

WHY DO EMPLOYERS BARGAIN AT PARTICULAR LEVELS?

A LONGITUDINAL CASE STUDY OF WESTERN CAPE CLOTHING EMPLOYERS' PERCEPTIONS AND BEHAVIOUR WITH REGARD TO LEVELS OF COLLECTIVE BARGAINING, 1991-1995

by
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**A thesis submitted to the Faculty of Social Science and Humanities,
University of Cape Town, for the degree of Master of Arts**

13 June 1997

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ACKNOWLEDGEMENTS

I would, firstly, like to thank all the employers who participated in this project and gave up their time for interviews in 1991 and again in 1995. The research could not have been done without their willingness to share their views on this contentious issue, and for this I am sincerely grateful. I would also like to thank the officials and spokespersons of the employers' associations, the trade union, and the industrial council for their participation in the research despite the constraints of very busy work schedules.

Secondly, I would like to thank Johann Maree for the assistance and encouragement that he gave me in the course of this research. This began in 1991 when the first set of interviews was done under the auspices of the Industrial Relations Project (IRP), and it was Johann who persuaded me to do my Masters degree and allowed me, in his capacity as the Coordinator of the IRP, to use the data obtained in the 1991 interviews for this dissertation. The assistance continued in 1995 and 1996 when Johann acted as Supervisor for the dissertation. His contribution has been invaluable in numerous ways and I am warmly grateful to him. In addition, I would like to thank the rest of the IRP team, namely Melvin Goldberg and Ian Macun, for their contribution to the design of the original research project and their comments and insights at various stages of that project.

Finally, I would like to thank my wife, Estelle Geldenhuys, for the invaluable support that she gave me, most of which went unacknowledged, throughout the course of researching and writing this dissertation.

ABSTRACT

This dissertation examines a sample of Western Cape clothing employers' perceptions with regard to different levels of collective bargaining. The examination takes place at two points in time: in 1991, when bargaining took place at the regional level, and in 1995, when bargaining was taking place at the national level. The change in the level at which bargaining took place between these years allows for a retrospective examination of the reasons why employers agreed to engage in national bargaining. The objective of the research was to determine, from the perspective of employers' preferences, why collective bargaining comes to be situated at a particular level.

The study relies primarily on a qualitative research method, namely in-depth interviews with employers. The focus is therefore on the subjective expression of interests and preferences with regard to alternative levels of bargaining, and the way in which employers make decisions about this issue. This approach differs from most other attempts to explain the determination of bargaining levels. Rather than attributing preferences to employers through an examination of the relationship between existing bargaining structures and factors such as industrial structure, trade union density, and the statutory framework for collective bargaining, the methodology used for this dissertation focusses on the role of employers as social actors that mediate between such environmental factors in developing their preferences for a particular level of bargaining. Particular emphasis is placed on the politics of collective decision-making by employers as an explanatory variable in the determination of the level of bargaining.

The study also provides a quantitative and structural examination of the relationship between employers' preferences for different levels of bargaining and environmental factors such as the statutory framework for collective bargaining and industry structure. The influence of these factors can then be evaluated despite the fact that they are often not recognised by employers when expressing their preferences for a particular level of bargaining. The aim of using both qualitative and quantitative approaches is to provide a

more rounded understanding of the way that employers form their preferences and make decisions about the level at which they wish to bargain, and how their preferences may change over time.

The study found that in 1991 a large majority of employers in the Western Cape clothing industry supported the existing regional bargaining arrangement. Most were, furthermore, strongly opposed to national bargaining. About one year later, however, employers agreed to enter a national bargaining forum and agreed in principle to the formation of a national industrial council. In 1995 the support for regional bargaining had declined somewhat but it remained the most popular level of bargaining. Bargaining at national and enterprise levels gained almost equal support.

The reasons for favouring regional and national bargaining did not change much between 1991 and 1995, but the experience of national bargaining confirmed the objections of many employers to bargaining at this level. One outcome was an increase in preferences for enterprise bargaining. Another significant change in 1995 was the importance of certain infrastructural factors. Changes in the economic environment underlay the emergence of these factors in 1995 as certain employers sought greater flexibility in the bargaining structure.

The study identifies seven key findings in explaining a theory of levels of bargaining in the clothing sector. They are as follows:

1. Employers took account of a wide range of factors in developing preferences for a particular level of bargaining. Most of these factors have been identified in previous research but the study also discovered additional factors. However, these factors took a particular form in the Western Cape clothing industry in the period during which the research was conducted, and employers' perceptions of these factors were therefore context dependent and historically rooted.

2. The methodological approach adopted for this study revealed that employers were not only deeply influenced by their environment and their history, but that they were also to a greater or lesser extent future-oriented. They therefore brought with them a perceptual framework wrought in a particular historical context but they also evaluated future prospects and possibilities in order to seek proactive solutions to the questions that faced them. However, this future-oriented thinking was not necessarily strategic and was subject to the problems discussed in point 6 below.

3. The importance of factors changed over time as changes occurred in the business and industrial relations environment, as well as in the broader political-economy of the country. Determining influences on preferences for different levels of bargaining are therefore in a continual dynamic interplay, with some more prominent than others during certain periods, and with some creating pressures for change while others constrain those pressures and stabilise the existing bargaining arrangement.

4. Employers did not pursue narrow economic interests when evaluating the appropriateness of bargaining at a particular level. While economic interests were the most important considerations for employers, they were not able to simply divorce themselves from their role as actors in the wider society when they evaluated the pro's and con's of different levels of bargaining. Employers, as social actors, introduced additional considerations which sometimes distorted or contradicted their purely economic interests. The most obvious example of this was the discounting by many employers, for various reasons, of the potential benefits of equalising labour costs throughout the country through national bargaining.

5. There was a great deal of diversity in the way that employers interpreted factors and forces that favoured or opposed alternative levels of bargaining. Not only did they choose different factors but they also prioritised their reasons differently and articulated them in different ways. Political and ideological positions played a part in the variety of reasoning

that employers displayed, as well as their individual work experiences. Employers' preferences were therefore not determined functionally by environmental factors.

6. The decision-making process engaged in by employers was not 'rational' in the sense that rational choice theorists use the term. Decision-making was fraught with problems of limited understanding and information, as well as fear of the risks and uncertainty attached to an untried bargaining structure. In this situation the politics of collective decision-making within the employers' associations was at least as important as the 'rational' assessment of costs and benefits in arriving at a decision about the level of bargaining.

7. Power emerged as the key determinant of the level of bargaining. Firstly, the power of the trade union was of great importance in convincing many employers that they needed to face the union as a collective entity. The union's power therefore underpinned a preference for multi-employer bargaining. Secondly, SACTWU's power was fundamental to gaining the agreement by employers to change to national bargaining. Thirdly, in a situation of multi-employer bargaining, the exercise of power by certain 'leading' employers within the employers' associations played a critical part in shaping employers choices about the level at which they would bargain.

These key findings form the basis for developing a theoretical explanation of the role of employers in determining levels of bargaining, and they also make an important contribution to the development of a comprehensive theory of bargaining levels. The study finds that 'leading' employers in the employers' associations played a crucial role in shaping and directing employers' perceptions of their interests. In addition, the power of the trade union had the effect of consolidating employers interests in a way that diminished the centrifugal tendencies that existed within the associations. An analysis of power, both within employers' associations and between employers and unions, must therefore be a central component of a theory of levels of bargaining that seeks to explain multi-employer bargaining.

ABBREVIATIONS

CCMA	Cape Clothing Manufacturers' Association
CITB	Clothing Industry Training Board
CKIA	Cape Knitting Industry Association
Clofed	National Clothing Federation (previously the NCF)
CMT	Cut, make and trim
COSATU	Congress of South African Trade Unions
GMA	Garment Manufacturers' Association
GWU	Garment Workers' Union
IC	Industrial Council
IRP	Industrial Relations Project
LRA	Labour Relations Act
MAWU	Metal and Allied Workers' Union
NACTU	National Council of Trade Unions
NBF	National Bargaining Forum
NCMA	Natal Clothing Manufacturers' Association
NCF	National Clothing Federation (now Clofed)
NF	National Forum
NIC	National Industrial Council
NMC	National Manpower Commission
NMW	National Minimum Wage
NUCW	National Union of Clothing Workers
NUTW	National Union of Textile Workers
SACCOLA	South African Coordinating Committee on Labour
SACOB	South African Chamber of Business
SACTWU	South African Clothing and Textile Workers' Union
SALDRU	South African Labour and Development Research Unit
TBVC	Transkei, Bophuthatswana, Venda and Ciskei
TCMA	Transvaal Clothing Manufacturers' Association

CHAPTER ONE

INTRODUCTION

1.1 Trends in levels of bargaining

The question of the level at which collective bargaining takes place has been raised with a compelling urgency by trade unions and employers in South Africa over the last two decades. The emergence of non-racial trade unions in the 1970s saw the dominant structure of bargaining, namely multi-employer bargaining in industrial councils, challenged by the enterprise bargaining strategy pursued by these unions. By the late 1980s, however, the new unions had shifted their sights to more centralised bargaining arrangements, and the 1990s have seen the most important union federation, the Congress of South African Trade Unions (COSATU), demanding national, industry-wide bargaining in all sectors. This demand effectively means a restructuring of the industrial council system, which has in the course of the century developed primarily along local and regional lines.

Employers have reacted in different ways to the changing union demands regarding bargaining levels. Initially, many sought the protection of the multi-employer bargaining structures through which they had historically engaged with trade unions. These employers rejected demands to bargain at the enterprise level on the grounds that they would only bargain at an industrial council. However, other employers gave in to the demand and began to bargain at the enterprise or plant level, either exclusively, or in some cases, in addition to continued participation in bargaining via an employers' organisation at an industrial council.

When, by the 1980s, the new unions began to apply for membership of industrial councils, there was a reversal by some employers. The participation of the new unions in industrial council bargaining was either resisted or, if that failed, firms left employers' organisations and sought to bargain at the enterprise level only. The latter strategy introduced instability into the industrial council system and caused the collapse of a number of important

councils.¹ Where employers continued to engage with unions at industrial councils there was often strong resistance to the restructuring of those councils. They saw little reason why regional or sub-sectoral bargaining structures that had historically served them well, should be reconstituted on national, industry-wide lines.

By the 1990s the issue of bargaining levels had therefore become one of the most contentious in the industrial relations arena. The battle-lines that had been drawn effectively went to the heart of the collective bargaining system: the voluntary nature of industrial council participation was challenged by COSATU. In its place the unions wanted statutory intervention that would compel employers to participate in a system of national, industry-wide bargaining structures. The political transition and prospects of a labour-friendly, ANC-led government that would move quickly to reform labour legislation, heightened tensions around the levels of bargaining issue.

Internationally, the period since the early 1970s has also seen bargaining levels emerge as an important issue, particularly in the advanced industrialised countries. There are, however, two key differences between the experience in South Africa and that of many other countries. Indeed, there are important differences between the experiences of the advanced industrialised countries as well. Firstly, although there are opposing trends in South Africa, the dominant trend since the mid-1980s has been towards greater centralisation of collective bargaining. By contrast, the general trend in Europe, although uneven, has been to decentralise bargaining to the enterprise or plant level.² The United States, which has a predominantly decentralised bargaining system, has shown further shifts in this direction with the decline of the remaining industry-wide bargaining arrangements and the disintegration of pattern bargaining in many sectors. The experience

¹ The most prominent example of this instability was the collapse of the national printing and newspaper council at the end of 1989, following the withdrawal of the major employer party. (Godfrey, 1992: 256-260)

² Note that Ferner and Hyman argue that the trend to decentralise bargaining has not been as pervasive as made out by other commentators. While decentralisation has occurred, they emphasise the unevenness of this process and the stability of structures in certain countries. (1992: 20-21; and, Hyman, 1994(a): 19) Treu also acknowledges the resistance of bargaining structures to change because of the effect of the institutional framework and the inertia that this creates. (1985: 61)

of Australia also points to a shift towards enterprise bargaining. (Treu, 1985: 50-52; and, Locke *et al*, 1995: 144)

Secondly, the international trend to decentralise bargaining has been initiated primarily by employers. Trade unions, faced with declining membership, new management strategies, and, in some cases, unfriendly governments, have gone along with the change or have resisted only weakly. (Treu, 1985: 50; and, Ferner and Hyman, 1992: 20-21) In South Africa, on the other hand, the trade unions have provided the impetus for changes to levels of bargaining. The burgeoning growth of the unions that emerged after 1973 and their development into very powerful organisations, both economically and politically, has seen their demand for national centralised bargaining picking up a strong momentum.

1.2 Explaining different levels of bargaining

The different trends in recent years between South Africa and some of the advanced industrialised countries highlights the great diversity that exists between bargaining structures across countries, sectors, and firms. Bargaining can take place, at the one extreme, between an employer and a particular work group within a plant, and, at the other extreme, bargaining arrangements have been established at the national, economy-wide level by confederations of employers' organisations and trade unions. In between these poles, bargaining takes place at plant level or enterprise level, or employers bargain collectively via associations at local, regional or national levels for industries or industrial sub-sectors.

What accounts for this diversity? And what accounts for changes in levels of bargaining and the sorts of broad trends to greater centralisation or decentralisation discussed above? A number of approaches have been adopted in seeking answers to these questions. These approaches range from case studies of the factors or determinants (e.g. union density) associated with different types of bargaining structures at firms and within sectors, to large-scale studies that have tested the association of these factors with different levels of bargaining across sectors. (Deaton and Beaumont, 1980; and, Hendricks and Kahn, 1982)

Historical and comparative studies have also been done to identify the relative importance of different factors (e.g. the legislative framework for collective bargaining) over time and across countries. (Sisson, 1987; and, Gospel, 1992) These studies allow for an examination of the way that the effects of industrialisation have been mediated by national institutions to result in bargaining structures being established at particular levels in countries. At a higher level of analysis, regulation theory proposes that changes to collective bargaining institutions (which form part of the 'mode of regulation') are determined by changing 'regimes of accumulation'.³

These approaches all attempt to explain the causes of bargaining structures being established at different levels. A common feature of these studies is that they view the determination of bargaining structures *ex post facto*. In other words, the starting point is the existing level of bargaining and the preferences of the parties are attributed to them on the basis of these structural outcomes. These studies therefore do not directly address the actual process through which environmental factors and forces are interpreted and translated into perceptions of best interest; that is, how do actors interpret their environment, develop preferences that serve their perceived interests, and make decisions about the level at which they will bargain?

The examination of this interface between structure and action is clearly an extremely complex problem. This dissertation does not presume to offer a solution, but the methodological approach that is adopted offers some insight on the process through which preferences are formed and choices are made on the issue of levels of bargaining. This approach is qualitative and relies on the subjective expressions of employers' thinking on the factors and forces that influence their preferences for a particular level of bargaining.

The study is, furthermore, micro in focus. A sample of employers in a single sector and region is chosen for intensive investigation. This investigation takes place at two points in time, that is, 1991 and 1995. But, importantly, employers' perspectives are also gained on

³ See Ferner and Hyman for a synopsis of regulation theory. (1992: 18-19)

the events that took place in the intervening period, namely an agreement to change to national bargaining. The study is therefore a contemporaneous examination of how employers perceived their interests with regard to bargaining levels before and after a change took place to the structure of bargaining. In addition, their perceptions of the decision-making process in which employers collectively engaged when arriving at an agreement to bargain nationally, are also examined. This throws light on the process through which preferences were translated into choices when faced with a demand for national bargaining.

Finally, the subjective focus of the study is balanced by an examination of the association of certain objective factors with the aggregate choices made by employers in 1991 and 1995. The importance of underlying determinants, not recognised or expressed by respondents, can therefore be evaluated. Furthermore, this more quantitative approach allows for a comparison with the findings of the large-scale cross-sectoral studies referred to above. Identification of contradictions and commonalities enable more general points to be made about the findings of this case study.

1.3 The longitudinal focus on employers in the Western Cape clothing industry

The study focusses on the perceptions of employers in the Western Cape clothing industry. There are a number of reasons why this sector and region was chosen. Firstly, clothing employers in the Western Cape had for many years shown a firm commitment to bargaining through an employers' association at a regional industrial council. By 1991, however, certain threats to this bargaining arrangement were emerging. The most important of these was the demand by the South African Clothing and Textile Workers' Union (SACTWU) for the establishment of a national industrial council. A second threat was the dissatisfaction that was emerging amongst 'small' employers with regard to the existing multi-employer bargaining arrangement. Although there was a lack of clarity about what these 'small' employers were advocating, it seemed that many of them wanted greater deregulation of the labour market. These factors led to the first set of interviews being done with clothing employers in 1991.

The demand for the establishment of a national industrial council was vigorously opposed by the majority of clothing employers in the Western Cape until about mid-1992. At that point the clothing employers' associations throughout the country (including those in the Western Cape) agreed to negotiate in a national bargaining forum, and agreed in principle to the formation of a national industrial council by 1995. This change prompted a second examination of employers' perceptions with regard to their preferred level of bargaining. This took place in 1995. Increased attention was given in these interviews to the decision-making process that had taken place in the employers' associations when the change to national bargaining was agreed upon.

