my machine and I’ve got a little problem. Maybe the saw is not cutting well. Then Jones comes and asks me ‘How are you keeping?’ ‘Well’, [I reply] ‘no problem’. Meanwhile I know that I’ve got a problem. So these kinds of things still happen.... We still carry an old legacy within our minds.167

7.5.4 The Failure to Align Shopfloor Interests within the Project

A wide spectrum of opinion existed among worker leaders over the Workplace Challenge. While scepticism was not new, the failure of Workplace Democracy to address any of the workforce’s ‘burning issues’ and the absence of any returns from the Workplace Challenge increased this scepticism, even among worker leaders who were convinced that co-operation was both possible and necessary. In contrast to Plastosheet, where the resolution of the long-running shift dispute aligned the interests

165 Interview.
166 Interview.
167 Interview.
of the workforce within the project, no such event took place at Roodekop. Most active support for the Workplace Challenge came from the relatively new set of shop stewards, but as the project continued without any significant progress, their patience and their positions came under strain as their constituencies increasingly questioned their co-operation with management.

Whereas previously shop stewards had engaged in confrontational, zero-sum struggles with management, they were now expected to operate in a co-operative manner since the issues were ‘positive-sum’ in nature. While this was relatively easy for shop stewards to understand, it would only succeed if co-operative engagement was replicated within production. This meant that the whole workforce had to be persuaded that this co-operation would benefit them.

Both sides brought to the process ‘burning issues’ which they wanted addressed. Addressing these, at least in theory, was not difficult since the project started from premises that incorporated this process. Moreover, the anticipated positive-sum situation envisaged benefits flowing to both sides. In practice, however, getting to this point required at least some concessions being made in zero-sum situations in the hope that there would be reciprocation in another areas.

The workforce and its leaders felt that they had made at least one unilateral concession, in defying the union overtime ban, but that they had not received any reciprocal concession. Rather, where the project had been implemented, it had ‘gone management’s way’. Despite trust being built between individuals as a result of personal contact and the exchange of information, concessions that would impact significantly on the ‘burning issues’ were not forthcoming.

Understanding why management was so willing to talk about benefits for workers, but was so slow to deliver is important given the impact of this failure. The position of Pipeco within pyramid ownership structures provides part of the explanation. As a market leader in a mature market, Pipeco was a ‘cash cow’ for its parent companies. Evaluated solely on this financial criterion, there was constant pressure on top management to provide higher returns for the two shareholders. This left little room for longer-term strategies in which ‘first moves’ might not be reciprocated for some time. Kerr-Peterson, had initially hoped that benefits for workers could be rapidly exchanged for increased productivity, with the financial accounts obscuring these shopfloor changes, which might well be viewed as “radical”
or “experimental” (i.e. suspect) from the view of the parent companies. The hoped for surge in productivity had not been forthcoming, however, and the moment for painless reciprocity never materialised. With hindsight, Kerr-Peterson recognised the need for greater initial moves from management if a ‘Catch 22’ situation, with each side waiting for the other to move before it would respond, was to be avoided. The change in management meant, of course, that this learning process could not be applied at Pipeco since, as we have seen, van Zyl’s approach did not favour the long-term development of shopfloor co-operation.

Continuous pressure for profit generation, while important, fails to explain why management at the Roodekop site did not forcefully lobby for an appropriate incentive scheme. CWIU’s rejection of incentive schemes did not help in this respect but it was not the critical factor. Of far greater importance were the divisions within plant management over the value of worker participation that we have already noted. These divisions were widened with the arrival of van Zyl and the realisation that, whatever the merits of co-operation with the workforce, arguing for resources to promote this would not enhance an individual’s career.

A number of additional factors reinforced the difficulty managers had in promoting an incentive scheme, or even a one-off bonus. South African industry’s historical reliance on cheap black labour, the long and often bitter struggle against the rise of black unions, and the general downsizing and cost-cutting response of business to the increased pressures of global competition, have created a mindset that opposes strategies entailing increased labour expenditure. Additionally, the huge ‘social distance’ between white management and black workers allowed management to evaluate workers’ needs as unrelated to their own standard of living. In this context, additional payments were often regarded as forms of charity that were swiftly withdrawn at the first sign of the recipients being ‘undeserving’ – a process that legitimated continued inaction.

As a result, for the workforce as a whole, the promise of gain remained only a promise. Following upon the earlier Workplace Democracy project, the failure of the Workplace Challenge to provide some tangible benefit confirmed sceptical

168 Interview.
169 NWCC.5 (4/9/98).
170 For example, no Roodekop manager had ever entered the neighbouring black townships where the workforce lived.
assessments that nothing was going to change. The grassroots decision to boycott the project and its suggested use as a bargaining chip during the strike were reactions to this failure.

7.5.5 Bridging the Industrial Divide?

This account of events at Pipeco highlights the significant role that individuals can play in the success or failure of particular processes. Nevertheless, it is important to understand the limitations that individuals face when attempting to champion projects such as the Workplace Challenge. Such individuals were attempting, in line with the goals of the project, to bridge the industrial divide. To the extent that their actions establish durable alliances between groups, this bridging is sustainable. However, if such alliances are not constructed, or cannot be maintained, then the positions of these individuals straddling the industrial divide will rapidly become impossible.

Alliances link different groups – they do not remove the differences. With the exception of consultants who have a relatively neutral position within the factory environment, all other actors belong to a constituency. They may straddle divides, but this does not provide them with an independent position. As a result, if the alliance that they attempt to construct fails, they are left compromised. Randera’s enthusiastic championing of the Workplace Challenge, even as it was falling apart, was a significant factor in his de-selection as a shop steward. Similarly, though at a different level, Magqaza, as a union official, had to be careful not to expose himself to criticism that his support for the project was leading him to neglect his constituency’s needs. When Pipeco failed to make any attempt to reach a plant-level agreement during the strike, he re-evaluated the project\textsuperscript{171} and thereafter was rarely at Roodekop.

This illustrates the need for visions to be fulfilled if the process that they encapsulate is to be taken forward. The notional sharing of values while marked inequalities continue will soon wear thin. Malinga, who had put enormous effort into the two projects at Roodekop, was shocked at how fragile these painfully constructed relationships were when tested by the strike. “I had sleepless nights trying to bring

\textsuperscript{171} Interview.
both parties together.... It wasn’t just a matter of one day or two days, it was a long period...[yet] it can be dismantled within a short space of time.”

The strike was something outside of the control of company-level agents – although this was not true of the particular course that it took at Pipeco. However, the most significant constraint on those who attempted to bridge the industrial divide was not dramatic events such as the strike, but the failure of others within their own constituency to understand or support their position. It was this that made them vulnerable. Without support they were denied the power to fulfil their vision of an industrial partnership or the promises that they made on the strength of this vision. As HR became increasingly isolated over its support for the project, it identified their parent companies’ short-term demands on Pipeco as a cause of failure. These demands focused “management’s preoccupation with that which impacts now on the bottom-line.” Consequently, there was not a willingness to divert some of the company’s profits to invest in an industrial partnership that would be to everyone’s long-term benefit.

7.5.6 The Workplace Challenge and (New) National Values

7.5.6.1 A Muting of National Appeals

Because the Workplace Challenge was, in large measure, a re-run of the stalled Workplace Democracy project in which the dangers of foreign competition and the need for shared values had been stressed, the process of establishing the project as a ‘countrywide concern’ was more muted at Pipeco than at Plastosheet. Only Kerr-Peterson, supported by Applethorn, attempted overtly to locate the project on patriotic ‘new ground’ at the Roseneath meeting. Although officially supportive of the Workplace Challenge, CWIU was sceptical of abandoning its hard-won industrial power for a future that, though couched in embracing terms, would be in management’s hands. HR also saw the negotiation of a framework agreement as necessary if the Workplace Challenge was to be sustainable. The involvement of the union and more professional HR management, assisted by the consultant, moved the

172 Interview.
173 Interview.
project along on a formal, rather than visionary, basis.

While a vision was valuable, given past experience, HR felt its place was in the framework agreement preamble. On a number of occasions, HR managers expressed their aspirations for the industry and the economy, but when attempts were made to prioritise the vision over the process, this was squashed. For example, during the opening session of negotiations for the framework agreement, when the management representative from Pipeco-Bellville, who had not been involved in previous Workplace Challenge meetings, asked that each of the stakeholders indicate their agreement to make the Workplace Challenge a success, he was firmly ‘policed’ by both leading negotiators. Matlock, said that the stakeholders’ “presence here indicates this commitment.” Magquaza agreed and said that they had “gone through that stage of commitment.” When the Bellville manager had to return to Cape Town on the third day of negotiations, he made a short speech that indicated what he saw as the basis for agreement over the Workplace Challenge. After thanking everybody for the positive spirit in which the negotiations had been held, he went on to say that this was their “contribution to nation building”. He then stressed the importance of attracting foreign investors and hoped that through the project everyone could be proud to be South African.

Similarly, an understanding of co-operation being in the national interest extended deep into the Roodekop workforce. Even the most sceptical of worker leaders could see the potential benefits of unity in facing international competition. Motsi, who viewed management as only ‘pretending’ to change, understood that “South Africa has to compete with the other companies in the whole world.... We cannot compete with other companies as long as there is mistrust between workers and management.”

Thus, the replacement of exhortations to co-operate in the national interest by more practical agreements to guide co-operation did not indicate disagreement with the vision of a competitive and prosperous South Africa. Rather, grand visions of the

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175 Pipeco.24 (23-27/3/98).
176 Interview.
177 As well as co-operation, it was also widely recognised by workers that increased skill levels were important to meet increased competition. A further requirement to meet competition suggested by a number of worker leaders was the value-adding beneficiation of South Africa’s primary products. None of the eleven black interviewees suggested that imports should be restricted in response to South Africa being opened up to global competition. This view was shared by management interviewees. The only contrary suggestion from within Pipeco came from an Afrikaans artisan (Interviews).
new South Africa’s national development were dampened early in the process as those attempting to implement changes struggled to overcome sceptical resistance through carefully-agreed steps. Nevertheless, despite this dampening of overt references, the values associated with the broader transformation repeatedly emerged as necessary in the construction of the strategic alliances upon which implementation of the Workplace Challenge depended.

7.5.6.2 A Need for (New) National Values

Tangible benefits, such as increased levels of remuneration as a result of productivity increases, were in the direct interests of workers. These benefits were also necessary for the shop stewards' credibility, in that they would provide a concrete expression of the unity and equality promised by the Workplace Challenge.

While worker leaders shared the frustrations of the wider workforce when benefits failed to materialise, their own experiences were somewhat different. Their participation in the Milestone Workshops, training, and well-run factory committee meetings was both interesting and valuable at a personal level. Moreover, from within the factory committee, the situation was not as bleak as it appeared from outside. Here they were being treated, to a far greater extent than occurred elsewhere in the factory, as equals whose contributions were being acknowledged and acted upon. The prospect of a genuine partnership still seemed possible. The problem was that this partnership was not extended beyond the handful of shop stewards – something that Human Resources managers readily recognised.

The strength of the alliance between management and workers depended, as we have already seen, on management’s willingness and ability to provide benefits to the shopfloor. The lack of such benefits weakened the intra-labour alliance between shop stewards and their constituency necessary for the project to proceed. It also increasingly caused division within the shop stewards over whether they should pursue a strategy of co-operation with management.