The focus on **employers'** preferences was an attempt to fill something of a gap that exists in research on bargaining levels in South Africa. The traditional interest of South African industrial sociologists in the trade union movement has led to a much greater emphasis being placed on its motivations and strategies with regard to bargaining levels. To some extent this is justified by the key role that the new unions have played in initiating the levels of bargaining debate in the country, but the international literature points to the importance of employers' preferences with regard to this issue. It was therefore decided to focus on employers' perceptions and behaviour in order to shed some light on the factors that motivated their strategic choices when deciding on the level at which they wished to bargain.

1.4 The structure of the dissertation

The methodological approach adopted for this dissertation, briefly outlined above, is discussed in more detail in Chapter Two. It emphasises the distinction between this methodology, with its focus on the perspectives of social actors regarding their choices of the preferred level of bargaining, and most other explanations of bargaining levels. The problems with this methodology, and how these problems were addressed, are also discussed, as is the sample size and sample stratifications.

The survey in Chapter Three of theoretical approaches to explaining bargaining levels builds on the methodological discussion in the prior chapter. Various approaches that have been made to explaining the diversity of levels of bargaining are discussed and the theoretical statements generated by these approaches are outlined. These approaches, however, oversimplify the process through which employers evaluate environmental factors and make decisions about the level at which they wish to bargain. The chapter draws on literature on employer strategies to complement some of the more deterministic explanations of differing bargaining levels that have been developed. However, it is argued that the concept of strategy is problematic and theoretically limited. Similarly, the cost-benefit approach to decision-making advocated by rational choice theorists is shown to be flawed.

It is argued in Chapter Three that employers have diverse interests and preferences, and their decision-making capacities and processes also differ considerably. Furthermore, decision-making is a political process that involves compromises between competing interests. The chapter concludes by focussing on the specific problem that these competing interests poses for an explanation of multi-employer bargaining. The role of employers' associations, as well as the role of strong trade unions, in producing collective interests amongst employers, is highlighted. Finally, it is suggested that the route to a more complete theory of bargaining levels could be via a different methodological approach, as is outlined in Chapter Two and adopted in this dissertation.

Chapter Four deals with the environment within which employers in the Western Cape ~~X~~ *Chap 4* clothing industry have formed their perceptions on bargaining levels. This provides an essential background to the analysis of the interviews in the chapters that follow. The major contextual features that are discussed are the history and nature of the statutory system of collective bargaining in South Africa; the history of bargaining structures and industrial relations in the clothing industry; the development of SACTWU's policy on levels of bargaining; the organisations for clothing, knitting, and cut, make and trim

(CMT) employers in the Western Cape; and, the economic structure of the clothing industry.

The body of the dissertation is provided by Chapters Five, Six and Seven, which deal with the analysis of the empirical data. The arrangement of these chapters is primarily chronological. Chapter Five is concerned with employers' perceptions regarding different levels of bargaining in 1991. Chapter Six deals with the perceptions of members of the employers' organisations regarding the decision-making process leading up to the agreement to bargain at the national level, and what they saw as the main reasons for this decision being reached. The focus of Chapter Seven is on employers' perceptions of different bargaining levels in 1995. In both Chapter Five and Seven there is also a quantitative analysis of the relationship between aggregate preferences and selected infrastructural and institutional factors.

Chapter Eight concludes the dissertation. This chapter sums up the empirical findings of the case study and then engages those findings with the theoretical approaches outlined in Chapter Three. A six point framework for the development of a comprehensive theory of levels of bargaining is proposed. It is noted, however, that the focus of the case study only allows for an examination of some of the points in this framework, primarily those dealing with the role of employers in the establishment of the bargaining level. The discussion of theory concludes by advancing three important proposals for the development of a theoretical explanation of the role of employers in determining levels of bargaining. These proposals, it is argued, also make a significant advance towards the development of a comprehensive theory of levels of bargaining.

The three proposals are as follows: firstly, that a theory of levels of bargaining must recognise a certain degree of contextual specificity in the determination of levels of bargaining, but that the theory should also take account of the commonality of determinants across sectors and countries.

Secondly, the theory must provide for an explanation of interpretation and decision-making by employers that recognises diversity of interests, bounded rationality, non-optimal satisficing decision-making, and the influence of wider social and political considerations. The theory must also recognise that decision-making by employers is a political process.

Thirdly, the diversity of employers' interests poses the problem for theory of explaining the determination of multi-employer bargaining structures. The study finds that 'leading' employers in the associations played a crucial role in consolidating and shaping employers' perceptions of their interests. In addition, perceptions of the significant power of the trade union acted to override the centrifugal tendencies that exist within the associations. An analysis of power, both within employers' associations and between employers and unions, must therefore be a central component of a theory of levels of bargaining that seeks to explain multi-employer bargaining.

The chapter concludes with a brief discussion of the advantages of the research methodology for examining the diversity of employers' perceptions of their interests and the role that the politics of collective decision-making plays in shaping employers' preferences. The methodology avoids the deterministic explanations of some existing theoretical statements and highlights the need to take account of the interface between structure and action in order to understand the determination of levels of bargaining.

CHAPTER TWO

RESEARCH METHODOLOGY

2.1 Background to and overview of the research method

This study started as a research project undertaken by the author for the Industrial Relations-Project-(IRP) at the University of Cape Town. The IRP was set up to examine the impact that the growth of the new trade unions into national organisations was having on bargaining structures and levels of bargaining. One of the aims of the IRP was to investigate the preferences of trade unions and employers for particular levels of bargaining and the reasons for these preferences.

After an initial study of the whole industrial council system, the IRP shifted its focus to a single sector for a more detailed examination of employers' preferences with regard to different levels of bargaining.⁴ The Western Cape clothing industry was chosen, to some extent because of convenience (the IRP is based in Cape Town and there is a large number of clothing firms in and around the city), but also because the demand by SACTWU for national bargaining had made the issue of bargaining levels an extremely contentious one amongst clothing employers in the region.

The original study was to be largely exploratory. Almost no research had been done in South Africa on the reasons why employers chose to bargain at a particular level and why they resisted attempts by unions to bargain at an alternative level.⁵ It was therefore decided to conduct structured interviews with a random stratified sample of clothing employers in the Western Cape, to investigate the reasons for their preference for a particular level of bargaining. A literature search was done in order to obtain a list of

⁴ The study of the industrial council system was published by the IRP as the Industrial Council Digest.(Godfrey, 1992)

⁵ Some insight on this issue was gained from the collapse of the National Printing and Newspaper Industrial Council, although in that case the main focus of employers' opposition was bargaining with the Paper, Printing, Wood and Allied Workers' Union at the national level rather than national bargaining as such. See, for example, 'Document: The bosses' strategy'.(South African Labour Bulletin, 1989)

list of probable bargaining issues at the workplace level

factors that had been identified in other studies as important for the choice of the level of bargaining. This list was used in the design of the questionnaires that were administered to employers.

The list of factors that was drawn up could be divided into certain broad categories. For example, there were factors related to the market, administrative factors, and institutional factors. An objective of the study was to prioritise these categories in terms of their importance for employers when deciding about the level of bargaining. However, the questionnaires did not confine respondents to these factors only and there was considerable scope for them to express their own reasons for choosing a particular level of bargaining. In fact, the questionnaires were on balance more open-ended than closed on the issue of preferred bargaining level.⁶ The interviews therefore tended to elicit mainly in-depth, qualitative data, as well as providing certain quantitative information related to the sample stratifications.

Some three years after the completion of the above study, permission was obtained to use the data for this dissertation. In the intervening period, employers had done a complete turnaround (in 1991 the overwhelming majority of employers interviewed were strongly opposed to bargaining at any level other than regional) and had agreed to bargain with SACTWU at the national level. It was decided to go back to the same employers interviewed in 1991 and re-interview them regarding their reasons for agreeing to the shift to national bargaining and to find out what their current preferences were on the levels of bargaining issue.

New questionnaires were drawn up in 1995, although these closely followed the 1991 questionnaires, and these were administered to 35 of the 42 interviewee firms that had participated in the 1991 study (four manufacturers were no longer in business and three were unwilling to be interviewed again).⁷ As in 1991, the questionnaires were primarily

⁶ See the 1991 questionnaires in Appendix B.

⁷ See the 1995 questionnaires in Appendix C.

open-ended on the question of the reasons for choosing a particular level of bargaining, although there were prompts to elicit comments on the importance of particular factors. The data obtained in the interviews was largely qualitative, but the design of the questionnaires did allow for certain quantitative measurements to be made.

The combination of the 1991 and 1995 interviews therefore constitutes a longitudinal case study of clothing employers' preferences for particular levels of bargaining (also known as a panel study because of the repetition of respondents in 1991 and 1995). The change in the level at which bargaining took place during this period allowed for an examination of the reasons for the change and the decision-making process leading up to the change. The effect of the change on employers' preferences was an additional variable for analysis in 1995.

2.2 Research methodology

~~In both the 1991 and the overall study an exploratory research approach was adopted because of the paucity of research on the topic. The broad objective was to examine the way in which employers' thought about the issue of bargaining levels and what they perceived to be the important reasons for favouring a particular level. The study was therefore primarily qualitative; it was an in-depth examination of employers' perceptions with regard to which level of bargaining would best serve their interests.⁸ An additional focus was on perceptions of the decision-making process that employers had engaged in during 1992 when they agreed to participate in national bargaining.~~

The methodology differs from other approaches that have been used in explaining differing bargaining levels. As in much industrial relations research, the focus of previous studies has been on outcomes. The existing structures are examined and preferences and reasons

⁸ In broad terms the research method used was an in-depth attitude survey. However, conceptually an attitude is usually seen as comprising cognitive, affective and behavioural components. It was felt that employers' preferences with regard to a level of bargaining has a narrower focus; it is primarily a cognitive evaluation, with a behavioural component. The term perceptions, rather than attitudes, was therefore felt to be a more appropriate description of their expressed thinking on this issue.

for preferences are attributed to the parties through correspondence between certain variables (e.g. the size of the firm) and the level at which bargaining has been structured. (See, for example, Deaton and Beaumont, 1980; and, Hendricks and Kahn, 1982) The causal relationship between preferences and the establishment of bargaining structures at particular levels is therefore established *ex post facto*. Broad assumptions are made about the power of the parties in determining the level of bargaining and the process through which the parties interpreted factors and translated these into preferences and decisions.

Alternatively, historical and comparative studies, which by their nature are *ex post facto* examinations of outcomes and the causes of those outcomes, have sought to explain changes and differences in levels of bargaining through an analysis of longer-term trends in industrialisation and industrial relations. (See, for example, Sisson, 1991; and, Gospel, 1992) In these studies preferences are attributed to employers by retrospectively identifying 'enacted' or 'realised' strategies. These strategies are patterns of behaviour that emerge over time; they are strategic in that they are actions taken to serve employers' interests but are not necessarily part of an intended plan. (Mintzberg, 1989: 27-28; and, Gospel, 1992: 10) These studies give greater recognition to the balance of power between the parties and to the influence of broader technoeconomic and political developments on preferences; but the process through which employers interpret environmental factors and make decisions about bargaining levels is not examined empirically.

The approach used in this study is a contemporaneous examination of employers' subjective preferences for particular levels of bargaining, that is, the factors they expressed as important for choosing to bargain at a certain level. To some extent this approach is a study of outcomes, in that employers are influenced in their preferences by the level at which bargaining is currently taking place, i.e. at regional level in 1991 and national level in 1995. But the 1991 interviews were conducted when employers were facing a demand from the union for national bargaining. These interviews therefore provided an *ex ante*

perspective on employers' perceptions of a prospective change to the level of bargaining. The subsequent shift to national bargaining and the repeat interviews in 1995, allowed for an assessment of how and why preferences changed, as well as an examination of the process through which employers went to agree to national bargaining.

Attitudes have been described as "not mere meditative reflections on the world, but a way of planning our interaction with the world" and as "both a social product and an intrinsic part of social action".(Eiser and Van der Pligt, 1988: ix-x) Attitudes therefore have a behavioural component that reflects intentions and decisions to act.(Eiser and Van der Pligt, 1988: 23) If one accepts this description, then the perceptions of employers can be seen as both their assessment of the most appropriate level of bargaining given their evaluation of the environment within which they are operating, and as expressions of existing or intended behaviour with regard to the issue of bargaining levels (or strategies in the process of being 'enacted'). Their perceptions are therefore both social products 'determined' by environmental factors and forces, and proactive expressions of preferred courses of action given environmental constraints.

The attitudinal nature of this study, and the fact that it was longitudinal, means that both of these aspects of employers' perceptions regarding the level of bargaining issue can be examined. Firstly, the way in which employers have interpreted and evaluated environmental factors in their assessment of the level of bargaining that would best serve their interests, is addressed in the analysis of the 1991 and 1995 interviews. Secondly, the nature of strategic choice on the part of employers can also be investigated, although only contemporaneously over a very short period of time. And perceptions of the decision-making process leading up to the agreement to bargain at the national level allows for an examination of how strategic thinking developed practically.

The research methodology therefore mainly uses the subjective expressions of actors as the source for explaining the determination of bargaining at a particular level. It has sought an alternative perspective to approaches which identify causality *ex post facto* or through

structural determination; in this case the preferences of actors themselves are examined to understand their role in mediating between structural factors and developing proactive attitudes and behaviour (or strategies) to change their environment in a way that suits their interests. In short, the methodology adopted attempts to promote an evaluation of the role of actors in making and remaking social structure.

2.3 Problems with the research methodology

The focus on the subjective perceptions of actors does have drawbacks. Simon *et al* have noted that people cannot usually express verbally how they arrive at decisions, especially when there is a degree of uncertainty in their minds. In other words, the reasons people give for their choices might not reflect their real motives for making those choices. (Zey, 1992(a): 3) What this means is that qualitative research regarding preferences and choice needs some form of reality check, through a consideration of the influence of certain objective factors on choices.

This problem was addressed in the study by a quantitative component, which draws on the research done by Deaton and Beaumont in Britain (1980), and Hendricks and Kahn in the United States (1982). The advantage of including this component is that one is able to delve beneath the subjective reality of respondents and examine the role of infrastructural and institutional factors in determining preferences. The importance of these objective factors can then be examined despite the fact that they are often not recognised by employers when articulating their preferences for particular levels of bargaining. In some cases, the comparisons with the British and United States studies have to be treated with caution because they were cross-sectoral, whereas this study focusses on a single sector, but the variables used in those studies remain relevant.

The aim of using both qualitative (or interpretive) and quantitative (or structural) approaches in this study is not to compare them and privilege one over the other. Rather, they should be seen to complement one another in providing a more comprehensive

understanding of the preferences of employers in the Western Cape clothing industry on the level of bargaining issue over a particular period of time.

A second problem encountered with the research methodology was the introduction of new interviewees in 1995. It is widely recognised that panel studies suffer from the problem of contracting sample size. This occurred with the non-participation of seven respondent firms in 1995, but the impact was limited. More important was the problem of returning to the same firm to find that the person (owner or manager) responsible for industrial relations had changed.

At ten of the firms that participated in the 1995 interviews, the person who had been interviewed in 1991 could not be interviewed again, either because they had left or because they no longer dealt with the industrial relations portfolio. The impact of these new interviewees was, however, not significant in the case of five of these firms. At these firms the respondents in both 1991 and 1995 took clearly identifiable enterprise positions on the issue. So, where there had been a change in the preferred level of bargaining this was the result of a change adopted within the firm rather than a new interviewee expressing his or her personal preference.

At the remaining five firms the change in the interviewee did have relevance in that they clearly expressed their own perspectives on the issue. At one of these firms the result was the same in that the preferred level of bargaining did not change, but the reasons for this choice differed. New interviewees at the other four firms were probably the major factor behind the change in their preferred level of bargaining.

This is an unavoidable problem in longitudinal studies of firms and must simply be factored in as a variable of change, which in reality it is. The fact of the matter is that the new interviewees held the industrial relations portfolio at these firms, and where they formulated policy relatively independently their new perspective will largely explain a

change in the preference of the firm. As a final check, where this variable was seen to be relevant its effects were highlighted in the analysis of the interviews.

Finally, it should be noted that when approaching firms the interviewee was selected on the basis of his or her responsibility for the industrial relations portfolio. In a limited number of cases this was problematic because this was not necessarily the person who attended the employers' association meetings (for example, a factory manager responsible for industrial relations was interviewed but it emerged that only the owner or managing director attended the association's meetings). In certain instances this did not appear to be relevant as the manager could reflect the firm's position on the level of bargaining issue because it had been discussed with the owner or managing director. Where this was not the case, it was attempted to ascertain what the position of the firm was rather than the individual's own perceptions.

2.4 The Samples

The fieldwork for this dissertation was carried out in the Western Cape clothing and knitting industry over two periods: the first from August to October 1991 and the second from July to September 1995. The original aim was for a sample of approximately 10% of all clothing employers in the region. This was stratified according to the following criteria: size of firm (i.e. in terms of numbers of employees); sub-sector (i.e. clothing, knitting, and CMT); location (i.e. Cape Town and Atlantis); and, membership or non-membership of the employers' associations. A further stratification was to include 'leading' clothing employers in the region.⁹ Within each of these stratifications employers were selected randomly, although the category of 'leading' employers required some purposive selection.