However, this material proof of the alliance, while important, was not the only aspect. The emphasis within the committee on equality and sharing of ideas was key in keeping shop stewards on board. While there were direct personal benefits from this alliance, it was more than a process of individual development. The shop
stewards saw this process as a potential pre-figuring of the non-racial society that they understood to be the wider objectives of a new South Africa.

They believed that the same pre-figuring was necessary in the factory as a whole, thus the constant request that factory-wide meetings be held to explain the Workplace Challenge and report back on progress. This was in part a sublimation of their union-based understanding of direct control, now applied to the new project and the new, more diverse, constituency. It was also a symbolic process to show that diversity was not division. Management and workers, black and white, should ‘move as one’.

7.6 **Summary**

Of central importance to the Workplace Challenge at Roodekop was a robust alliance between management and workers. Within the project’s committee this was achieved between HR management and shop stewards, despite considerable difficulty. However, this alliance was not extended beyond an ‘inner circle’ of project actors and onto the shopfloor.

Managers’ portfolio positions were important in influencing their approach to the Workplace Challenge. The change in company MD during the project’s implementation clearly illustrates, however, that these positions are not determining. While both MDs understood the need to maximise company profits, their approaches were very different. Kerr-Peterson attempted to use the Workplace Challenge, as he had the earlier Workplace Democracy project, to align his own concerns within a wider national framework. Although he understood that workers also needed to align their interests within the project, he failed to recognise the urgency of this. His attempt to resuscitate an alliance with labour consequently rested only on national imperatives and a recycling of earlier promises. Not surprisingly, those who had been through the first project were wary of repeating such a process.

By contrast, van Zyl, who replaced Kerr-Peterson, took a very different approach to his portfolio responsibilities. From his perspective, the Workplace Challenge did not align with his concerns. Whereas Plasticsheet’s MD had been concerned as to whether the Workplace Challenge would help instil the values of loyalty that he saw as necessary, van Zyl was certain that the values represented by the Workplace Challenge were threatening to the social order necessary for the
company to succeed. Consequently, van Zyl withdrew support for the Workplace Challenge and emphasised conventional channels of instruction and control.

His decision to abandon the issue of shopfloor relations and to revert to a hierarchical decision-making structure was followed by Execom members, including Roodekop’s Factory Manager. For Roodekop’s Production Manager, the Workplace Challenge had been useful only in as far as it legitimated technical innovations. Similar to Plastosheet’s Production Manager, he was happy with workers taking a greater interest in the technology of production. When it came to the organisation of production, however, he clearly felt that co-operation enforced by coercion was more effective than co-operation supported by consensus.

Within management, it was only HR that was openly unhappy with this change of strategy. HR management at Roodekop had invested a great deal into building an alliance with the workforce. Recognising the failure of the earlier Workplace Democracy project, it pushed for a negotiated agreement in preference to visions. This approach, shared by CWIU, was clinched with support from the consultant.

While a framework agreement was successfully negotiated, HR management was limited in its ability to roll-out the agreement. The alliance with labour had to be developed on two fronts if it was to be successful. There needed to be trust and co-operation established between management and the shop stewards within the Workplace Challenge committee and between shopfloor workers and line management at the point of production.

That the Workplace Challenge was, in effect, the second attempt at co-operative workplace change meant that there was considerable scepticism among workers and their leaders. While the union persuaded the workforce to participate, the workers’ acceptance of the project was grudging. Despite this, a number of new shop steward representatives, who had had little involvement in the earlier Workplace Democracy project, became enthusiastic champions of the Workplace Challenge. This resulted from their attendance at Milestone Workshops, but was also due to the fact that they were treated as equals within the committee. This was done not only in a formal sense, such as addressing them with courtesy, but also more profoundly through efforts to understand what it was they required to act as partners within an alliance. HR management understood that a key part of this was to enable the shop stewards to ‘prove themselves’ to their constituencies.
This ‘proof’ in the form of tangible benefits to workers would have strengthened the position of shop stewards championing the project with respect to more sceptical worker leaders. Additionally, and critically, in proving themselves, pro-project shop stewards would maintain the alliance between themselves and their constituencies. This would have allowed shop stewards to effectively champion the critical process of workplace change on the shopfloor.

The boycott of the project illustrated the importance of material incentives in the construction of alliances within the workforce and between the workforce and management. The boycott was a high profile event and considerable attention was focused on it from all parties involved in the Workplace Challenge. However, while dramatic, this event was largely epiphenomenal to the process of workplace change. What was withdrawn was shop stewards’ participation in the Workplace Challenge committee. This participation was a necessary, but far from sufficient condition for the project extension onto the shopfloor – the site where actual changes could be implemented.

Much the same applies to the strike. Strikes tend to dominate perceptions of industrial relations. However, while they are instructive as a prism that illuminates the depth of the division between management and workers, strikes are the symptom and not the cause of this divide.

This division is most significant where it is physically at a minimum – on the shopfloor. Given the different views of line management and their accountability to the Production Manager, it is a moot point whether or not workplace change supported by workers on the shopfloor would have been successful. However, the possibility remained untested since HR was not in a position to provide pro-project shop stewards with the proof they required to effectively champion the project on the shopfloor. While HR could influence the environment within the Workplace Challenge committee, it did not control decisions over production or payments.

An area in which HR management had more control, but failed to appreciate fully, was that shop stewards’ enthusiasm for the project was also based on their experience within the Workplace Challenge. Although the national nature of the project had been quickly muted, the values that shop stewards believed to be integral to the new South Africa – in particular, equality and unity – were apparent in their own experiences of participating in the Workplace Challenge. The equality and unity within the Workplace Challenge committee resonated with their understandings of the
social order that the new South Africa was to represent. They expected these values experienced with the committee to be extended to the company as a whole. Failing to understand the significance of this, even HR management put little effort into supporting the practical proposals that were put forward by shop stewards to allow this to happen.

With the change of MD it was increasingly obvious that the Workplace Challenge was out of step with the new order that was being established within the company. As management support peeled away, those individuals who had attempted to bridge the industrial divide found themselves compromised. Without durable alliances they were unable to fulfil – either symbolically or materially – the vision that they had championed.
Chapter Eight: Conclusion

8.1 Introduction

The micro-level research undertaken at Plastosheet and Pipeco-Roodekop, supported by analyses of the plastics industry and the wider South African transformation, has supplied a structure in which to examine the role of national identity in economic development processes. In approaching the research question, the thesis has used a 'cone of analysis' proceeding from the macro-level 'national economic agenda' to the micro-level actions and beliefs of individual actors in specific factories.

This conclusion outlines the major findings of the research, following the cone of analysis from an examination of national-level discourses on nation building to the actions of agents in the two case study factories. After assessing the role of the Workplace Challenge within the wider context of nation building and economic transformation, some of the major issues raised by the research and the implications of these for our understanding of how national identity influences economic development are then addressed. These issues are: the national status of the Workplace Challenge in the participating factories; the establishment of unity through constructed, and not primordial identities; the presence of new and old South African identities in the factories; and the role of national identity in motivating shopfloor cooperation. A brief evaluation of the role of national identity in economic development is then made. Finally, the implications of the research for South Africa are considered.

8.2 Was the Workplace Challenge a Feasible Project?

Analysis of the Workplace Challenge project in this thesis focuses primarily on its internal strengths and weaknesses. It is appropriate to question, however, whether within a wider environment of change, the project was feasible. Two aspects of the change process are particularly pertinent to this – South Africa's nation building project and its economic strategy.

The construction of national unity is a complex and contested project. Chapter Four looked at some of these processes, their limitations, and the possibility that actions intended to promote equality might re-divide South Africans. Clearly if
processes of nation building do have an impact within institutions such as factories, then so too do their limitations. As Chapter Four, Section 4.4.3.1 outlines, policies of affirmative action are highly controversial and have the potential to alienate minority groups, some of which have the capacity to leave South Africa, taking with them valuable skills. Such migration was not evident in the case study factories during the research period. Indeed, values of national unity were, as discussed in Chapters Six and Seven, often prominently mobilised by management around the Workplace Challenge project. However, the implementation of the Affirmative Action Act will undoubtedly add a further dynamic to an already complex environment.

While the insider-led development strategy described in Chapter Four, Section Nine was evident during the research period alternative economic strategies were available to the new South African government (see Chapter Four, Sections 4.7.4.1, 4.7.4.2, and 4.7.4.3). It is useful to consider how the Workplace Challenge project fits into the economic strategy pursued, whether it would have been an appropriate element within any of the alternative strategies, and whether the initially disappointing results from the first phase of the project can be linked to the wider economic environment.

In its stated aims – to increase productivity and create employment within a section of manufacturing industry – the Workplace Challenge clearly meshes with the insider-led development strategy being pursued in South Africa. In contrast, as a project designed to develop formal urban employment, it can be clearly understood to lie outside the thrust of those economic strategies emphasising the development of the informal and rural economy. Whether it was incompatible with such strategies is, however, less clear. As Chapter Five outlines, the project was targeted on the plastics extrusion industry as a labour-intensive process with potential for growth and employment creation. Policy documents, such as those published by the World Bank, identify a role for competitive manufacturing industry.

Highlighting the Workplace Challenge’s position with respect to these wider policy alternatives allow us to identify weaknesses within the plastics project, notably the limited screening of participating companies. Early attempts at selecting companies by the Manufacturing Practices Working Group were abandoned in favour of a process of self selection when it became apparent that the project was going to be under-subscribed (Dickinson 1999). This resulted in some participating companies clearly not fitting, for example, the criteria set by the World Bank’s 1994b Report (see
Chapter Four, Section 4.1.4.3). However, in the case of the two companies featured in this thesis, their labour intensive products and their potential to compete without significant tariff protection, locate them as credible enterprises both within the insider-led development strategy being followed and the more eclectic, alternative, strategies that were proposed.

While locating the Workplace Challenge within the broader economic strategy pursued in South Africa does facilitate such a critique, our ability to pronounce the success or otherwise of these policies through an evaluation of the Workplace Challenge is limited. A single pilot project in one industry cannot act as a litmus test for far wider processes of transformation. The success or otherwise of South Africa’s economic transformation needs to be tracked for a much longer period and across a much broader set of criteria.

Nor can we explain the limitations of the project exclusively though an evaluation of wider economic policies, though in the longer run such considerations are of great importance. The limitations of the project are to be found predominately within the environment within which the project was located and actions taken, or not taken, by participating agents. These issues have been dealt with extensively in this thesis. It is through addressing these issues that the Workplace Challenge can contribute to an assessment of a problem that has been acknowledged by a wide spectrum of organisations involved in South Africa’s transformation, ranging from Cosatu to the World Bank – the problem of conflict-ridden industrial relations.

One limitation that the Workplace Challenge underlines is the poor education and skills base among both workers and management in South Africa. While the Workplace Challenge made some attempts to confront this lack of capacity, its primary objective was to release productivity potential that was blocked as a result of poor industrial relations. While the two case studies detail some of the reasons why this did not occur in Plastosheet or Pipeco-Roodekop, the fact that success was achieved at another project site (see the Epilogue) suggests that this is not an impossible dream.