In the first research period 42 employers employing approximately 19 289 weekly-paid workers were interviewed. As at December 1991 there were 433 firms registered with the industrial council employing a total of 52 951 workers. The research sample therefore

⁹ The category of 'leading' employers comprised members of the Executive Committee of the CCMA or CKIA. Included were industrial council representatives and members of the 'core negotiating team' for the annual wage negotiations.

consisted of 9,7% of the total number of firms registered with the council and these firms employed 36,4% of the total number of registered employees. It should be noted that some firms had subsidiaries that were registered separately with the industrial council and that in some cases the interviewee spoke on behalf of these subsidiaries with regard to the firm's preferred level of bargaining. If one takes account of these subsidiaries, the research sample increases to 12,9% of registered employers and 37,9% of registered employees.

In the second research period 35 of the original 42 employers were again interviewed. These 35 employers employed approximately 18 907 weekly-paid workers. As at July 1995 there were 430 firms registered with the industrial council employing a total of 49 106 workers. The research sample in 1995 therefore consisted of 8,1% of the total number of firms registered with the council and these firms employed about 38,5% of the total number of registered employees. If one includes subsidiaries that were registered separately with the council but which were represented by the interviewee, the research sample increases to 10% of registered employers and 39% of registered employees.

Finally, it should be noted that because of the contentious nature of the issue of bargaining levels (particularly in 1991), interviews were obtained with employers on the basis of confidentiality, that is, no employer or firm would be identified by name, and if quotes from the interviews were used the interviewee or his/her firm was not to be identified. It is therefore not possible to provide a list of the firms that made up the samples in 1991 and 1995.

CHAPTER THREE

THE ROLE OF EMPLOYERS IN DETERMINING LEVELS OF COLLECTIVE BARGAINING: A DISCUSSION OF THEORETICAL APPROACHES

3.1 Introduction

It should be stressed from the outset that there is as yet no fully developed theory of the establishment of bargaining structures at different levels. This chapter discusses some of the approaches that have been made and the theoretical statements that have been generated with respect to bargaining levels. Most of these approaches accord employers the predominant role in the determination of levels of bargaining but this is often an implicit assumption and little attention is given to how employers actually perform this role. These approaches therefore oversimplify the process through which employers evaluate environmental factors and make decisions about the level at which they wish to bargain. The concept of employers' strategies makes some advance in exposing employers' preferences and actions with regard to the level of bargaining, but the concept is shown to be problematic and theoretically limited. Similarly, the cost-benefit decision-making advocated by rational choice theorists is shown to be flawed.

It is argued that employers have diverse interests and preferences, and their decision-making capacities and processes also differ considerably. Furthermore, decision-making is a political process that does not necessarily follow a 'rational' method of evaluating alternatives. The chapter concludes by focussing on the specific problem that this argument poses for an explanation of multi-employer bargaining, that is, how do employers act collectively when their interests are so diverse? It is suggested that a way of advancing the theorisation of bargaining levels is by adopting a methodological approach that examines employers' articulation of their interests, their perceptions of preferred course of action, and the debate and decision-making process that employers engage in when addressing the question of the level of bargaining. Such an approach advances the existing theoretical explanations of bargaining levels.

3.2 Studies of the determinants of different levels of bargaining

One approach to explaining divergent levels of bargaining has its roots in the detailed enterprise and industry case studies carried out in the United States and Britain in the 1950s and 1960s. These studies provided lists of factors that determine the levels at which bargaining structures are situated. For example, Deaton and Beaumont refer to the studies by Shister, who found that particular levels of bargaining were underpinned by technical factors (i.e. cost structure of enterprises, size of firm, etc.); marketing factors (i.e. the structure of the product market, variations in demand, etc.); and factors such as administrative organisation and pressures in the union and managerial units; political organisation and pressures in the union; leadership in both union and management; the legal framework; and traditional or historical forces. Deaton and Beaumont also note that Weber compiled a similar list, which included market factors, the nature of the issues being bargained, representational factors, government politics, and power tactics in the bargaining process. (Deaton and Beaumont, 1980: 203)

The lists of variables generated by these case studies have, more recently, provided the basis for large-scale, quantitative studies to test their significance in a systematic way across sectors. In a study of 970 manufacturing establishments in Britain, Deaton and Beaumont found that single employer bargaining was associated with larger enterprises, multi-plant firms, foreign ownership, the concentration of ownership within product markets, and specialist industrial relations management. Multi-employer bargaining was in turn associated with the regional concentration of firms, high trade union density, and multi-unionism. Proportionately high labour costs, the existence of incentive schemes, and the presence of powerful workgroups (e.g. skilled workers) did not correlate with either single or multi-employer bargaining. (Deaton and Beaumont, 1980:210-212)

A study of 3 056 bargaining arrangements in manufacturing industries in the United States done by Hendricks and Kahn reached broadly similar findings. The results pointed to the importance of product and labour market considerations, and found that the high concentration of ownership within a market and large plant size were strongly associated

with single employer as opposed to multi-employer bargaining; union rivalry was associated with more decentralised bargaining; and labour intensity was associated with greater levels of centralisation. (Hendricks and Kahn, 1982: 182, 185 and 194)

The theoretical statements that have been inductively drawn from these empirical studies are, however, limited. For example, Deaton and Beaumont refer to Weber's contention that bargaining structure is determined by a cost-benefit decision by the parties, i.e. it is a choice between the various costs and benefits of alternative structures. The factors underlying this cost benefit approach are the maximisation of one's bargaining power, administrative convenience, and the need to protect oneself against competitive disadvantage. These three broad factors are in turn linked to a greater or lesser extent with the specific determinants identified by the empirical studies. (Deaton and Beaumont, 1980: 203) The conclusions drawn by Kahn and Hendricks are similarly descriptive. They also argue that employers make a cost-benefit decision about alternative bargaining structures and sum up their study with the statement that "unions and management consider choices of bargaining structure in a systematic way that reflects the basic environment in which negotiations take place". (Hendricks and Kahn, 1982: 182)

The enterprise and industry case studies, and the large-scale quantitative studies, have enhanced our knowledge of the range of variables that have some determining influence on bargaining structure, and partly explain the diversity of levels of bargaining found in practice. But these studies oversimplify the process through which employers and trade unions interpret these factors, make decisions and develop strategies regarding the level of bargaining, and engage with one another to arrive at an agreement on a particular bargaining structure.

3.3 Comparative historical approaches to explaining different levels of bargaining

Another approach to an explanation of the diversity of levels of bargaining has been provided by comparative historical studies, both within and across countries. (Sisson, 1987; Sisson, 1991; and Gospel, 1992) This approach explicitly distances itself from

explanations that view bargaining structure as being deterministically linked to industrial structure or economic environment. Sisson notes, for example, that:

... attempts to explain employer behaviour in terms of the characteristics of the material structure of infrastructure quickly break down as soon as they are subjected to scrutiny or when other countries are added to the equation.(1991: 263)

These studies place particular importance on the nature of the bargaining structures that were established early in the industrialisation process. Sisson argues that bargaining structure is the outcome of "an historical compromise which reflects the pattern of industrialisation and the nature of the trade union challenge". He goes on to state that to "understand why the structure of collective bargaining emerged in the form it did, it is necessary to appreciate the relationship between employers and trade unions at the time the compromise was struck".(1991: 256 and 265)

The comparative historical approach therefore explicitly recognises power and the engagement between employers and trade unions in the establishment of bargaining structures. And, although Sisson accepts the consensus of most commentators that bargaining structures are implicitly, if not explicitly, determined largely by employers, he argues that:

... multi-employer bargaining emerged because employers were confronted by the challenge of national trade unions organized along occupational or industrial lines who were anxious to protect their members against the 'devastating and degrading effects of unregulated labour markets'.(1991: 265)

These studies are important in three respects. Firstly, the comparison of the same sectors across countries allows for an evaluation of the importance of infrastructural factors for determining particular levels of bargaining. At the same time, it provides insights into the impact of other variables on bargaining levels, for example, the legislative frameworks for collective bargaining in each country. In other words, if bargaining is situated at different

levels in the same sector in different countries, then there are other factors that have overridden the determining strength of industry structure. This allows for the development of historically-grounded theoretical statements that explain the similarities and contradictions between bargaining structures, and converging or diverging trends.

Secondly, the historical perspective emphasises the **process** of establishing bargaining structures and the exercise of power in this process. This perspective therefore highlights a fundamentally important point, namely that bargaining structure is ultimately determined through negotiation and compromise between two parties with opposing interests. This simple fact tends to be overlooked or is understated in the more deterministic writing on bargaining levels, probably because research has focussed on countries where trade unions were relatively weak and employers have played the dominant role in the choice of the bargaining level. Employers have therefore been viewed as the primary 'conduits' through which structural determination of the level of bargaining takes place. However, where trade unions are strong their interests, and the exercise of their power and the strategies that they adopt, have a critical bearing on the level at which bargaining is established. In other words, a powerful trade union can strongly influence employers' choices regarding the level of bargaining and force them to concede bargaining at a particular level against their perceived best interests.

Thirdly, comparative historical studies have focussed greater attention on the strategies adopted by actors with regard to preferred levels of bargaining. This focus gives greater weight to the role of actors in pursuing particular preferences or strategies rather than as responding functionally to objective structural factors. The strategic choices made by actors are seen as being relatively independent of structural factors, but work to a greater or lesser extent within the constraints imposed by those factors. Furthermore, those choices are also made as part of a power-play with an adversary that is pursuing opposing interests and strategies. This is an additional, and vitally important, factor that can explain the divergence of employers' preferences regarding a particular level of bargaining from a functionalist logic imposed by structural factors.

Although it has been argued above that trade unions can play an important part in determining the level of bargaining, employers are generally recognised as having played the predominant role in this process.(Clegg, 1976: 10; Sisson, 1991:256; and, Gospel, 1992: 71) The strategies that employers pursue regarding the level of bargaining have therefore been accorded particular attention in comparative historical studies. This brings the spotlight to bear on the concept of 'employer strategy', and it is on this that the next section will focus.

3.4 The concept of employers' strategies

The concept of 'employer strategy' is an important theoretical step in understanding the determination of bargaining levels. It focusses attention on employers' decision-making and behaviour with regard to collective bargaining, within the context of their overall business strategies. The integration of business and industrial relations strategies, which is increasingly taking place in practice and in theory, emphasises employers' choice with regard to their interpretation of their business environment and their decisions in the field of industrial relations. It therefore focusses on the interface between structure and action, that is, on purposive behaviour which shapes the environment as well as being influenced by it.(Sisson and Marginson, 1995: 92)

Gospel uses the notion of strategy to propose that British employers had two basic strategic choices to make regarding the management of labour. Employers could either internalise their activities within the boundaries of the firm or they could externalise them in the market. The latter strategy meant that the firm "hands dealings with a trade union over to an association of employers", that is, it engaged in multi-employer bargaining.(1992: 8) He goes on to explain the motivations for the latter strategy:

The system suited employers in that it allowed them to maximise their collective strength through their associations, to counter the pressure for job control from skilled workers, and to reduce some of the uncertainty surrounding the fixing of wages and conditions. It also economised on the costs of investing in strong internal structures and hierarchies.(1992: 79)

Sisson notes another important strategic aim of employers when engaging in multi-employer bargaining:

... multi-employer bargaining made it possible for employers to neutralize the workplace from trade union activity: that is to say, to exclude the trade union from the workplace or, at the very least, to set limits to the role that it was allowed to play there.(1991: 265)

Kinnie points to a further, more recent, aim of strategic behaviour by employers with regard to bargaining levels:

Changes in management organisation and collective bargaining structure in the long run have encouraged moves in the direction of centralisation and decentralisation in order to keep managers who make strategic industrial relations decisions separate from union representatives seeking to negotiate collective agreements. Short term pressures emanating from the changes in market conditions have stimulated an increase in the control exercised by head office managers in order to cut costs and an expansion in the autonomy of plant managers to allow them to respond to local product and labour market conditions.(1985: 17)

Employer strategy is, however, a problematic concept. Kinnie notes that "the term strategy is thought to impute intention to managerial action where none exists; to omit the problems involved with the formulation of strategy; and to assume that a strategy once formulated would be implemented".(1985: 18) So, while strategy implies a proactive plan, numerous studies point to employers as acting in an *ad hoc* and opportunistic manner with regard to labour management; they muddle through rather than developing a plan of action.(Gospel, 1992: 10-11) Can reactive, short-term decision-making be considered to be strategy? (Hyman, 1987: 34) Furthermore, while the concept of employer strategy exposes the interface between structure and action, or determination and choice, and emphasises the relative independence of employers regarding their decision-making, it does not say much about the form and substance of that decision-making. So, if employers have space to develop strategies with regard to bargaining structure, what factors do they

take into account and how do they process and prioritise information regarding alternatives before making a decision?

The problem of the planning and implementation of strategy has been addressed by Mintzberg, a leading theorist on management strategies, through a redefinition of the concept of strategy. He distinguishes between 'intended' strategies and 'realised' or 'enacted' strategies. Intended strategies are those which are developed purposively and expressed as formal plans, but which might not necessarily be implemented. Realised or enacted strategies are those that emerge out of a pattern of actions when viewed retrospectively. In terms of this definition, a series of actions taken by an employer without a prior strategic logic can acquire the character of a strategy over time. (Mintzberg, 1989: 27-28; and, Gospel, 1992: 10)

Furthermore, Hyman notes that actions taken by employers that are not part of an intended strategy might provide the stepping stones for the development of strategies. Hyman refers to the management of industrial relations in Britain and argues that "changes introduced without clear strategic intent have established the preconditions for subsequent strategy". He cites the example of the decline of multi-employer bargaining and decreasing support for employers' organisations: "the new structure of bargaining at primarily company level, and the associated increase in staff resources in industrial relations, offer the basis for strategic initiative". (Hyman, 1987: 47) Strategies are therefore "both plans for the future and patterns from the past", and the join between the two can be blurred. (Mintzberg, 1989: 27)

3.5 Decision-making by employers regarding the level of bargaining

Where does this leave the explanation of the diversity of levels of bargaining? The economic environment and industrial structure influence or constrain choices, but leave scope for employers to develop strategies on bargaining levels in their contest with trade unions. However, the concept of strategy does not necessarily mean purposive, planned behaviour (and empirically employers are shown to seldom act in this way), and employer

strategies can often be identified only in an historical perspective that reveals patterns and consistencies in behaviour. This brings one back to the question: when employers make strategic decisions, what factors influence them and how do they process and weigh up these factors in order to arrive at their decision on the level at which they will bargain? In theoretical terms: can the determination of levels of bargaining be explained only on a case by case basis or is there a general logic that explains employers' behaviour with regard to this issue?

With regard to the substance of the decision, that is, the factors that are weighed up by employers, the concept of strategy proposes a wider range of factors than economic environment and industrial structure. Gospel, for example, acknowledges the importance of "political and cultural influences" in explaining long-term patterns and differences between countries.(1983: 168) Furthermore, the concepts of power and control are given great weight, particularly with regard to employers' interpretations of the actions and reactions of workers and trade unions. What the strategy theorists do not shed much light on is the process of choice; their explanation of the relationship between structure and strategy therefore remains a descriptive abstraction:

... at both the level of the firm and the level of labour management, the relationship between strategy and structure is dynamic and interactive. Thus structure not only follows strategy... but it also facilitates further strategic decisions.(Gospel, 1983: 168)

Similarly, Hyman argues that "(S)trategic choice exists, not because of the absence or weakness of structural determinations, but because these determinations are themselves contradictory".(1987: 30) While both of these theoretical statements point in the right direction, neither of them greatly advance the theorisation of the determination of bargaining at particular levels.

The answer provided by the exponents of the more deterministic explanations of bargaining levels is that the decision by employers is based on an evaluation of the various costs and benefits of alternative structures. In other words, it is a systematic decision by

rational actors with complete information, responding functionally to external factors in order to maximise utility.(Deaton and Beaumont, 1980: 203; and, Hendricks and Kahn, 1982: 182)

However, there is a rich literature in social psychology and organisational sociology that strongly opposes the rational choice model of decision-making derived from neoclassical economics. Studies show that, firstly, all the alternatives are not known by decision-makers; outcomes of known alternatives are not known; decision-makers do not have full, relevant information; information that is obtained is too complex to be easily processed; and, there is uncertainty with regard to defining alternatives, outcomes, and probabilities of outcomes.(Zey, 1992(a): 2) Furthermore, actors have been described as having a 'bounded rationality' when making decisions about future course of action in a situation of uncertainty. This concept recognises the limitations in the information processing capabilities of individuals and organisations in decision-making. Actors also do not necessarily optimise their choices; rather they choose satisficing options, that is, they look for a course of action that meets a minimal set of requirements.(Zey, 1992(b): 19; and, Janis and Mann, 1977: 25)

Secondly, rational choice theory sees rationality as the pursuit of economic goals, that is the maximisation of utility in the marketplace. But psychological studies show that actors have a variety of diverse motivations that do not necessarily accord with the maximisation of utility. Sociological studies point to the influence of social institutions, habit, and tradition on the preferences of individuals and the decisions they make. Furthermore, the implications for individuals of the exercise of power by collective organisations such as trade unions is given little attention in rational choice theory.