8.3 From Nation building to Shopfloor Change

At the national level it is clear that an inclusive, superordinate national identity is intentionally being evoked in the new South Africa as a means of promoting unity and
motivating economic development. Yet in the economic realm the value of this resource has, to an extent, been checked. In spite of the election of a democratic government, class tensions linked to racial divisions remain in place. This thesis has argued that despite the attempts of the ANC-led government to promote a development strategy led by capital and labour, the antagonism between these two forces has generally prevented national identity from being salient in situations of economic conflict. Despite this failure, the nation-building project has been successful to the extent that this class conflict cannot be openly escalated. This patriotic proscription means that class politics remain subservient to conceptions of the national interest.

Given the limited room for manoeuvre that this situation presents, it is probably only because of an exceptional sector working group that the Workplace Challenge proceeded in plastics. The concentration of calibre and vision, while not unique, was certainly unusual. The difficulties encountered in implementing the initiative resulted from the historical legacy of shopfloor relations which the project was attempting to address, and from the deadlocked class war existing at the national level. The restraint that national-level tensions exerted on the working group’s efforts was demonstrated by the difficulties of converting the national framework agreement into an industry-level workplace change agreement, something that many of the working group members found initially surprising. What was even more surprising for the working group was the resistance encountered within factories that had agreed to participate in the project.

This resistance is instructive. Factory-level agents were receiving information from union officials and their managing directors who were supportive of the project, albeit with different degrees of enthusiasm. Despite this, implementation in both Plastosheet and Roodekop was slow and partial. This indicates that any agreement over an industry-level workplace change agreement would not, in itself, have been sufficient to bring about change. More importantly, it demonstrates that the relationships between labour and management in factories need to be treated as reflections of higher-level processes and not simply as extensions of higher-level structures. While this is not so surprising in the case of management, with its weak national representative structures, it is an important feature of labour given its more comprehensive structure of representation. The microcosmic nature of factory-level processes requires detailed analysis if it is to be understood.
At the factory level, identification with the new South Africa was evident in the project processes. This was most visible at Plastosheet. Here discourses within worker leadership, as well as between this leadership and individuals with the credibility to act as 'bridges' over divisions of race and class, were tracked. These discourses established that the Workplace Challenge was in the national interest. This was a motivating factor in convincing worker leaders that they should actively participate in the project. The alternative rationale for participation stressed by the HR manager and the consultants – that of negotiated mutual gain – was a more difficult basis from which to proceed, given the legacy of mistrust between management and workers and the limited capacity available to monitor and control such agreements.

It was, in fact, this more difficult approach of a 'professionally'-negotiated agreement that was taken at Roodekop. This stemmed from the earlier failure of the Workplace Democracy project that had relied heavily on an assumption of shared values between workers and management in the new South Africa. The greater level of capacity at Roodekop saw considerable progress made despite the difficulties of proceeding on such a basis. It was the arrival of the new MD that essentially brought the project to a halt. This should not, however, obscure the fact that the process at Roodekop was experiencing a number of difficulties shared with Plastosheet.

The following sections look at some of the most important issues raised by this transmission of nation-building discourses from the national level through to individual factories in the Workplace Challenge project.

8.3.1 A National Project in the Factories

Although an understanding of the project as a 'country-wide concern' at Plastosheet was only publicly articulated in the opening stages, and although a more professional approach based on the negotiation of material gain was imposed at Roodekop, the national nature of the project was never absent at either factory. Rather, the influence of national identity as a superordinate identity can be understood as passing through a number of stages. During the initial introduction of co-operative workplace change there were overt, sometimes heavy-handed references to patriotism and nation building. These references then tailed off and subsequently only surfaced on occasion. However, as described in Chapter Three, Section 3.5.3, this lack of open referencing did not mean that the issue was no longer relevant.
It can be argued that, having genuinely contributed to motivating participation, those championing the project were attempting to move beyond the articulation of national identity and to implement the 'nuts and bolts' of the process. The relative silence over national visions at Roodekop, which had gone through the earlier Workplace Democracy process, was partly a consequence of this previous failure. Those involved in this earlier project now looked back with some embarrassment over their enthusiastic hopes for rapid change. However, this does not negate the argument that national identity remained an important – although not openly-articulated – factor. In more private discussions and interviews, the logic of co-operation and the benefit for the country as a whole was frequently articulated – at Roodekop as well as at Plastosheet. Moreover, the 'policing' of individuals who had previously not been involved in the Workplace Challenge and who attempted to raise the national basis of the project (as occurred during the negotiation of Pipeco's company-level framework agreement – see Chapter Seven, Section 7.5.6.1) further illustrates the desire of participants to see their involvement, however professional, aligned with wider social approval.

8.3.2 Establishing Unity: Constructed, Not Primordial Identities

The motivational effect of participating in a project aligned with a newly-constructed national interest is significant, but should not be overestimated. It is relatively easy to agree to act in the national interest, but as the speeches of Thabo Mbeki warn, differences emerge over the actions that stem from any national agenda. Identifying with a superordinate identity may motivate a wide spectrum of individuals to support what they understand to be nation building. However, establishing unity in action between such individuals is conditional on the content of the projects undertaken.

The difficulties encountered at both Plastosheet and Roodekop in attempting to implement the project illustrate the need to establish unity of action as well as unity of identity. These difficulties were two-fold: the failure among management to reach a common understanding of the project’s aims and a common understanding of how these aims should be strategically approached; and the failure to provide material motivations that could rapidly demonstrate to the wider workforce that the project was not simply another trick to exploit them. Without delivery, the position of worker leaders who championed the project to their constituencies became increasingly
difficult. In short, durable alliances supported by implementation and results had to be constructed within management and within the workforce before the inter-class alliance between the two could be extended beyond committee discussions and onto the shopfloor.

The conditional nature of unity is clearly demonstrated by the early attempts by management at both factories to gain support for the project through overt appeals to patriotism. The ineffectiveness of these attempts illustrates not only South African workers’ deep distrust of management, but also that ‘flag waving’ is not enough. While getting everyone to think about a shared future long enough to solve problems created in the past is not without logic, it ignores Gellner’s argument that national identities are constructed from the raw materials available.

It came as a disappointment to some of those championing the Workplace Challenge that the new South Africa did not provide a ‘magic bullet’ to solve the problems of the old South Africa. But if identities are constructed and not primordial, then the content of their construction cannot be ignored. Thinking of a new South African identity in primordial terms is analytically counterintuitive. Yet a ‘primordial new South African identity’ is what appears to have been assumed by a number of managers, including some who genuinely wanted the project to succeed. Understanding that South Africa was now different, they attempted to grasp and wield the new symbols of unity in order to promote co-operation in the factory. Early management attempts to swing workers unquestioningly behind the project, such as Maleka’s monologues or Kerr-Peterson’s appeals, appear to have been framed within such an understanding.

8.3.3 New and Old South African Identities in the Factories

In understanding the factory processes as microcosms of wider processes in South Africa, we see the contents of the new South African identity. Not surprisingly, this is most visible among worker leaders. By virtue of their roles inside (and often outside) the factories, these individuals were linked to the long struggle for South Africa’s liberation. They needed to establish that the Workplace Challenge was in the national interest – something that, given their experience, required it to be supported by their union. They also needed to see values within the project matching those of the new South Africa – values such as equality, transparency, democracy and negotiated
compromise. While worker leaders expected these values to operate throughout the project, in practice this was limited; at Roodekop, where most progress in this respect was made, such values remained confined to the Workplace Challenge committee.

The worker leaders’ management counterparts in the Workplace Challenge, on the other hand, were largely located by race and political allegiance to groups whose visions remained rooted in the old South Africa. While some individual managers genuinely embraced the project, they were in the minority. This stemmed from the wider confusion among the white population over the strategies they should pursue. For example, Plastosheet’s MD hoped vaguely that the Workplace Challenge would reconstruct the hierarchical control that the racial division of labour had once provided. Management’s approach was generally also uncoordinated. In part, this was a reflection of its social confusion, but it also stemmed from a greater identification with portfolio positions within the company. That these portfolio approaches were not co-ordinated resulted from a lack of management capacity supporting the Workplace Challenge. For example, Roodekop’s HR managers were unable to prevent the Production Manager from using the Workplace Challenge to legitimate his ‘Formula One’ project that co-ordinated die changes through institutionalised coercion.

8.3.4 The Role of National Identity in Motivating Shopfloor Co-operation

It is essential to note that participation in these alliances was also based on material gain. Understanding the project to be in the national interest provided a motivational link between the logic of co-operation and the desire of workers to improve their standard of living. With the help of this motivational link, the compatible interests of management and workers could be brought together. However, the openings created by the Workplace Challenge to begin a sustained programme of mutual gain were not followed through at Plastosheet or Roodekop. As a result, rank-and-file workers withdrew from the project. They could be persuaded to co-operate, but they were not willing to be ‘taken for a ride’.

While the issue of values and material benefit can be considered separately, the degree to which they are, in fact, connected needs also to be recognised. Workers already believed that they were making sacrifices. When comparisons were made, as they often were, between their wages and the cars that managers came to work in, this sacrifice constituted a glaring ‘social fact’. When managers asked workers to co-
operate in an industrial partnership, values of social equality and visible economic inequalities could not be separated. The wider project of nation building promised not only democracy and dignity to workers as Africans, but also to uplift them and their children in material terms. The Workplace Challenge as a part of nation building was expected to do the same.

8.4 Evaluating the Role of National Identity in Economic Development

The micro-level research undertaken at Plastosheet and Pipeco-Roodekop, supported by analyses of the plastics industry and the wider South African transformation, has provided a lens to examine the role of national identity in providing unity and motivation for economic development. While incomplete from the perspective of the Workplace Challenge project, unity and motivation resulting from a superordinate national identity has been evident. This manifestation has not, however, been in the simple form suggested by economic nationalists, such as List. The vision of a future associated with a new inclusive national identity clearly does provide motivation. Whether unity between newly-included subordinate identities can support a sustained programme appears to depend on the much more searching and difficult question over the content of any national vision. To sustain co-operation, those subscribing to a superordinate identity need to take tangible steps towards the symbolic and material fulfilment of a shared vision.

8.5 The Implications of the Research for South Africa

The incomplete implementation of the Workplace Challenge underscores the question of whether the goal of a democratic, non-racial and prosperous South Africa can be realised. From the research undertaken, some light can be shed on the possibility of achieving this ambition. Processes aimed at meeting this goal will be greatly facilitated if national-level stakeholders are able to move beyond the current deadlock and to promote a common vision in the national interest. The corralled nature of the class conflict that underlies disagreements over some economic policies makes such a breakthrough possible. Even if this is achieved, however, co-operation on the shopfloor will be far from automatic. What clearly emerges from the research is an
understanding that each institution has to go through its own, often difficult processes to achieve shopfloor co-operation.

Poor shopfloor relations in South Africa can be improved. While on the ground the mistrust between management and workers appears as a deeply entrenched and complex problem, the evidence that workers are willing to co-operate under the right conditions is a critical basis for optimism for those seeking to improve shopfloor relationships and to raise productivity. If these improvements are to be achieved, a series of alliances must be constructed within management, within the workforce, and between management and the workforce. These alliances need to extend beyond committee meetings and onto the shopfloor.

In fact, three simple procedures provide much of the ground that needs to be covered for shopfloor co-operation to begin: developing a coherent management strategy towards the process in question; treating worker leaders as equal partners; and rapidly implementing supported change processes that deliver benefits in a transparent manner. If these principles are established, the necessary alliances will follow.