Thirdly, decision-making by organisations has been shown to be a complex and conflictual political process. Zey argues that:

Groups of people make organizational decisions and these groups have their own dynamics. Decisions are made through processes of negotiation,

compromise, and bargaining and coalition formation... Organizational decisions are *political resultants*. A wide array of organisational characteristics come into play in organisational decision making - hierarchy, specialisation, centralisation, communication networks, and environments. Organisations provide definable culture or value frames that influence decisions.(1992(b): 24)

This argument accords with Ahlstrand's identification of a 'political approach' in writing on industrial relations strategy.(1990) This approach "rejects the rational model of problem-solving" and focusses instead "on how outcomes are achieved and on how various impediments affect such outcomes". In doing so, the 'political approach' "interprets organisations as political entities, with political goals, political decisions and political people". As a result, "industrial-relations strategies are seen as products of complex political processes".(Ahlstrand, 1990: 22)

The conclusion that one can draw from the above points is that, given the 'limited' influence of the economic environment and industry structure, the piecemeal and pragmatic strategies developed by employers will be the consequence of diverse influences and decision-making processes. The result will be a wide range of preferences and choices. This is borne out empirically. Sisson and Marginson note that:

... the variety of management's industrial relations practice seems to be almost infinite. Managements seem to differ not only in their approach to trade unions but also in the ways in which they recruit, develop, motivate and reward employees.(1995: 97)

The implication for theoretical explanations of the diversity of bargaining levels is that there is a wide range of factors and forces that influence employers, and they weigh these up differently according to their capacities and subjective perceptions of possible outcomes of alternative choices. Some of these factors, for example industrial structure or the legislative framework, will tend to constrain choices towards particular levels of bargaining, but there will remain considerable diversity and tension. To some extent, this diversity would explain a tendency towards enterprise bargaining, as it points to the lack

of commonality of employers' interests and therefore an inherent preference to bargain on one's own according to the circumstances and goals of the individual firm. This poses a particular problem for explaining multi-employer bargaining: How and why do employers combine to act collectively *viz-a-viz* unions given the differences that exist between their perceptions of their interests?

3.6 Multi-employer bargaining: A problem for a theory of bargaining levels

Tolliday and Zeitlin have recently focussed attention on the question of collective action by employers. They argue that traditional neoclassical and Marxist approaches are over-deterministic; both these approaches "concur in treating collective organisation, whether in relation to workers or the state, as a simple aggregation of employers' underlying interests".(1991: 18) These underlying interests are the same or similar because they are determined functionally by objective economic interests. Schmitter and Streeck, on the other hand, highlight the problems faced by employers engaging in collective action, when they argue that "employer interests are everywhere extremely heterogeneous and their solidarity inherently provisional and precarious".(Tolliday and Zeitlin, 1991: 20)

Streeck argues that employers' associative behaviour is dependent on the intervention of powerful institutions, such as trade unions and the state, to consolidate interests, mould the substance of their collectivity, and "contain the strong centrifugal tendencies among their membership".¹⁰ (Tolliday and Zeitlin, 1991: 20) Furthermore, Tolliday and Zeitlin note that the internal dynamics of employers' associations play a part in shaping collective interests amongst employers:

... interests emerge from an interaction between social actors' prior interpretative framework and the specific situation in which they find themselves, a context which includes the discourses and practices of institutions such as employers' associations and trade unions as well as social and economic relationships. (1991:21-22)

¹⁰ Interestingly, this accords with the view of Olson, a rational choice theorist, that members of groups will "not act to advance their common or group objectives unless there is coercion to force them to do so".(1971: 2)

Schmitter and Streeck adopt a similar line of reasoning when they argue that "organized group interests are not given but emerge as a result of a multi-faceted interaction between social and organizational structure".(Quoted in Tolliday and Zeitlin, 1991: 21) The implication of this line of reasoning is explained by Tolliday and Zeitlin as follows:

Employers' associations, like trade unions, are therefore obliged to construct solidarity among their members, building coalitions among potentially conflicting interests which are redefined by the process of collective organization itself. Such associations are thus inherently political bodies whose policies are shaped by internal conflicts in which contingent factors such as organizational structure, ideology and leadership may play crucial roles, as well as by their relationship with external actors such as trade unions and the state.(1991: 22)

Employers' associations should, it is argued by Schmitter and Streeck, and supported by Tolliday and Zeitlin, no longer be viewed as "a simple aggregation of predetermined social and economic interests" or as the "passive recipients of preferences put forward" by their members, but rather as "producers of group interests".(1991: 20-21) This argument points the way forward for advancing a theory of levels of bargaining. Such a theory must take account of both the diversity of employers' interests and the generation of group interests when employers act collectively.

3.7 Conclusion

The approach taken in this dissertation is that the route to a theoretical explanation of the role of employers in determining levels of bargaining, is to be found in both methodology and theory. This acknowledges the statement by Tolliday and Zeitlin that recent work on methodology indicates that "interests should be regarded as inherently ambiguous, context-dependent and potentially incoherent", and that "there is no self-evident reason to assume that social actors' own assessment of their interests should necessarily correspond - even in the long run - to an abstract definition put forward by an external observer".(1991: 21)

The starting point should therefore be on the explanations of interests put forward by employers themselves, on their perceptions of preferred courses of action, and on the debate and decision-making process that employers engage in, either intra-firm or collectively, when addressing the question of the level of bargaining. The longitudinal nature of the research conducted for this dissertation allows for an examination of expressions of these interests or preferences at two points in time, and also allows for an evaluation of the decisions actually taken in the light of those preferences, when the issue of a change to the level of bargaining was raised by a powerful trade union.

In the following chapters it will be seen that many of the factors identified in the studies discussed above as important for determining particular levels of bargaining, will be expressed by employers in the Western Cape clothing industry. It is not intended to exhaustively cross-reference the categorisations of these expressions of interests with each of the above studies. Rather, the methodological approach adopted for this thesis places an emphasis on the diversity, nuances, and texture of employers' articulation of their interests with regard to a preferred level of bargaining. In doing so, the variety and complexity of the contextual influences on employers' choices is identified, and the role of the employers' associations, and particularly the part played by 'leading' employers within the associations, in shaping perceptions and decisions is highlighted.

The empirical findings of this case study will be presented in detail in Chapters Five, Six and Seven. In the concluding chapter these findings will be analysed in the light of the discussion of theoretical approaches in this chapter. The interaction of the empirical findings with the theoretical discussion will be used to advance the theoretical explanation of the role of employers in determining the level of bargaining.

CHAPTER FOUR

THE HISTORICAL, INSTITUTIONAL AND STRUCTURAL CONTEXT

To fully understand the perceptions of employers in the Western Cape clothing industry with regard to different levels of bargaining, it is necessary to outline briefly the major contextual features within which those perceptions have been formed. These features are, firstly, the history of the statutory system of collective bargaining in South Africa and its impact on industrial relations and bargaining levels. This is followed by a focus on the development of the bargaining structure in the Western Cape. The second contextual feature is the policy of the trade union on bargaining levels. Thirdly, the employers' associations in the region are discussed and their policies on levels of bargaining are outlined. The final feature is the economic structure of the clothing industry.

4.1 The statutory system of collective bargaining

The statutory system for collective bargaining in South Africa was introduced in the early part of this century.¹¹ The Industrial Conciliation Act (11 of 1924) focussed on providing a framework for the establishment of multi-employer bargaining structures called industrial councils. The guiding principle informing the Act was voluntarism. Neither employers nor trade unions were compelled to form an industrial council or participate in collective bargaining at an industrial council. The Act also did not stipulate a particular level of multi-employer bargaining. It was left to the exercise of power by employers and trade unions to determine whether industrial councils were established, and whether these would be local, regional or national, and which sectors or sub-sectors of an industry they would cover. There were no provisions in the statute dealing with bargaining at the enterprise level.

There was one important departure from voluntarism in the Act. Collective agreements reached by the parties to councils could be extended by the Minister of Labour to

¹¹ A more detailed examination of the history of the statutory collective bargaining system and the levels of bargaining issue can be found in Godfrey (1990) and Du Toit *et al* (1996).

employers and employees falling within the jurisdiction of the council who were not members of the negotiating parties. Once an agreement had been extended to these non-parties they were legally bound by its provisions. The extension of agreements bolstered the centralisation of bargaining in industrial councils by restricting the ability of non-party employers to undercut employers who were parties to councils.

Besides introducing a framework for voluntary multi-employer bargaining, the 1924 statute laid the foundation for a dual, racially-determined system of industrial relations in South Africa. This was achieved by excluding pass-bearing African workers from the statute's definition of 'employee' and therefore from membership of registered trade unions and direct representation on industrial councils. The effect was to undermine trade union organisation by African workers and marginalise them from the primary industrial relations system. Unions for white, Coloured and Indian workers made significant gains in collective bargaining on industrial councils at the expense of African workers, with the result that the racial division of labour in South African workplaces mirrored a very wide wage gap between skilled and unskilled workers.

The benefits that accrued to unions for white, Coloured and Indian workers from their participation in the industrial council system were, however, balanced by the bureaucratisation of officials and weakened shopfloor organisation as the reliance on industrial councils grew. The result was a fall in militancy amongst members and a sharp decline in industrial action.

The Act achieved considerable success in encouraging multi-employer bargaining in industrial councils at the expense of enterprise bargaining. By 1936 forty-six councils had been registered and in 1978 there were 100 councils. But, contrary to the intentions of the drafters of the statute, the vast majority of these councils were regional or local rather than national in scope. Low levels of trade union organisation, the distance between the major industrial centres, and differing economic conditions in regions were seen as the reasons for the limited number of national industrial councils that were established.

Nevertheless, industrial councils formed the institutional core of the industrial relations system in the country.

The pre-eminence of industrial councils in the collective bargaining system was to be challenged for the first time after 1973 when trade unions for African workers re-emerged.¹² These new unions forged a strategy of strong shopfloor organisation and aimed at securing recognition agreements with individual employers that enshrined enterprise level collective bargaining rights. Key objectives of these unions were to negotiate improvements on the industrial council wage levels and to challenge the autocratic managerial practices that existed in South African workplaces. They pursued this strategy successfully and grew rapidly, despite strong opposition from employers and harassment by the state.

In 1979 the state responded to the rapid growth of the new unions by reforming the Industrial Conciliation Act to allow African workers to join registered trade unions and participate directly in bargaining on industrial councils.¹³ The main objective was to incorporate and control the militant new unions in much the same way that the 1924 statute had done to white, Coloured and Indian unions. But the new unions were conscious of this danger and after vigorous debate rejected participation in industrial councils, preferring to continue with their enterprise bargaining strategy.¹⁴

In 1983, however, the Metal and Allied Workers' Union (one of the most important of the new unions) applied for membership of the giant iron and steel industrial council.¹⁵

¹² Massive, largely spontaneous strikes by African workers took place in 1973, mainly in and around Durban. These strikes heralded the rebirth of trade unionism for African workers and many new unions emerged in the next few years. These unions were generally non-racial but their initial focus was on unskilled African workers.

¹³ Besides this important change, the 1979 reforms made very few changes to the framework for the establishment and functioning of councils.

¹⁴ See the contributions by Fine *et al* and Morris to the South African Labour Bulletin (Vol. 7, No. 1&2) and responses by Hirsch and Nicol, the General Workers' Union, and Haysom (Vol. 7, No. 3) for the major positions in the registration debate.

¹⁵ For an analysis of the change in policy by MAWU see Morris (1990).

Thereafter the emergent unions reassessed their initial opposition to centralised bargaining structures, particularly industrial councils. The rapid growth of these unions had placed an enormous strain on their resources and forced them into a more pragmatic position. But, more importantly, the new unions were becoming increasingly powerful at the industry level and they believed they could more effectively represent their members interests on industrial councils. The need to consolidate organisational gains and the goal of wage uniformity across enterprises were therefore key considerations in this policy shift.

The establishment in 1985 of the Congress of South African Trade Unions (COSATU) by many of the emergent unions and the implementation of its policy of one union per industry, gave further momentum to the push towards higher levels of centralisation of bargaining. Within a few years most of the member unions of COSATU were organised nationally and by the early 1990s the federation was demanding the formation of national, industry-wide industrial councils in all sectors.

Employers' responses to the new unions varied. Initially most fought to keep the emergent unions out of their workplaces. Recognition was fiercely contested, often requiring recourse by the unions to the newly-established industrial court, and the older moderate unions were supported. However, many larger employers slowly began to adopt more sophisticated responses. Specialist industrial relations managers were employed in increasing numbers and firms started to move quickly to formalise relationships with the new unions. But these developments have taken a long time to filter down to all firms, and industrial relations in South Africa remains extremely adversarial, as well as highly politicised.

Employers' policies on the level of bargaining issue also showed diversity and development over time. Many employers resisted attempts by the emergent unions to bargain at the enterprise level by using the argument (after 1979) that they were parties to an industrial council and would engage in bargaining with the new unions only at the council. But once these unions changed their policy and began to get membership of industrial councils,

some employers became enthusiastic advocates of enterprise bargaining. In giving effect to this change, employers were aided by the voluntary nature of industrial council bargaining. Some industrial councils collapsed as a result of the withdrawal by firms from employers' associations to bargain at the enterprise level. Conflict over the level of bargaining, particularly within the industrial council framework, became one of the key industrial relations issues in South Africa by the late 1980s

4.1.1 *A focus on the clothing industry*

The development of the collective bargaining system in the clothing industry displayed certain similarities to the general trend identified above. Firstly, multi-employer collective bargaining arrangements were established at an early stage in the clothing industry. An industrial council was set up in the Transvaal in 1925, and this was followed by councils in the Western Cape and Natal in 1936. The Eastern Cape followed suite two years later and, finally, an industrial council for the Orange Free State and Northern Cape was established in 1961.(Barker, 1962:372-373; Nicol, 1984:94, 130 & 230-231; and, SALDRU, 1990:19)

Importantly, these industrial councils were from the outset structured along regional lines. Employers' associations and unions were also mainly regional in scope. Only one organisation, the Transvaal Garment Workers' Union (GWU), attempted to bridge these regional divisions. The GWU launched a number of campaigns during the 1930s, and again in the mid-1950s, to organise workers in Durban and Cape Town. The main motivation for these attempts was the elimination of the wage differences between the Transvaal and the lower-paying coastal regions. A related aim was the establishment of a national trade union. These initiatives were fiercely resisted by employers, particularly in the Western Cape, and the failure of the Transvaal GWU to achieve its aims further entrenched the regional focus of employers' associations and trade unions.¹⁶ (Nicol, 1984:223-233; and, Labour History Group, 1983)

¹⁶ The Transvaal GWU was partially successful in that it did establish a branch in the Eastern Cape and was later (when it had become the Garment Workers' Union of South Africa) to organise

The threat of wage parity with the Transvaal provided the motivation for early attempts at organisation by clothing employers in the Western Cape, with a view to setting up an industrial council. At first the threat came from the newly-formed Wage Board. Clothing employers sought to pre-empt the application of wage determinations to the industry in the Western Cape by establishing an industrial council.¹⁷ When this threat had receded the organising campaigns by the Transvaal GWU provided another motive for employers to form a regional industrial council.(Nicol, 1984:162-186 & 234-239)

In 1930, the Secretary of the Cape Wholesale Clothing and Shirt Manufacturers' Association argued at a meeting that:

...unless the Dept. [of Labour] could be satisfied that their union [i.e. in the Western Cape] adequately represented the employees in the industry, it would be de-registered in favour of the other organisation which had been fostered by the Transvaal. If this eventuated it would probably result in the formation of a national organisation of employees, to be followed by the formation of a National Industrial Council.¹⁸

It was resolved at this meeting that:

... it would be in their best interest to form a local Industrial Council and, if necessary, by means of a stop order system... to assist the Trade Union to become representative of the workers in the Industry.¹⁹

This resolution illustrates the context within which the industrial council in the Western Cape was eventually established. It was set up at the initiative of employers in order to

workers in the Orange Free State and Northern Cape. It was, however, unable to unify the industrial councils or equalise the wages in these three regions.

¹⁷ The formation of an industrial council was abandoned by employers when the Minister made it clear that he would not approve of an industrial council agreement with wages lower than the existing wage determination.(Nicol, 1984:234-239)

¹⁸ Minutes of the Cape Wholesale Clothing and Shirt Manufacturers' Association dated 30.09.1930 (quoted in Nicol, 1984 at p.239).

¹⁹ Ibid.

maintain the lower wage levels that were a feature of the industry in the Western Cape,²⁰ and trade union organisation was initiated and supported by employers in order to bolster the council.²¹ The Garment Workers' Union of the Western Province was to be characterised by its subservience to employers,²² its reliance on the industrial council, weak shopfloor organisation, and a bureaucratic, top-down style of trade unionism.²³ It was this style of unionism that made it such a bitter opponent of the Transvaal GWU's attempts to set up a national trade union in the industry.(Nicol, 1984)

The industrial council in the Western Cape was therefore established as a barrier to the organising campaigns of the more militant Transvaal union and the threat of wage parity that this represented, and it was to be used by clothing employers to maintain a firm control over the industrial relations environment in the region. Only in the late 1980s was this control, and the regional scope of the council, to be challenged again, when, for the first time in the history of the industry, workers of all races and regions were organised into a single national trade union.