The belief that shopfloor co-operation in South African factories can establish processes of continuous improvements is optimistic. The resource of a shared national identity is important in motivating participation, but patriotism is not a ‘magic bullet’ that can be used to bring unity of purpose. In the same fashion, improved shopfloor relations do not provide a ‘magic bullet’ that will deliver a high-wage, high-productivity full-employment economy. Rather, improved shopfloor relations are an important first step towards such an economy.

South African factories are not a coiled spring waiting to leap into new modes of production once the fetters of apartheid are finally removed. However, in the first instance, improved shopfloor relations will have two important effects. First, they will decommission what James Scott, in a very different context, has described as the Brechtian forms of class struggle – “foot dragging, dissimulation, false compliance, pilfering, feigned ignorance, slander, arson, [and] sabotage” (1985:29). Second, they will dismantle the entrenched stock of responses that management has built to control such ‘weapons of the weak’. Neither of these processes will be complete, but there could be significant improvements.

South African workers are no longer as weak as they once were; powerful unions and sympathetic labour legislation offer considerable protection and prospects.
Despite this, a daily zero-sum conflict between workers and managers continues on the factory floor. Within the Workplace Challenge attention was focused, at crucial moments, on the impact of the national strike and on boycotts of the project by workers. These were viewed as 'make-or-break' events that would determine the success of the project. Such events are important but, to a large extent, they are epiphenomenal to the process of improving productivity. Whether the rank-and-file allows the shop stewards to attend project meetings does not determine shopfloor relations or productivity. It is possible for committees to 'talk nicely' while nothing else changes in the factories. What is important is establishing a process that will enable both worker leaders to persuade the rank-and-file to co-operate on the shopfloor, and management to persuade its own side that co-operation with the workforce is necessary.

All this may seem distant to the dawn of a new era, but the possibilities of beginning shopfloor co-operation should not be underestimated. While there will be some immediate gains, the real prize will come when shopfloor co-operation synergises with the wider process of reform currently underway in South Africa – improved education, training, transport, health, housing and so on. The release of millions of Africans from the bondage of poverty would be a crowning achievement to South Africa's liberation.

From a global perspective, other societies might also want to watch closely. Throughout history each process of industrialisation has brought new forms of economic organisation, reflecting in part the cultures within which the economic relationships are embedded. In building the new South Africa, exclusion, division and domination have been rejected as the basis for social order. Rather, equality and negotiated compromise are stressed as principles for the new society. Such aspirations are not unique, but rarely are they rooted so firmly in such a huge developmental project. If South Africa's industrialisation does incorporate the newly promoted values of equality and negotiated compromise within it, something new will come out of Africa.
Epilogue

The Workplace Challenge project in the plastics sector was extended with funding approved for a second phase between February and November 1999. Research was carried out by the author during November 1999 for the MPWG and a second report written (Dickinson 2000). This epilogue summarises some of the main research findings relevant to this thesis.

The main success for the project came from the Midland site of Vynide – the company that Mike Kerr-Peterson, chair of the MPWG, had become MD after leaving Pipeco. Vynide-Midland, which produces vinyl sheeting, entered the Workplace Challenge project late. However, by the end of 1999 the site was showing notable improvements in shopfloor relations, reflected in greatly lowered rates of absenteeism, and increases in productivity measures such as machine utilisation, ‘cost of quality’, and ‘on time orders’. While the process at Vynide-Midland was still seen as facing numerous hurdles, it appeared to provide a vindication of the benefits of workplace co-operation. A noticeable feature of the project at this site was the focused commitment of a number of managers to the project, their co-operation with workforce leadership, and their willingness to deal robustly with management and staff members who resisted change.

At Plastosheet and Pipeco-Roodekop, the features highlighted in the preceding chapters continued to dominate events. Despite their continued participation in the project, little progress was made.

The shopfloor teams at Plastosheet were finally implemented, but without any of the support outlined in the original project plan. The elected team leaders battled for some time to implement improvements but found themselves ‘working harder’ and not, as promised, ‘smarter’. Worker representatives on the Workplace Challenge committee became increasingly resentful that management appeared to call meetings only when they required something from the workforce or when a Milestone Workshop, at which they would have to report progress, was due. Shopfloor workers questioned why the new incentive scheme, included in the project plan of November 1997, had not been negotiated and introduced. Shop stewards asked that John McKeefry, the CCA consultant who had facilitated the resolution of the shift dispute, be brought back in to help draw up a new incentive scheme. This request was turned
down. Workers then mandated their representatives to withdraw from the project. Although the company remained nominally in the Workplace Challenge until November, by July 1999 implementation had ceased.

Pipeco-Roodekop’s continuation in the project was even more short-lived. The new MD’s foci for the company – rationalisation of domestic production and a greater emphasis on joint ventures in sub-Saharan Africa – became clearer and improving shopfloor relations was increasingly understood to be a Cinderella aspect of the company. Although the new die-change process had been introduced throughout the factory, none of the savings made were distributed to workers. Early in 1999, shop stewards made a final attempt to ‘prove’ themselves to their constituencies and asked that the savings made be used to resolve the ‘burning issue’ of pay disparities within the workforce. This was turned down and the workforce mandated a withdrawal from the project. The company formally left the Workplace Challenge in July 1999. Partly as a result of the project’s demise, the shop steward structure in the factory collapsed and contact between management and workforce decreased to a minimum. Informal worker leadership informed the researcher that “a lot of pretending [to work]”\(^1\) is now going on.

\(^1\) Dickinson (2000:34).
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Szporluk, Roman. 1988. Communism and Nationalism: Karl Marx Versus Friedrich List. OUP. NY.


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Kerr-Peterson, Mike with Christo Nel. 1996(?). Workplace Democracy... in the Making.


Pipeco. 1996 (29 October). *Minutes of the Roodekop Stakeholder Continuity Group (Workplace Democracy Project).*


References to Fieldwork Material

Fieldwork Files

Fieldwork material was organised into the following files:

Diary: Fieldwork diary
MPWG: Manufacturing Practices Working Group
MW(I) and MW(II): Milestone Workshops
NWCC: Nedlac’s Workplace Challenge Committee
Pipeco: Pipeco (National)
Roodekop: Pipeco-Roodekop
Plastosheet: Plastosheet

Interviews

Pipeco 1: Production Manager, Roodekop. 1/10/1998.
Appendix A: Semi-structured Interview Questions

Introduction [Given to interviewees]

Workplace Challenge: Factory level key player interviews

David Dickinson
Wits University
Tel 011 716 5843

Purpose of the interview

The interview is for research purposes. The purpose of this research is to access the opinions of key players in the Workplace Challenge and to pass this knowledge on to other Workplace Challenge projects and the South African economy generally.

Confidentiality

If you think your responses may be sensitive in any way please say so and I will ensure that your comments cannot be directly attributed to you.

Nature of the interview

The interview is ‘semi-structured,’ that is there is a fixed set of questions but the exact nature of the response is determined by you. Please answer the question in the way that you feel is most appropriate. If you do not understand the question please ask me to explain.

The Questions

There are three sets of questions. The first set asks you some details about yourself. The second asks you about the Workplace Challenge and your factory. The third section asks some broader questions about your views on South Africa.

Permission to Tape

I would like to tape this interview. This is to enable me to capture your exact responses. The tape will not be passed onto any other person. If you want the tape to be switched off at any point during the interview please say so.
Section A: Details about yourself

[Bracketed sections indicate subsidiary questions.]

1. Name:
2. Position in your company:
3. Length of time in your company:
4. Previous work: (Periods of unemployment and incomes sources during these.)
5. Position in your union:
6. Involvement in the Workplace Challenge project:
7. Age:
8. Education level (highest):
9. First language:
10. Married: Children:
11. Where are you currently living:
12. Where are you from originally:
13. Are you a member of a political party:
14. If not who would you vote for in a national election:
15. Non work activities: (sport, social, religious, cultural - positions of responsibility)

Section B: The Workplace Challenge

1. In your opinion why did the government and Nedlac set up the WC?
2. How important has it been that the WC has been set up by government and Nedlac in gaining support with the different stakeholders in your company?
3. Was the funding available from the government important in the decision of your company to take part in the WC?
4. Were there fears within your own organisation (i.e. management or union) over WC? What were these based on and have the issue concerned been resolved?
5. In the WC, did you ever feel that the union/workers or management had plans that they weren’t informing you about? (What?)
6. How well do you think the process of communicating the aims of the WC project to the whole workforce has been achieved? (Reliance on small number of individuals?)
7. Do you think participation in the WC has helped management and workers to trust each other more and work together?
8. How could management and workers further increase trust and co-operation?
9. What do you think the main benefits of the WC have been so far?
10. What have been the major difficulties in the WC in your factory? (How could these have been avoided?)
11. Are you disappointed with progress to date? (If yes, why do you think things have gone slowly?)
12. Do you think that the project organisers’ expectation of progress by companies in the project was realistic? (What would be a realistic time-frame?)
13. Do you ever talk to people about the Workplace Challenge outside of your work situation?
14. Have you attended any of the project workshops (at Midrand)? If so, were these valuable and why?
15. How valuable has the WC consultant(s) been in your factory? (Key benefits/disadvantages/improve/done without them?)
Section C: South Africa

1. The South African economy is being opened up to global competition. In your opinion what does this mean for South Africa?
2. In the light of your response, what do you think should be done to meet the economic challenges presented by this globalisation?
3. Do you think the measures you have suggested will be carried out? (Strengths and weaknesses in doing so?)
4. Do you think that government’s economic policies (particular the RDP and Gear) will help South Africa’s economic development? (Ask for experience of RDP delivery in home areas.)
5. Part of South Africa’s economic transformation involves making management more representative of the different racial groups in society (Affirmative Action or Black Empowerment). How do you see this process working in your company?
   5.a (For workers) If there was an opportunity for promotion to a management position would you take it? Would there be problems associated with doing this? Would you retain union membership?
   5.b (For management) Do you see such a process threatening your own position? Or the job opportunities of your children?
6. Do you agree with the idea that South Africa is now a ‘rainbow nation’ in which differences between people are no longer important? (Differences? Problems?)
7. Do you think business and the unions take the ‘national interest’ seriously or do they look firstly at their own interests? (What would change this?)
Appendix B: Photographs

1. Milestone Workshop – formal interaction.

2. Milestone Workshop – informal contact.

4. Plastosheet – Extrusion Department looking from the mezzanine to Number 11 machine.
5. Plastosheet – extruded sheets being trimmed to width.

6. Plastosheet – extruded sheet being guillotined to length.

8. Plastosheet – a mixer working on the mezzanine.

11. Moclau – Christopher Ratlhogo, General Secretary.

13. Roodekop – looking over the stock yard to the factory.

15. Roodekop – loading pipes from extrusion machine to trolley.

16. Roodekop – pipes being taken from the factory to Sales.
17. Roodekop – changing the mandrill during a ‘front-end change.’

18. Roodkop – purging material being run through extruder while the mandrill is centred during a die change.
19. Roodekop – ‘line change’ on a large diameter pipe.

21. Roodekop – pipes for Number Three machine waiting to be taken back into the factory for belling before the ‘line change’ can be completed (17 July 1998).


24. Roodekop – strikers late for picketing (in the centre of the circle of workers) are required to explain themselves.
25. Roodekop workers march to another striking factory.

26. Roodekop hosts a rally.
27. Roodekop – a black contractor tries to leave with pipes on the first day of the strike. Shop stewards restrain striker with *sjambok.*