So, as in many sectors, collective bargaining in the clothing industry historically took place in regional industrial councils and enterprise level bargaining was non-existent. The more recent history of bargaining in the clothing industry is, however, somewhat different to most other sectors. Importantly, no new unions of any note were formed in the industry in the years immediately after 1973 and union demands for enterprise bargaining never challenged bargaining at the regional councils.²⁴ It was only in the latter half of the 1980s

²⁰ Regional wage differentials were to change over the years and by the 1980s the Western Cape was paying the highest wages, followed by Natal and then the Transvaal.

²¹ The formation of the Garment Workers' Union of the Cape Province (later to be changed to the Western Province) followed a request by the Secretary of the Cape Wholesale Clothing and Shirt Manufacturers' Association to the Secretary of the Cape Federation of Labour Unions that he establish a union for clothing workers.(M.Nicol, 1984:130)

²² This was readily acknowledged by some clothing employers in the interviews conducted for this dissertation. One respondent, in making reference to negotiations with the Western Province GWU, stated that "it was like we sit down at a tea party and we've got an agreement".

²³ See Bloch (1982), particularly with regard to the union in the 1970s.

²⁴ It should be noted that a well-established union for African workers, the National Union of Clothing Workers, existed in the industry prior to 1973. This union worked closely with the

that the new unions had any impact on the industry. This was, however, not because of the emergence of a new union but was the result of a series of mergers which saw the National Union of Textile Workers (NUTW) joining with the established unions in the clothing and textile industries to form a giant new union,²⁵ the South African Clothing and Textile Workers' Union.²⁶

The merger process not only resulted in the formation of a national union for the first time in the history of the industry, but also introduced clothing employers to a far more aggressive industrial relations environment and a much harder bargaining adversary. Furthermore, SACTWU automatically became, via the merger process, the sole trade union party on all five regional industrial councils in the clothing industry. Within a fairly short space of time the clothing industry was thrust onto the centre-stage of the demand by COSATU unions for national industrial councils. This demand was from the outset strongly opposed by employers in the industry.

Garment Workers' Union of South Africa, which in practice represented the NUCW's members at industrial council negotiations in Gauteng (Transvaal), the Free State (Orange Free State), and Northern Cape. (Scheepers, 1974:127-129; and Godfrey, 1992:134)

²⁵ The trade unions involved in these mergers, which started in August 1985 and ended in September 1989, were the Garment Workers' Union of South Africa, the National Union of Clothing Workers of South Africa, the National Union of Garment Workers (SA), the Textile Workers' Industrial Union, the National Union of Textile Workers, the Garment Workers' Industrial Union (Natal) and the Garment Workers' Union of the Western Province. The first stages of the merger process saw the formation of the Amalgamated Clothing and Textile Workers' Union and the Garment and Allied Workers' Union. The process was finalised when these two unions merged to form SACTWU.

²⁶ In 1991 SACTWU had 185 740 members and was registered nationally for the clothing, textile and leather sectors. (Von Holdt, 1991:16) It has a very strong presence in the clothing industry and, according to Ronald Bernickow, Western Cape Regional Organiser of SACTWU, at the end of 1991 it represented about 90% of clothing workers nationally and almost 100% of workers in the Western Cape. Bernickow also stated that the union had organised significant numbers of clothing workers in what were then the 'homelands'. He estimated that (at the end of 1991) it had signed up 15 000 to 20 000 of the approximately 40 000 clothing workers in those areas.

4.2 SACTWU's policy on levels of bargaining

4.2.1 *SACTWU and enterprise level bargaining*

SACTWU's policy on enterprise level bargaining is unambiguous. The many (often very small) firms in the clothing industry made bargaining at enterprise level impractical, if not impossible. Furthermore, the wage differences between firms that would result from enterprise bargaining would undermine worker unity. Ultimately, the strength of the union as collective bargaining force would decline.²⁷

This commitment of the union to multi-employer bargaining has been recognised in its signing of the so-called Side Agreement with the employers' associations. This binds the union not to make demands over wages and other substantive conditions of employment at firms outside of the industrial council. The agreement was largely precipitated by a strike in 1988 at Rex Trueform (a major clothing manufacturer in the Western Cape) over a demand for an increase over and above the industrial council rates. The demand was, according to union, never intended as an attempt to initiate an enterprise bargaining regime outside of the industrial council. It was an action intended "to jump-start the transformation of the union" during the merger process and was therefore a "tactical, strategic issue" rather than one of principle.²⁸

The management at Rex Trueform took the position that the issue could only be negotiated at the industrial council and that the union was not entitled to make such a demand to an individual firm outside of that forum. They were supported in their stand by the Cape Clothing Manufacturers' Association (CCMA), of which they were a member. The result was an agreement by the CCMA and the Cape Knitting Industry Association (CKIA) to grant an interim increase that would be extended to the entire industry. In return the union undertook to bargain wages and other substantive conditions at the industrial council only. This was formalised in the Side Agreement and the issue of

²⁷ Much of this section is based on interviews with Ronald Bernickow, SACTWU's Regional Organiser for the Western Cape, on 3 October 1991, 25 November 1991, and 9 September 1992.

²⁸ Interview with Ronald Bernickow.

enterprise bargaining with members of these employers' associations was effectively eliminated in the industry in the Western Cape.²⁹

4.2.2 *SACTWU's demand for a national industrial council*

During the merger process leading up to the formation of SACTWU, the problem of regional wage disparities, which had first arisen in the 1930s, again emerged as an issue. It was decided by the merging unions to pursue wage parity, but at that stage this objective was not linked to the demand for a national industrial council. After the formation of SACTWU, the new union strove to narrow regional wage differentials by coordinating collective bargaining at the five regional councils. Although strong pressure for parity was, according to the union, being exerted by the grassroots membership, progress in equalising wage levels across the regions was slow. The realisation of this aim turned the spotlight on the nature of the bargaining structures and became the initial motivation for the demand for a national industrial council.

A second factor that was to have a major impact on SACTWU's thinking on the issue, was the location of a significant number of clothing manufacturers in the 'decentralised' areas. Most of these areas fell outside the jurisdiction of the regional industrial councils and wages were therefore not regulated by their agreements. This raised the question of the impact that substantially increased wages would have on jobs in the 'decentralised' areas. It became evident to the union that a narrowly conceived demand for national wage parity could be counter-productive to the long-term development of the industry, particularly those firms already established in the 'decentralised' areas. The union believed that a national wage strategy was needed and that such a strategy could be developed most effectively at a national bargaining structure. Increasingly, therefore, the motivation for the

²⁹ It should be noted that the Side Agreement does not apply to non-members of the CCMA and CKIA. SACTWU could therefore negotiate wages and other substantive conditions of employment at such firms over and above the industrial council terms. In practice the union does not do so.

demand for a national industrial council shifted to the need "to address the industry at a national level on its own development and direction".³⁰

SACTWU's motivation for national bargaining therefore developed from a demand for wage parity, to the development of a national wage strategy and involvement in industrial policy formulation. This shift in emphasis coincided with a drive by COSATU during the political transition to become involved in macroeconomic policy formulation.³¹ SACTWU was particularly prominent in this initiative. Ebrahim Patel, the Assistant Secretary General of SACTWU, argued in the South African Labour Bulletin that the progressive trade unions were striving for industrial and economic democracy as well as political democracy. The trade unions therefore intended "to play a role in shaping future macroeconomic policy". National bargaining structures were, he argued, central to this process because they provide the bases for making interventions in policy formulation at the industry and macro levels.(Patel, 1990:53)

The period was particularly opportune for making such interventions. The state was increasingly insecure and business was on the defensive as the political transition gained momentum. COSATU was quick to go onto the offensive and made an important impact on labour market policy through its involvement in the National Manpower Commission. It also drove the establishment of the National Economic Forum, a non-statutory tripartite body that was to negotiate policy on a range of macroeconomic issues.

SACTWU laid the foundation for its involvement in industrial policy formulation when it adopted a resolution on industrial restructuring at its 1991 national congress. The immediate motivation for the resolution was the crisis facing the industries, continued rapid job losses, and the seeming inability of clothing and textile manufacturers to rise

³⁰ Interview with Howie Gabriels, previously the Western Cape Regional Secretary of SACTWU, on 10.12.1992.

³¹ The reasons why the unions want to bargain centrally have been set out by Ebrahim Patel, the Assistant Secretary General of SACTWU, and by Jeremy Baskin of the National Labour & Economic Development Institute.(Patel, 1990: 50-51; and Baskin, 1994:7-8)

above their longstanding differences over tariff policy and formulate a long-term growth plan.

A few months after the congress, Ebrahim Patel took this initiative a step further when he addressed the annual conference of the National Clothing Federation. In response to a question he stated that the union would be prepared to call an industry-wide strike if the government went ahead with a new tariff dispensation without the involvement of SACTWU. The threat was to result in the setting up of the so-called Hatty Committee, with the participation of the union, which was followed by the establishment of two tripartite bodies, the Panel and Task Group. (Maree and Godfrey, 1995:135-137) The latter bodies had the objective of formulating "a strategy with achievable recommendations based on sound economic principles, for the restructuring required to develop clothing and textile industries that are viable and competitive". (NCF, 1992(a):29)

This tripartite initiative was to run on a parallel course to the demand for a national industrial council, but for the union the two aims were interrelated. Ebrahim Patel analyses this relationship in the following way:

There is a fallacy that says that through restructuring your collective bargaining you can get growth in your economy. That is nonsense - you can't have a growth strategy that is determined by collective bargaining. You need an industrial policy to get growth, but your collective bargaining is an element that can contribute or retard growth. So we must see all the time how do we enhance the economic growth elements of your collective bargaining agreements.³²

The relationship between the two initiatives is now somewhat unclear. After the Panel and Task Group presented their report to the Minister of Finance on 28 March 1994, the implementation of a new industrial policy to restructure the clothing and textile industries was uneven and problematic. A progressive reduction in tariffs has been implemented, but few of the supply-side measures that were intended to balance the negative effects of

³² Quoted in Maree and Godfrey at p.138.

lower tariff protection have been introduced. SACTWU has responded with campaigns to highlight the impact on the industries of this policy imbalance, particularly the job losses that have resulted. However, it is not clear how collective bargaining within the National Bargaining Forum, which was in place from mid-1993, is being linked to the crisis within the industries and the problems with industrial policy implementation.

4.3 The employers' organisations and their policies on levels of bargaining

In 1991, when the first set of interviews took place, there were two employers' associations on the industrial council in the Western Cape, namely the Cape Clothing Manufacturers' Association (CCMA) and the Cape Knitting Industry Association (CKIA). It is important to note that these associations operated in most respects as one body, holding general meetings and executive committee meetings jointly, and negotiating as one unit at the industrial council. At the end of 1990 they had a combined membership of 141 firms (i.e. 33% of the employers registered with the industrial council), who together employed 72% of the workers at firms registered with the council. (Industrial Council for the Clothing Industry (Cape), 1990:6)

A key function of these associations is to represent members at the industrial council, both in annual negotiations and on the various committees of the council.³³ They are therefore organisations for multi-employer bargaining and their commitment to such a level of bargaining is a key rationale for their existence. Furthermore, the organisational focus of both associations has historically been the Western Cape region and in 1991 their policy was to continue bargaining for this region only. Peter Cragg, the Director of the CCMA and CKIA, stated:

We oppose a national industrial council at this time. There are regional differences, regional circumstances in the environment in which we operate and we wish to keep these... That is a strong consensus position.

³³ Another key function is to represent members' interests on issues of a macroeconomic nature.

It should be noted that the CCMA is a member of the National Clothing Federation (now known as Clofed) but that this body performed only a monitoring and coordinating role with regard to labour affairs at the national level, for example studying new labour legislation and taking positions on national stayaways. Peter Cragg stated in 1991 that the National Clothing Federation was not a negotiating body "that would engage the trade unions in any form or manner to debate issues". He went on to state that "the field of labour relations management takes place in the regions because of the industrial council set-up there and we have no need or desire to change that structure at this time".

A third association, the Garment Manufacturers' Association (GMA), was not a member of the industrial council in 1991 but had made application for membership. The GMA was formed in about 1987 to represent cut, make and trim (CMT) operators in the Western Cape.³⁴ Its establishment arose from the dissatisfaction many CMT operators had with the way in which their interests were being represented (or allegedly not being represented) by the CCMA. A spokesperson for the GMA stated:

It came about because we felt that the CCMA did not represent the CMT factories properly. There are approximately 450 registered employers in the industrial council and there are only about 124 CCMA members, which probably include the major ones, that is Rex Trueform, Ensign and the Seardel Group. And those few companies control the whole industry and what they think becomes law and we are obliged to go by this. So it has caused a lot of discontent over the years. Many of us don't feel that we had much say in our own destiny.

The "discontent" felt CMT operators is rooted in the much higher proportion of labour costs to total costs that they face in their operations. Labour costs make up about thirty percent of the total cost of a garment in most clothing operations but, according to respondents at CMT firms, labour costs could be seventy percent in a cut, make and trim operation. They argue that wage increases therefore impact far more on their profit

³⁴ Cut, make and trim operators are to all intents and purposes labour-only sub-contractors. A clothing manufacturer will supply a CMT firm with fabric and the pattern, and the service provided by the CMT operator is to cut the fabric, make up the garment, and clean, iron and pack it.

margins than they do at large clothing manufacturers.³⁵ This difference translates into different interests in collective bargaining.³⁶ For example, the spokesperson for the GMA argued that "if there was strike action we can close our doors and seventy percent of our costs stop whereas only thirty percent of their costs stop".

In addition, the CMT sector is intensely competitive and CMT firms are dependent on clothing manufacturers for their business. They allege that this allows manufacturers to drive down prices for their services virtually to the break-even level. This entrenches the perception that CMT firms have opposing interests to clothing manufacturers.

At the end of 1991 the GMA had 43 members, who employed a total of 3 029 workers at firms registered with the council.³⁷ Prior to its application for membership of the council in March 1991, the GMA had participated unofficially in the 1990 negotiations at the invitation of the parties. It was admitted to the industrial council as a member early in 1992.

Like the CCMA and CKIA, the GMA is an organisation that represents the collective interests of its members in negotiations with the trade union. The GMA is also a regional organisation and its position on national bargaining was similar to that of the CCMA and CKIA. A spokesperson for the GMA stated:

When you talk about collective bargaining it worries me very much to have some national bargaining forum. The Western Cape is unique and you can't compare the clothing industry in the Western Cape to Natal or Transvaal. They are totally, totally different. The union is obviously after that because they go from strength to strength... I think the GMA and the CCMA are very clear... that a national industrial council will never work. I am sure this is the opinion of any owner of any business.

³⁵ Some clothing manufacturers contend that this is balanced by the fact CMT operators do not face the expense and the risk of developing new ranges.

³⁶ See Ulman (1974) at p.105 for a discussion of this point.

³⁷ Telephonic interview with D. Ackerman, then Assistant Secretary of the Industrial Council, on 30.03.1992.

At the time that the first interviews were conducted in 1991, all three employers' associations in the industry in the Western Cape were therefore firmly in favour of continuing multi-employer bargaining at the regional industrial council.

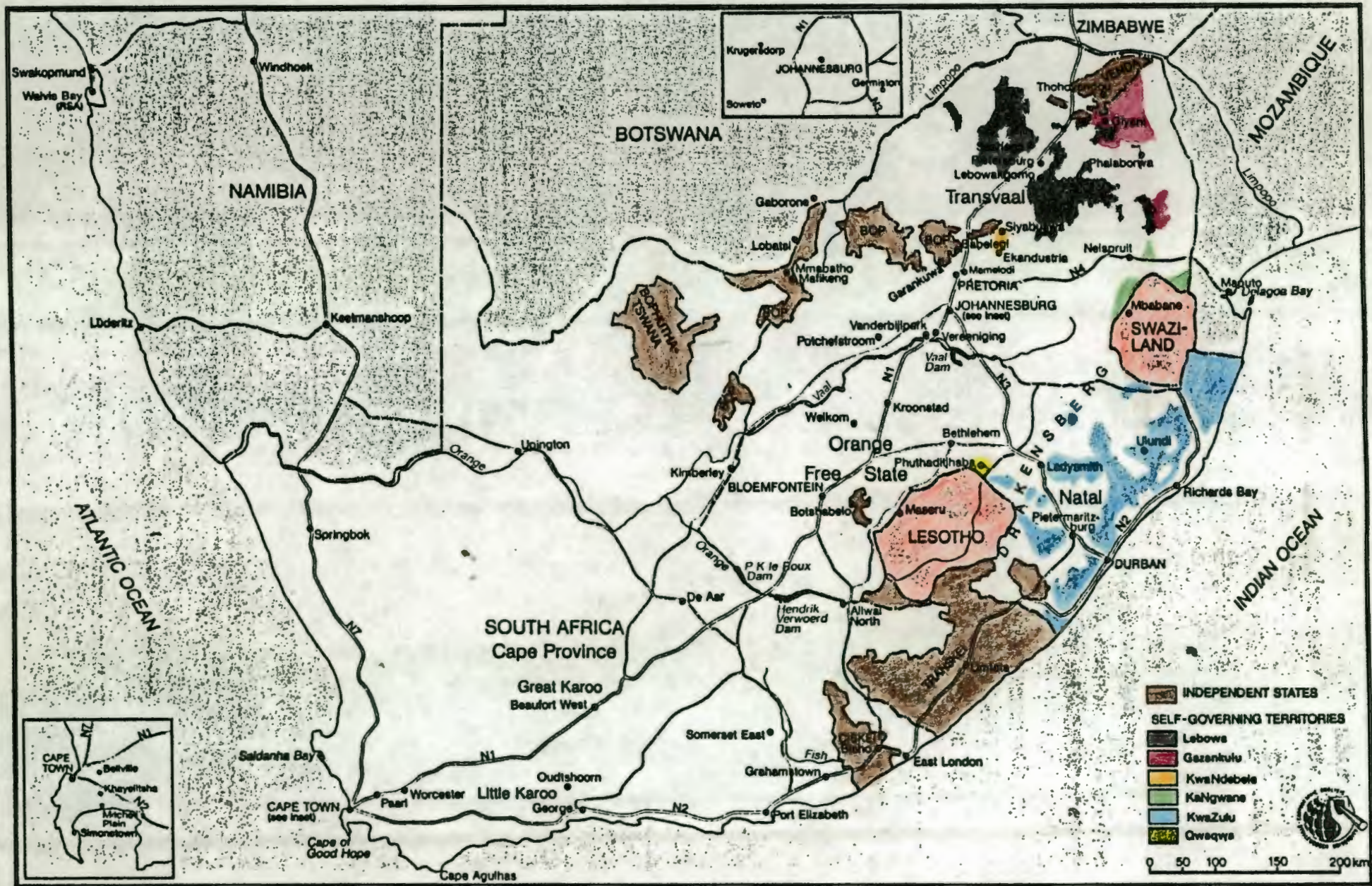
4.4 The economic structure of the clothing industry

The remaining contextual feature that needs discussion is the economic structure of the clothing industry. This section will very briefly outline the size, location, technology, and competitive situation of the South African clothing industry.

The South African clothing industry is the main producer of clothing and major clothing sector employer in sub-Saharan Africa.(De Coster, 1992:84) In 1991 there were about 1 405 enterprises manufacturing clothing in the country, including about 200 located in the Transkei, Bophuthatswana, Venda, Ciskei (the so-called TBVC states), Kwazulu and the other 'homelands'.(See the map below) These enterprises employed about 160 000 workers, of which about 40 000 worked at firms in the TBVC states, Kwazulu and the other 'homelands'.³⁸ (NCF, 1992(b):7-8)

The industry is concentrated primarily in and around Cape Town in the Western Cape, in and around Durban and Pietermaritzburg in Kwazulu/Natal, and, to a lesser extent, in the Pretoria and Johannesburg area in Gauteng (previously Transvaal). Employers in these industrial centres are in the main covered by industrial council collective agreements, but there are manufacturers in surrounding areas that operate outside of the jurisdiction of the councils. There are also pockets of the industry in the Eastern Cape and the Free State/Northern Cape that are covered by industrial councils located in those regions. In all there are about 112 000 clothing workers covered by industrial councils in South Africa.(NCF, 1992(b):7 and 13)

³⁸ The 'homelands' (i.e. Lebowa, Gazankulu, QwaQwa, KaNgwane, KwaNdebele, and Kwa-Zulu) were self-governing territories delineated for the disenfranchised African population; that is, they had the status of second-tier government structures. The Transkei, Bophuthatswana, Ciskei, and Venda were similar regions but in terms of South African and international constitutional law they were independent states. The international community did not, however, recognise them as such.(South African Communication Service, 1994:123)



(SOURCE: SOUTH AFRICAN COMMUNICATION SERVICE, 1994 : X)

The industry is described by the National Clothing Federation as "the most labour intensive; the least capital intensive; one of the highest income creating; the lowest return on investments; the least inflationary and the most productive" of all the country's industries.(NCF, 1992(b):11) It is extremely competitive, with low barriers to entry, and is made up primarily of small firms (at least 60 percent of manufacturers employ 50 or fewer workers). But a large share of the industry's output comes from a handful of very big firms (forty percent of turnover is accounted for by just four percent of firms).(De Coster, 1992:89)

The industry is locked between two oligopolistic sectors. On the supply side is the textile sector, which is accused by many clothing manufacturers of being overprotected, inefficient and uncompetitive. The fact that fabric makes up about 60 percent of the cost of a garment makes the performance of the textile sector a vital concern for the clothing industry. On the demand side is the retail sector, which is dominated by six very large retail groups (these retailers make up about 80 percent of the clothing industry's orders).(De Coster, 1992:84) This sector is accused by clothing manufacturers of rigidly imposing prices and of unilaterally deferring or cancelling orders. The vast power imbalance between the average clothing manufacturer and the big retail groups means that these practices are seldom if ever challenged.

The clothing industry is characterised by a relatively low-tech production process. The limp quality of the fabric that forms the basis for the labour process has defied most attempts at technological innovation and the assembly of garments throughout the world continues to necessitate extensive manual positioning by a sewing machinist.³⁹ The sewing machine, which has remained unchanged in its essentials since the late 1800s, is still the foundation for this process.⁴⁰ The pre-assembly stage has, however, been marked by

³⁹ Sewing machinists make up about 60 percent of the labour force in the clothing industry.(SALDRU, 1987:10)

⁴⁰ The innovations that have taken place in sewing technology are increased stitching speeds and machine durability, the development of work aids such as needle positioners and underbed trimmers, and dedicated machines for special tasks such as button-holing and button attachment.(Zeitlin and Totterdill, 1989:174)

considerable technological change, especially in the fields of computerised pattern grading, marking-in equipment and high speed cutters. The high cost of this equipment has limited its dispersion in the South African industry to the larger manufacturers.(De Coster, 1992:98)

The formal clothing industry in South Africa has a developed cost structure but faces the demand characteristics of a developing country.(De Coster, 1992:85) The limited size of the middle and upper end of the market is exacerbated by the extremely segmented and constantly changing nature of the clothing market. Differences in the size and shape of the human body, gender differences, seasonal variations and fashion changes further limit the ability of manufacturers to reap the economies of scale that high volumes would allow. The export of clothing was generally held to be undermined by the price and poor quality of fabric coming from the overprotected textile industry. However, few manufacturers produce for the lower end of the market because of the high cost of fabric.(De Coster, 1992:85) Some manufacturers partially overcame this problem by locating factories in low wage areas, but they face strong competition from very cheap imports from the Far East, illegal imports that are being smuggled into the country, and the large volume of second-hand clothing imports.(De Coster, 1992:94) Competition is also coming from the rapidly expanding informal sector in and around the major metropolitan areas.

The export expansion that has taken place in recent years has failed to compensate for the massive increase in imports.⁴¹ The result has been a decline in employment in the formal industry. Employment in the industrial council areas dropped sharply after 1985, made something of a recovery between 1988 to 1990 but started downwards again thereafter.(NCF, 1992(b):272)

Altman argues that the decline in employment cannot be attributed to high labour costs. She maintains that although South Africa is a high cost producer relative to other

⁴¹ Previously the industry accounted for more than 80 percent of volume and 90 percent of value of domestic demand, but since 1989 the volume of imports has risen to over 40 percent of the domestic demand.(Altman, 1993:vi)

countries, this is not related to the cost of labour but is rather the result of high standard minute costs and slow throughput because of inefficient factor organisation. The rise in wages over the last few years was off a low base and wages remain low relative to other middle-income countries.(Altman, 1993:i-iv) Altman argues that productivity could be dramatically improved with the introduction of new organisational practices and human resource development.(1993:166-167) She also recommends that the industry should follow the route of developing "quick response relationships in the production of medium-high market basic, seasonal and fashion items".(Altman, 1993:vi)

Many clothing employers dispute the argument that labour productivity is not one of the root causes of their inability to compete with imports. They believe that wages have risen very rapidly over the last five years but that there has been virtually no improvement in labour productivity. And, while they might not dispute that they have to move into the higher end of the market and produce more value-added garments on a quick response basis, they are concerned with how to make the transition. Firms producing in the sub-sectors under most threat from cheap imports are particularly concerned about the sort of wage increases that will be negotiated in the interim and what will be done to improve productivity.

CHAPTER FIVE

EMPLOYERS' PERCEPTIONS OF BARGAINING LEVELS IN 1991

5.1 Introduction and overview

The first leg of the study of employers' perceptions of different levels of bargaining was based on 42 structured interviews with clothing and knitwear employers conducted from August to mid-December 1991.⁴² The sample of firms included members and non-members of the employers' associations, firms from the major sub-sectors of the industry, a cross-section of firms according to size, firms from Greater Cape Town and Atlantis, and a number of the 'leading' employers in the employers' associations.⁴³

Respondents were asked three questions: first, whether they supported or rejected centralised bargaining; second, whether they supported or rejected centralised bargaining at the regional level; and third, whether they supported or rejected centralised bargaining at the national level. They were also asked **why** they supported or rejected each level of bargaining. In addition to the respondents own reasons, a number of statements in support of and in opposition to bargaining at each level were read to the interviewees for their comment.⁴⁴

The study found that the vast majority of firms in the industry were supporters of centralised multi-employer bargaining (39 firms or 93%), as opposed to decentralised enterprise level bargaining (3 firms or 7%). Of those firms which supported multi-employer bargaining, a significant majority supported bargaining at the regional level (32 firms or 76%), as opposed to bargaining at the national level (3 firms or 7%).⁴⁵ A small

⁴² See Chapter Two for a discussion of the sampling method and sample size.

⁴³ See footnote 9 at page 17 for an explanation of the 'leading' employers category.

⁴⁴ In the analysis of respondents' reasons for supporting or rejecting each level of bargaining their own reasons were given greater weight than their prompted responses to the statements.

⁴⁵ If one introduces the subsidiaries covered by the interviews (see discussion of the research sample at pp. 17-18 in Chapter Two) into the research findings one finds a strong bias in favour of multi-employer bargaining at the regional level. In each case the 'holding company' of the subsidiaries was in favour of regional multi-employer bargaining. This effectively increases the

proportion were undecided between centralised bargaining at the regional or national level (4 firms or 10%).

Table 1. Preferred level of bargaining

Total firms	Preferred level of bargaining			
	Regional	National	Enterprise	Undecided (Reg/Nat)
42	32	3	3	4

The support voiced for a particular level of bargaining (and rejection of the other levels) was, however, not of the same strength for each firm. These differences in strength of support are an indication of the range of factors that employers take into account when faced with the level of bargaining issue and the different weighting that they give to these factors in making their choice. The interviews also revealed that employers' knowledge and understanding of the issue of levels of bargaining varies greatly. For example, the reason why three of the four respondents were undecided in their support for regional or national centralised bargaining was largely because of their ignorance of the issue.⁴⁶ A number of the other interviewees displayed confused or contradictory thinking in their assessment of the pro's and con's of bargaining at different levels. Even the more knowledgeable employers had limits to their understanding of the issue, if only because they had no experience of enterprise and, in particular, national bargaining against which to weigh the arguments for and against negotiating at either of these levels.

Respondents therefore gave different combinations of reasons for supporting bargaining at a particular level and rejecting it at others. In many cases these reasons were interrelated with one another, but usually in different ways by respondents. The study sought to investigate the determinants of these reasons for firms. Ideally such an exercise would

support for multi-employer bargaining to 95% and for regional level bargaining to 82%. The discussion of the research findings will, however, focus only on the 42 respondent firms.

⁴⁶ See p. 88 below for a more detailed discussion.

involve drawing a correspondence between certain variables, e.g. the size of the firm, and the attitudes displayed towards different levels of bargaining. However, the largely qualitative nature of the data obtained by the questionnaires and the complexity of employers' perceptions regarding the level of bargaining issue made it impossible to draw such a correspondence. It was therefore decided to group together the major reasons given by employers for favouring particular levels of bargaining and then to examine the role that selected variables played in support for different levels of bargaining.

The section that follows is structured in the following way. The main sub-sections deal sequentially with the reasons for supporting regional bargaining, enterprise bargaining, and national bargaining, and the reasons for indecision by some respondents between support for regional or national bargaining. The first of these sub-sections is subdivided into the major groupings of reasons for supporting regional bargaining. Each of the sub-divisions in this sub-section is further sub-divided into the reasons that respondents gave for supporting multi-employer bargaining as opposed to enterprise bargaining, and the reasons they gave for supporting regional rather than national multi-employer bargaining. The rationale for this further sub-division is that regional bargaining takes place at a level between enterprise bargaining and national bargaining, and perceptions of this level of bargaining reflect the advantages of regional bargaining as against each of the other two levels. In the case of either enterprise or national bargaining, preferences tended to be juxtaposed against only one level of bargaining, namely the existing regional multi-employer bargaining structure.

The next section in the chapter deals with the relationship between certain variables and support for each level of bargaining.

5.2 Reasons for supporting regional bargaining

The reasons cited by most respondents for supporting regional bargaining were the convenience of conducting collective bargaining through an employers' organisation, coupled with democratic control of that organisation; competitive and industrial relations

considerations arising from the nature of the labour and product markets; the power of SACTWU; a lack of trust of SACTWU; and the advantages attached to centralised benefit funds for workers. Each of these reasons is discussed below.

5.2.1 *Convenience and democratic control*

5.2.1.1 Enterprise versus multi-employer bargaining

A very important consideration for many employers in their support of multi-employer bargaining was convenience, i.e. most respondents believed that they did not have the time and skills to handle decentralised negotiations. Many firms argued that it would "just take up too much time for everybody" and they would "need qualified people to do it". It was therefore to their advantage that an employers' organisation negotiated with the trade union.

The convenience of multi-employer bargaining at the regional level is related to the size and cost structure of most clothing firms: very few are big enough to warrant employing an industrial relations manager and their existing management would not be capable of negotiating the major terms of employment directly with the trade union:

The main factor is that we don't have the time and the effort and the on-the-spot expertise, because we can't afford it.

In addition, a number of firms that did have a manager with adequate industrial relations experience stated that the time and expense of enterprise level negotiations make it a prohibitive exercise. Enterprise bargaining "would take up a tremendous amount of management time", which they could ill afford. A leading employer argued that if they had to bargain at the enterprise they:

would have to start getting in legal advisers because we would be dealing with skilled, professional people and by the time we are through we've got a great cost when we could have done it through the CCMA for 'x' amount a year.

Even where firms did have an industrial relations manager they were very wary of the prospect of enterprise level negotiations:

We have got an IR manager but it would put a lot of extra burden on everybody if we had in-plant negotiations... We would have to beef up our IR department, we would need a better negotiator, it would basically be full-time. I think we could handle it but it would be difficult.

There were additional benefits attached to multi-employer bargaining. An industrial relations manager at one of the larger firms saw an advantage of centralised negotiations as the leeway it gave them to concentrate on industrial relations at their firm:

Centralised bargaining is easier in that it frees me. I don't have to negotiate at that level [i.e. the centralised level] unless I get involved in the CKIA. This gives me more time to negotiate the smaller issues at plant level.

Many employers recognised that their reliance on the employers' association to negotiate substantive conditions of employment was not merely a question of convenience; it was also because the CCMA and CKIA jointly possessed a formidable team that gave employers strength in the negotiations. They stressed that "the CCMA and CKIA are in a better position to know the trends in the industry and have a more competent, professional team than each firm could put forward". It is a combination of expertise, in that "the bargaining on major issues is done by a group of people so you have access to a range of skills", and a more coordinated understanding of the industry and what it can afford. So employers recognised that the negotiating team assembled by the employers' organisations could enhance the power of employers in a centralised bargaining structure.

One major dissatisfaction was voiced with regard to multi-employer bargaining through the CCMA and CKIA, which for some respondents partially offset the benefits discussed above. This was the perceived dominance of the employers' associations by certain large firms and the powerlessness felt by some members in the decision-making process within the associations. This was also the reason why some non-members of the CCMA and

CKIA were dissatisfied with multi-employer bargaining. The perception was particularly prevalent amongst the CMT firms:

It is a situation where it doesn't matter what I say, decisions are taken and I am not big enough to be heard... And the people who are negotiating are the non-CMT guys.

A small employer who was a member of the CCMA stated:

It's dominated by the bigger people, which is why this other association [i.e. the GMA] has developed. A lot of people got disgruntled because the CCMA weren't looking after the small man.

This perception was not restricted to the small employers. A respondent at a medium-sized firm, also a member of the CCMA, stated:

Because we are so small we just have to do what they decide... It's controlled by Seardel and Rex Trueform so we don't really have a say.

But many members of the CCMA or CKIA believed that they did have a say in decision-making within the associations. This did not however mean that they all rejected the allegation of dominance by a few big firms. While they had a say, their problem was that they weren't listened to. Some were philosophical about this and accepted that it was an inevitable consequence of collective decision-making, whereas others acknowledged that their limited voice was largely their own fault because of their lack of participation in debates within the associations.

So employers often balanced divergent or opposing factors in arriving at a positive assessment of the convenience of multi-employer bargaining. A respondent who was particularly critical of aspects of the way in which the associations functioned was therefore still able to conclude:

With centralised bargaining at least I can leave it to my colleagues. If they go for a twenty percent increase or fifteen percent I can only fight and say 'Yes' or 'No' or whatever, but that's all... I don't need to be roped into it.

The allegation of dominance by a few large firms points to the complexity of collective decision-making by employers and needs to be examined in more depth. The fact of the matter is that each member of the CCMA or CKIA has one vote, whether they have six or 600 employees. The handful of big firms that allegedly dominate decision-making within the associations should therefore, on the face of it, be easily outvoted on any issue by the rest of the members. It appears that this does not happen and that there are other factors which explain the perceived dominance by larger firms. An important player in the CCMA stated:

At the end of the day it's a general meeting of the CCMA that gives one the mandate and each company has one vote of equal value... Rex Trueform, which is a company employing four to five thousand people, has the same vote as a guy employing twenty people. The bigger groups, the bigger companies, tend to be more vocal at these meetings and tend to occupy positions of leadership. And they are the ones who talk and debate and have most of the facts at the tips of their fingers. And the smaller guys are basically there and saying: "Look, you are our elected leaders and if that's what you say then that's fine", sort of thing. I'm over-simplifying - there are heated debates at times and the guys try to sell mandates to the negotiating committee... but usually the big companies have a sense of where it is going and what the industry is able to do.

It therefore appears that not only do many firms not have the capacity to negotiate at enterprise level, they also don't have the capacity to participate effectively in the employers' organisation. Larger firms, which have the management infrastructure and skills, are able to devote more time to participation and have a much greater impact on the debates in the associations. These firms therefore become leaders: their representatives are elected to the Executive Committee and thereafter they play a disproportionate role in the decision-making process.

Some members believed that without these leaders the associations would hardly function. Dominance by some firms was a corollary of the differing capacities that employers had to participate in the associations. A member of the Executive Committee of the CCMA stated:

The problem is that it is so difficult to get such a diverse employer body to agree on any one thing - the mandating process is a terrible process. If it weren't for the Executive Committee the association would not run. If you were to have a general meeting to discuss every issue of importance, and there are a hell of a lot, it would become unmanageable. And then you only have perhaps ten percent of employers attending meetings and the other ninety percent complain about the decisions taken at the general meeting. So there are pros and cons...

A second member of the Executive Committee argued that the continuous involvement by certain employers in the Executive Committee was the key to the functioning of associations:

It's the MD's themselves and Chairmen of companies themselves spending time and sitting there. For the last two or three years there are guys who have been spending... hours. So that is why it is working. If that was not the case then it would not have been a success... because the guys are there and they can make immediate decisions and that is the only reason why it is working.

The Executive Committees of the CCMA and CKIA therefore jointly emerge as the key locus of decision-making within the associations.

5.2.1.2 Regional versus national multi-employer bargaining

When it came to deciding between regional and national bargaining the majority of employers were strongly of the opinion that the convenience accruing to them from multi-employer bargaining would disappear if bargaining shifted to the national level. Put simply, the geographical dispersion of the clothing industry raised the possibility of serious logistical and organisational problems for employers if they were to engage in national bargaining.

There were a number of related strands to this perception. Firstly, it was argued that organising nationally was going to be extremely difficult because of differences between the regions. A leading employer stated:

It's bad enough doing a regional organising thing but to get three different provinces, different people, to get a mandate - and the longer these things take the more chaos and unrest caused and the more costly - that's the key, you won't get a mandate.

Regional interests and differences would therefore block the mandating process between the regions for national negotiations. A leading employer argued:

Already we struggle like hell just to get a mandate from the regional employers to go into the regional negotiations - it becomes almost an impossibility to try and extend that and further impersonalise it to the national level. I can just see problems.

A related problem would be the process of reporting back during negotiations and getting further mandates. It was argued that this would be a prohibitive undertaking in terms of both time and expense. As a consequence, negotiations could be drawn out and that would destabilise industrial relations. A leading member of the CCMA argued:

Where do you even begin to get the guys together in a general meeting. To actually fly hundreds of people to a hall in Durban one year, and the Transvaal or Cape Town the next year. And you are then under the time constraints of one day to get your mandate together. What if you can't? That is the first thing - the practical, operational, logistical issues. Now people will say to me that the Engineering Industrial Council is also a huge council with thousands of employers. But look at the abortion that they have - they just have settlement on one agreement and they commence negotiations for the next. Their agreement is hardly published, it runs eight months in interregnum... Is it actually worth it? You are going to have disputes by default because of logistical problems, you are going to have delays, its going to be a laborious process... and there are hundreds of employees out there who are totally oblivious to these problems and who simply see that its now three months into the new year and they still haven't got their wage increase, and then you start getting work stoppages, etc.

A final aspect was the implication that national bargaining would have for participation by members in the mandating process. Participation in decision-making in the associations had been identified as problematic at the regional level and both small and very large firms had a concern that it would be far more difficult for many employers to participate effectively if negotiations shifted to the national level. One large employer stated:

Here we elect ten representatives on the industrial council, we give them our full confidence, we give them mandates, we liaise with them, and they can't go beyond their mandate without coming back to us. There is a close working relationship with them. Now if you are involved nationally you are distant from it.

The dominance by very large firms and the exclusion of small firms from decision making would, in the opinion of many respondents, become a much bigger problem:

It would certainly be a lot more difficult and if it had a meeting in Johannesburg one month there would be very few Cape firms attending, certainly not the small guys. Your Executive would probably go up and they will probably have a free'er rein to make decisions and that will cause tensions.

This was a concern felt by small and large employers. The industrial relations manager at one of the largest firms in the region argued that it would "be more difficult to accommodate the small guys in a bigger forum". He went on to state:

What is going to happen is that you will negotiate on a national basis and people will sit there and will start making decisions and people must just accept whatever they negotiate. Because they can't really be an intimate part of the process. And deals will be made that will cut peoples' throats. Now you can sit here and in a reasonably short time call a general meeting and you can tell people and you can try to accommodate them. But on a national basis that is not possible.

A second employer agreed that far greater participation could take place at the regional level. National bargaining would exclude participation by all but the "big groups":

If it is done on a national level you will... have a very small number of people in each region getting together and having to talk for the members of that region. Whereas what happens now is that a high number of manufacturers find that they all have their say. And I feel that it's representative this way. If it was done on a national level it would tend to become representative only of the big groups... Obviously some are stronger and have more muscle [at regional level] but at least everybody gets their frustration off their backs.

Employers were therefore concerned that only a few firms would have the resources to participate fully at the national level and that these firms would not represent the interests of all members in negotiations. The perceived dominance by certain large firms at regional level would therefore be exacerbated and employers believed that they would have much less control over their own destiny if they were in a national bargaining structure. It came down to a question of participation, representation and accountability within the employers' associations.

5.2.2 The nature of the labour and product markets

5.2.2.1 Enterprise versus multi-employer bargaining

The nature of the labour and product markets was an important consideration for many employers in their support for multi-employer bargaining. Respondents argued that the labour market would become chaotic if firms were competing largely on the basis of wages, while a few noted the negative impact that such competition had on the product market. This is a reflection of the labour intensive nature of the production process in the clothing industry, the high labour turnover, the many small firms in the industry, low barriers to entry, and intense competition in the product market. Employers believed that if there was no centralised wage regulation "it would be a nightmare" and "unthinkable", and would lead to "complete chaos".

Some employers emphasised the effect that enterprise level bargaining would have on the labour market, and pointed to the existing labour mobility in the industry:

It ensures consistency. We have people who tend to move around a lot - in the clothing industry labour turnover is fairly high - so it is a means of retaining your labour because everyone is paying more or less the same wages.

The consequence of decentralised bargaining would, according to one employer, be "a very unstable labour force... an unhappy labour force, everybody would be looking around to see what the next one was earning".

There was also recognition that centralised wage regulation eliminated low-wage competition. This perception was mainly evident amongst members of the CCMA and CKIA:

Taking into account that a reasonably big chunk of your operating costs is your wage bill and if you can level the playing field on your wage component amongst your competitors then that as a general rule would lead to a more stable environment.

This could be particularly effective against the many small firms in the industry:

The other reasons why people support it is - for the bigger guys - because there are a lot of smaller guys who, because they are not part of it [i.e. are non-members], could manufacture at a very low cost and could have salaries very low or much lower than the other salaries.

The above quote indicates a key aspect of labour market regulation by industrial councils, namely, the extension of agreements to non-parties. As one employer argued:

A non-party is a competitor, a non-party is a freeloader and he can employ non-union labour... But he is a competitor and on what basis should they come in for a different deal?

The majority of employers were in favour of the extension of minimum wages to level out competition on labour costs. But the rationale for negotiating minimum wages was, according to some members of the CCMA and CKIA Executive Committees, equity rather

than the elimination of competitors. When negotiating wages they tried to "reach a middle point or fair point" for the industry and extension of these wages to non-parties gave "a far fairer spread across the industry". Furthermore, many respondents believed that labour costs per unit of output were almost the same throughout the industry in the region and argued that competition should be based on being more efficient and productive than the next firm.

The spokesperson for the GMA contended, however, that CMT firms had different unit labour costs:

Being a CMT organisation we are very labour-cost intensive. Seventy percent of our costs are wages as opposed to ordinary manufacturers. So you can imagine that granting a thirty percent wage increase just about puts us out of business, whereas the major CCMA members... for example, for Rex Trueform to grant one day's extra holiday with their overhead structure is something that they will fight tooth and nail to avoid, whereas they will just hand out another R10,00 per week increase. So things affect us both totally differently.

This lay at the heart of their perception that they had different interests to clothing manufacturers and explains much of their dissatisfaction with the CCMA.

A number of employers pointed to another dimension of the extension of collective agreements besides labour market stability, namely that it also led to greater industrial relations stability. Without such regulation "you could get into a situation where some companies are paying a lot higher and others are not and this could lead to a lot of conflict". Another respondent argued that without a centralised forum in an industry with so many small employers there "is absolutely no way that you will get uniformity of conditions or anything from an industrial relations perspective".

Multi-employer bargaining did not, however, only provide a **floor** of wages and employment conditions. Pressure was exerted not to raise wages too high above the minimum levels. A employer, who had a few years before started paying above the

minimum rates, states that they were "hailed into a CCMA meeting" to explain the "absolute chaos" that their wage policy had caused in the labour market. Another employer went so far as to argue forcefully that minimum wages should be removed in times of high unemployment but that maximum wage levels should be imposed when labour was scarce. He contended that unrestricted market forces pushed up wages in the latter situation and disrupted the labour market. Many employers sought a compromise in paying the minimum rates or slightly above and using productivity incentive schemes to reward workers that performed well.

Certain employers also noted the effect on the product market of low wage competition. One pointed to an existing situation:

There are little cottage industries starting which screw up the market because they supply for one season and then go out of business, so the purchasing of our customers becomes erratic because they spend one season with the little companies and then come rushing back.

In an industry as labour intensive and competitive as the clothing industry, firms that did not pay the minimum rates can have a direct impact on sales by those firms registered with the industrial council. A respondent noted:

In the Western Cape I would say at least five percent of the production is going informal. But it is finding its way back into the formal industry too. The Foschinis and Truworths of this world are getting merchandise that is made in the middle of the night in Mitchells Plain. I know that for a fact.

Generally, however, employers focussed on the labour market rather than the product market in stating their support for multi-employer bargaining.

5.2.2.2 Regional versus national multi-employer bargaining

When employers had to decide between regional and national bargaining a complex of divergent attitudes emerged regarding the nature of the labour and product markets. The interviews revealed that most respondents believed that the Western Cape had unique

features and the region would be undermined if bargaining had to be conducted at a national level. These perceived features inspired a strong regional consciousness which permeated many respondents' attitudes to the level of bargaining issue. A prominent employer stated:

The Western Cape is a particular area, our factories are all the branded ones, we're in the export markets more than the others, we have Coloured labour [and] they have Black and Indian labour. The feeling is that the Cape has got its special interests... To get us on a national basis just wouldn't work, there are still regional differences that would persist.

The view that there were "regional differences" was a pervasive and strong one. Probably the most important of these differences for clothing employers was the nature of the labour market. Firstly, all the respondents drew the majority of their labour from residential areas around their factories. Some labour was also drawn from outlying areas such as Paarl, Wellington, Stellenbosch and Atlantis (and firms in Atlantis drew some labour from the Peninsula). Only one employer indicated that a small number of his workers were from the Transkei and Ciskei. The labour market was therefore overwhelmingly local and, on the face of it, a certain logic existed as to why bargaining should be regional.

Some employers, however, pointed out that because the trade union had almost equalised wage levels between the major regions one could no longer speak of a regional labour market.⁴⁷ But there was considerable divergence of opinion around this point. Firstly, it

⁴⁷ In 1991 the industrial council wage rates in the Western Cape were the highest in the country, although this was marginal in the case of the major regions, i.e. Natal and the Transvaal. The prescribed minimum weekly wage rates for sewing machinists, who make up about 60 percent of the workforce, were as follows:

Western Cape	R184.50
Western Cape (Country Areas)	R180.00
Natal	R182.50
Transvaal	R170.00*
Eastern Province	R147.73
OFS and N.Cape (Kimberley and Bloemfontein)	R121.00
(Kroonstad)	R116.85

was noted by some respondents that although wage parity had almost been achieved between the major regions there were still differences in total labour costs, e.g. contributions to the benefit funds. There were also other aspects of the regional collective agreements that differed.⁴⁸ Dealing with these differences at a national bargaining forum would be complicated.

Secondly, there was a strong perception that the racial composition of the labour force in the Western Cape - it is made up primarily of Coloured workers, as opposed to the other regions which are made up mainly of African and Indian workers - gave the labour market a distinct regional character. A employer voiced this view succinctly:

We support regional level bargaining. The labour force in the region is fairly homogeneous and that is why it works. Its a relic of the days when the Cape was a Coloured labour preference area.⁴⁹

It was a view that was repeated by a number of respondents:

We differ very much from Natal and from Transvaal. The labour force is very different, their attitudes are extremely different. I don't know if I would be able to be a manager in those sorts of areas. In the Cape you have a totally different culture... In the Cape the Cape Coloured was traditionally a seamstress and there is a heritage of seamstresses. The African has become a seamstress only through government policy and our border industries.

(Parys, Frankfort and Vredefort) R106.20

* Transvaal worked a 40-hour week, compared to 42,5 hours in the Western Cape and Natal, so their hourly rate was only a few cents below that of the latter two regions.

⁴⁸ An example was the shorter working week in the Transvaal.

⁴⁹ The Coloured labour preference policy was introduced by the National Party government in 1954. It required that preference be given to the employment of Coloured labour in the Western Cape. In addition, entry by Africans into the area and their employment there was more strictly controlled than under normal influx control laws, and training facilities for African workers were not provided in the region.(Cooper *et al*, 1985:51 and 347) The policy was abolished in 1984 but its consequences live on. In 1995 the firms in the sample employed a very small minority of African workers.

A third employer stated that "we have a major Coloured labour force in the Western Cape, whereas in the Transvaal it's predominantly African and Natal predominantly Indian". He went on to argue that the "different cultures, problems and perceptions" favoured regional bargaining.

The racial stereotyping of the regional workforces led to respondents identifying a variety of drawbacks of national bargaining. Some employers believed that the regional workforces had differing levels of productivity and standards of quality, which made national bargaining impossible:

We support it [i.e. regional bargaining] because in Durban its a different ballgame. Even in Worcester. You could never survive with a factory out there on our wages. There it's all African labour and the productivity is terrible - they don't have the training or background.

A second employer stated:

Their methods in Natal and the methods here are completely different and the labour is completely different there... its a different standard of workmanship. We are more quality conscious... Each province must have its own industrial council.

An example advanced by another employer highlighted what he saw as the industrial relations implications of the differences in the regional workforces:

In Natal with Indian workers if you don't work overtime they virtually go on strike, but in the Western Cape it's problematic working overtime because once they have earned their weekly required amount they don't bother to come to work on the 5th day... Totally different work attitudes, cultural differences.

The racial stereotyping was, however, not displayed by all employers in voicing their support for regional bargaining. Indeed, a few spoke out strongly against the perception that racial groups had differing productive capabilities:

I know that in the old days certain people said that the Xhosa is more efficient, etc., but I think that is nonsense. Sure there are some cultural differences but I think that productivity is management's responsibility.

The more progressive view that productivity and quality was a management problem and should be resolved by training, was shared by a number of respondents:

We have to ensure we all get our staff to the same sort of level. There is no point in saying a Zulu is a better worker than a Xhosa. That doesn't hold any water anywhere. It's management's responsibility in terms of training.

A second, but related, aspect of the perceived "regional differences" were the difficulties that these would cause in national negotiations when they were translated into conflicting sets of regional interests:

In every province there is a different set of people you are dealing with and there are often different problems, and it's hard enough negotiating at a regional level and then to involve four different provinces at a national level with different personalities... We have our particular interests in the Cape.

Although some employers tended to be vague about what these differences consisted of, others were more specific. One respondent used the example of Eastern Cape to highlight differing economic interests and problems:

Particularly in the case of the Eastern Cape where you have much harder economic circumstances than other parts of the country. The realities are very different. Where jobs are as scarce as they are there you can hardly bargain at the same level... When we negotiate regionally at least we know what we are dealing with.

Other differences mentioned were the cost of living in the regions, transport, "higher overheads", the "standard of living" in the regions, and "social circumstances".

There was also a perception that industrial relations in the Western Cape were better than in other regions and this would be undermined if they were drawn into a national bargaining structure. A leading employer stated:

I am also concerned, and not just myself but many employers are, about the irrationality that they sometimes see in the Natal bargaining situation, and that that irrationality will flood over into the Western Cape... They've got a hell of a problem in Natal from a disciplinary point of view... which is something that we don't experience in the Western Cape. And there is a fear amongst employers that if you go to a national industrial council a lot of that is going to spill over to the Western Cape.

A second respondent provided a different perspective on this point:

In the Western Cape we've built up a pretty good relationship and have built up that relationship over the past 30 to 40 years. And the union structures and organisers in the Western Cape have been in place for a long time. I understand that in Natal and Transvaal it is not so sophisticated and there is not as much control as there is in the Western Cape. That would be my main fear of going into a national industrial council - dropping to the lowest common denominator.

A third respondent asked, "why should the Cape be lumbered with a Natal problem or a Transvaal problem or a big national problem", if they had no interest in the issue in dispute.

The bottom line for the majority of employers was that differing regional interests and problems could best be accommodated through regional bargaining where the negotiators were "closer to the coal face" and knew "the individual firms, the individual problems of different areas and types of manufacture". Bargaining at the national level would become extremely complicated given these differences and the Western Cape could be drawn into disputes that either arose in other regions or involved other regions but which were of no concern to local employers.

There was, however, one point in favour of national bargaining that even the strongest supporters of regional bargaining were prepared to concede. The vast majority of employers acknowledged that they were competing in a national (or international) product market. For many of them who believed that the Western Cape had the highest labour costs, this was an important advantage of national bargaining, i.e. a national agreement would raise the labour costs of competitors in the other regions up to their level. One of the most vehement opponents of national bargaining stated:

I would be receptive to that argument... It is, in fact, the only point that I'd be receptive to, it's the only compelling argument for me.

But for most respondents this advantage was outweighed by the labour market considerations and the logistical and organisational factors discussed above. There were a number of other reasons why the advantage of a national agreement was discounted by employers. Firstly, as mentioned above, wages had virtually been equalised between the major regions in recent years and there was recognition that the union was working at eliminating remaining differences. A respondent noted:

If you look at the major centres... the difference in our wage levels will be wiped out by the end of this year, so *de facto* we are there.

Secondly, a number of respondents noted that SACTWU was pattern bargaining the regions and to all intents and purposes national agreements were being reached:

In the last few years it has been practically the same. When the Cape starts negotiating Natal follows and what is happening is that the union is liaising and we are ending up with the same thing. So the union is acting as a national thing so we are ending up with a national wage on a regional basis.

Thirdly, it was believed that the union's method of getting uniformity between the agreements in national negotiations would be to take the best terms from each region:

The reason why I oppose national bargaining is that there are differences in conditions of employment amongst the various centres and if you move to national bargaining you'll just get a ratcheting up of the best conditions of employment in each of the areas. So it's going to be expensive for each of the regions.

Some employers therefore disputed the contention that the Western Cape had uniformly the best conditions of employment and a national agreement would benefit the region by levelling labour costs throughout the country.

These counter-arguments, however, applied only to the major regions. Wages in the Eastern Cape and Free State lagged well behind those in the Western Cape, Transvaal and Natal. More importantly, the TBVC states and other 'decentralised' areas did not fall under any industrial council agreements and, in addition to the low wage advantage, manufacturers in some of these areas obtained certain benefits to operate there. Competition from these areas was a serious concern for some respondents:

From that point of view I would accept national bargaining in that I compete with Natal manufacturers... Their manufacturing costs are far lower than mine because they use 'development' and 'homeland' areas... and that is a major problem for me.

The prospect of national bargaining including these areas was a strong reason for the support of three employers for national bargaining.

A few employers noted that the TBVC states were a different matter. Being independent states at the time, if only in the eyes of the South African government, a national wage agreement would not cover clothing factories situated there. So, even if Western Cape manufacturers were being undercut by firms in these areas, national bargaining would be "irrelevant unless Ciskei and Transkei were covered". Furthermore, as one respondent argued, the decentralised areas could be covered by regional agreements:

You can extend the scope of the Natal agreement to cover Botshabelo and Kwa Zulu and whatever else. So you can achieve that objective through a regional structure.

In addition, not all Western Cape manufacturers were in direct competition with firms in the TBVC states or the 'decentralised' areas. In one case it was because the respondent produced garments for a particular niche market. He stated that "it hasn't caused us any problems - we have no competitors in those areas". In another case the manufacturer produced exclusively for a major retailer that did not source garments from those areas.

Some respondents indicated that the low cost of garments produced in those areas was balanced or outweighed by their low quality. One stated that "the product that is coming out is so poor that we can still compete". Another explained:

We have been undercut by them... but they undercut me with inferior merchandise. They do everything wrong but they are cheap... It's a market of their own... With inefficiency and low productivity they're a threat and they're not a threat.

A final factor that undermined the argument for a national agreement to restrict undercutting by low-wage regions was the recognition by many employers that low wages in those areas usually went with low productivity, and if higher wage levels were to be suddenly imposed on firms operating there they would close down and many jobs would be lost:

In principle I am not against national bargaining, especially if they bring in the 'homelands' and they have to standardise wages and conditions. It would obviously be to our benefit. But obviously it would lead to the closure of numerous companies in those areas.

Some employers were therefore willing to forego any advantage they could gain from the application of a national agreement to these areas in the interest of the development of the industry there:

You will become more competitive but you will put many other people out of business. It will cause many people to lose jobs. If you think for your own company that's a good argument but if you think more generally for the country and for our future then I think it's not a good argument.

Furthermore, it was noted by a major employer that it was not certain that SACTWU's policy was to bring about wage uniformity throughout the country:

My impression is that the union is open and alive to the reality of an urban/rural differentiation. Now to what extent they will accept the current geographic boundaries of decentralised areas... is a different matter. But on that issue there is going to be a firm insistence on some differentiation... and my impression is that the union is alive to that and open to talking about it.

The end result was that while many employers highlighted the national product market as an advantage of national bargaining, its importance was diluted by a mix of perceptions regarding the uniformity of existing conditions of employment, the intentions of the trade union, differing productivity levels, and the development needs of certain areas. Their perception was that regional bargaining was closer to and could be more responsive to the circumstances of each region.

5.2.3 The power of SACTWU

5.2.3.1 Enterprise versus multi-employer bargaining

The perceived imbalance of power between SACTWU and individual employers was another important reason for supporting multi-employer bargaining. This was a factor for almost every respondent and was generally expressed in terms of the union's bargaining power. One of the small CMT operators stated that:

On your own you would have no chance against the union. At the moment they are up-ing wages and wages are our biggest bill, and if you can't keep the wage increases reasonable then you will just go out of business. You've got a bit of clout this way.

One of the largest employers used similar terms:

To face the unions today you've got to have strength and muscle, and you won't get that by having all little individual identities. If you want to negotiate with the union as a company they will steamroll you.

Given the very competitive nature of the clothing industry, employers believed they would be entirely at the mercy of the union and "the weaker managements would be put out of business very quickly".

An indication of the importance of the power disparity was the fear by some employers that decentralised bargaining would lead to leapfrog bargaining by the union.⁵⁰ There were, however, differing opinions on this issue. Some employers believed that this possibility, remote though it was at that point in time, was a good reason for supporting multi-employer bargaining. Others argued that the union would adopt a strategy of trying to pattern bargaining the industry, i.e. they would attempt to bring all firms up to the settlement level reached at a few of the major firms. Still others believed that the union would not succeed with pattern bargaining, as smaller firms would not be able to pay what the most profitable firms could pay. The union would have to bargain according to each firm's ability to pay. But whichever strategy the union adopted or were forced to adopt, the many small firms in the industry and the difficulty the union would face at negotiating at each of these firms, meant that decentralised bargaining would probably focus on the larger firms. This led to a fear by some of these employers that they would be 'targeted' by the union in enterprise level negotiations.

A second indicator of the role that power played in employers' thinking on the levels of bargaining question, was the perception that centralised negotiations removed the adversarial focus of workers from the firm's own shopfloor. This reduced tensions and militancy in the workplace. A respondent argued that multi-employer bargaining was "less

⁵⁰ Leapfrog bargaining occurs when a union uses the settlement at one enterprise as the starting point for negotiations at the next enterprise. This constantly pushes up wages and other employment conditions as the union moves from firm to firm through the industry.

personalised, it is less open to direct antagonism, it's a body over there... it's an industry thing, a broader thing". Another employer stated that:

If negotiations are carried out on your own shopfloor your workers tend to get very uptight and tend to get involved with every aspect of it... and it causes major disruptions all the way along.

This view is probably a heritage of years of centralised bargaining with the Garment Workers' Union, which had built little or no shopfloor organisation and suppressed rather than infused worker militancy. The changes wrought by SACTWU were noted by some respondents. They argued that the ability of centralised negotiations to restrict shopfloor militancy had become less important in recent years, "because even if you have centralised bargaining, while it is going on there is still activity in my plant and until it has been finalised there is always an undercurrent". Another employer acknowledged this development but still believed that centralised bargaining limited adversarialism in his factory:

Sure during negotiations the company gets hit by work stoppages, etc. because that's the way they level power. But I think that it removes some of the aggression when they see that its not just us but that all the bosses think alike.

Two firms, both of which had full-time industrial relations managers, did not entirely accept the argument that a benefit of multi-employer bargaining was that it removed antagonism from the workplace. They argued that they had developed very good relations with shop stewards and workers at the enterprise and that these were sometimes jeopardised by the more conservative line taken by employers at the association:

It's problematic where industrial relations issues come up that we are clear about. We have a far more open view than the rest of manufacturers and that's a very difficult situation because you have to defend a position you don't really agree with for the sake of the industry.

So even if antagonism was removed to the centralised level, some employers believed that membership of the employers' association tied them into that antagonistic relationship, whether they agreed with the line being taken on particular issues or not.

5.2.3.2 Regional versus national multi-employer bargaining

While the power of the trade union was still important for respondents when they had to decide between regional and national level bargaining, there was greater diversity in their opinions on this point. A small minority of employers stated that they supported regional bargaining because the employers' organisations were more powerful than SACTWU at this level. Far more believed that "the power equation was equal" at the regional level, and a number of employers argued that this would probably be the case at a national level. It was therefore not a factor in their rejection of national bargaining. There were, however, considerably more who thought that the trade union would possibly or definitely be more powerful at the national level. This was largely based on a perception that employers would not be able to achieve the unity and cohesiveness that SACTWU could achieve in national negotiations. A member of the joint CCMA and CKIA negotiating team stated that:

The union would be at an advantage because they would have a centralised negotiating team, but the manufacturers' team would have to be made up from all the regions.

Another member of the negotiating team stated:

You give the union a bigger power base... and you don't want to give your opposition a bigger power base whilst you know that it will diminish your power base. Because there is no ways that you will get 800 manufacturers to stand together.

So for a significant number of employers the anticipated imbalance of power was a factor in rejecting national bargaining. This perception was closely related to the difficulties that

many employers believed that they would face in organising nationally and trying to get national mandates for negotiations. This has been dealt with in some detail above.

5.2.4 Relations with SACTWU and the trust factor

Attitudes towards the trade union tended to vary considerably, but for many employers this did not have much importance when choosing between different levels of bargaining. However, this is not to say that perceptions of the union had no relevance for decision-making about this issue. 'Leading' employers gauged attitudes to the union within their constituency in their assessment of the viability of engaging in national bargaining, and some of them concluded that the bargaining relationship between the parties had not yet reached a sufficient level of 'maturity' (on both the union and the employer side). This relationship would have to improve considerably before something as complex and potentially problematic as national bargaining could be considered:

Let's get our relationship at a sufficient level of maturity and stability, let's develop a common vocabulary on the essentials that we have jointly identified as being the principal factors that guide, inform and direct our relationship. And from there we build towards a widening and broadening of our collective bargaining relationship. We have enough problems carrying this constituency and bargaining unit from one year to another in its current structure and we believe we may lose the whole thing if we try to run before we can crawl.

The interviews confirmed the lack of confidence that some of the 'leading' employers had in their constituency. Many smaller employers expressed a strong antagonism towards the union (although such an attitude was not restricted to the smaller employers). This can largely be explained by the changes that the union had undergone in recent years and the impact that this had had on the nature of industrial relations in the industry. Smaller employers simply did not understand the new industrial relations arena into which they had been thrust and were very uncomfortable with what they saw as SACTWU's "militancy". Their unitary frame of reference was under siege and their response was appropriately defensive. SACTWU, they argued, had turned their workers against them and seemed to have no other aim but to indiscriminately "bash" management. A CMT operator stated:

We have good relations with our workers at plant-level but the union's main aim seems to be to create bad relations. They don't like it if workers like their bosses.

They argued that this antagonistic attitude came from the trade union at a time when the industry was in dire straits and everybody should be working together to save it. It therefore seemed to a number of the smaller employers that the union was out to destroy the industry. They could not see any other logic in SACTWU's actions. One employer stated:

Until we can get a common sense view from the union that they acknowledge the position of the manufacturers and the hardships we suffer, as much as the hardships of their members; until we get that acknowledgement as to where we are and where we are going, how can we treat them with comfort? We have to be wary, we don't know what move they will pull next - to the extent that I would say that most clothing manufacturers would prefer not to have a union near their factories. And I would say 50% of workers don't want to be unionised either.

They believed the union was creating a crisis in the industry and driving out employers, which would result in workers losing their jobs:

We don't see much of the union but they are so aggressive. They should stop that and just work at doing something for the industry. We should be working together because if we go then they go. It's not this 'them or us' which they are always pushing... they could either carry on with demands and eventually price the industry out of the market or they could come to their senses and be more reasonable and think about saving jobs.

As mentioned above, most respondents did not link these attitudes directly to their choice of a particular level of bargaining. Their main effect was on the perceptions of 'leading' members of the CCMA and CKIA with regard to their constituency. But it can be argued that these attitudes created a more uncompromising stance from employers towards the union and its goals, including its goal to shift bargaining to the national level.

It should be noted, however, that a number of small and medium employers had far more positive attitudes towards SACTWU. One stated that "the union has done a fantastic job in taking an industry which paid the lowest wage rates to a more liveable level... and we are much more aware of wage rates, standards of living and staff requirements". Another argued that what was required was "a change in attitude from a lot of employers - its not only the union - employers must change their entire attitude".

Firms with industrial relations managers, in particular, could be located securely within a pluralist frame of reference and had a more sophisticated understanding of the role of the union. One of these managers explained their industrial relations policy as follows:

Our philosophy is that we recognise there will be some sort of conflict but we are prepared to work within that conflict and negotiate, and we are prepared to negotiate absolutely everything... I have built up a very good relationship with the shop stewards and the union here which, in general, the CCMA doesn't have.

Respondents also tended to differ as to which level of the union (i.e. either workers, shop stewards or the union officials) they identified when articulating their perceptions. Very small employers had little contact with union officials and focussed on the workforce itself; other respondents concentrated on their relations with shop stewards at the firm in forming their attitudes to the union; and some employers, particularly members of the Executive Committee of the CCMA and CKIA, were more concerned with the union leadership. For example, one respondent argued:

The union has reneged on so many issues. As soon as we agree on stability they then target certain companies. It's not the workers it's the union behind it.

Another respondent placed the blame on workers:

They [i.e. the union] don't stick to their word 100% but I don't believe they're dishonest... The biggest problem they have is disciplining their members.

A second, and very significant, aspect of attitudes to the trade union, was a lack of trust of SACTWU. This was also concentrated mainly amongst the 'leading' employers in the sample and was an important consideration in their opposition to national bargaining.

The reason why this perception was concentrated mainly amongst 'leading' employers was that they were either directly involved in centralised negotiations with the trade union or were in close touch with these negotiations. Their allegation of the union's untrustworthiness arose largely from their experience of negotiations. Importantly, they related this perception directly to the issue of bargaining levels, more specifically to opposition to national bargaining.

Most 'leading' employers alleged that SACTWU could not be trusted. They contended that unless this could be overcome and trust developed between the parties at a regional level, there was little prospect of employers agreeing to participate in national bargaining.

A member of the employers' negotiating team stated:

I think that there is such a gap in as much as trust is concerned between the average employer and the union leadership that I can't see anything positive happening in the next three to four years. I think the thing might start turning in three years time and we may see something tangible develop from there.

A key aspect of this lack of trust was the illegal industrial action that allegedly took place repeatedly during negotiations, which respondents were convinced was orchestrated by SACTWU.⁵¹ A 'leading' employer stated:

There is a lack of trust amongst a lot of manufacturers [because of] the action during industrial council negotiations. The union said that shop stewards took the action on their own initiative but we reject this. It was focussed on Rex Trueform and Meritex [and] we decided to break off negotiations until it was sorted out. The union said it was because workers

⁵¹ This allegation was emphatically denied by Wayne van der Rhee of SACTWU. He stated that the union did not instigate illegal industrial action, and when such action did take place the policy of the union was to immediately try to end it.

were unhappy and were showing displeasure at the intransigence of employers, but we felt it was just game playing. The majority of employers feel that the union is not to be trusted - actions speak louder than words.

A number of the respondents made similar allegations and emphasised that employers had evidence that the union was behind the illegal industrial action. But the complaint was not restricted to action during the negotiations. They alleged that many agreements had been broken by the union:

Many times things are discussed and agreed but then it doesn't happen that way... This is important for us in our reaction to the call for a national industrial council... The relationship hasn't matured sufficiently... the union's 'bona fides' are not accepted and they have given [us] reasons for this.

For these employers it was the leadership of the union that was to blame for the broken undertakings and agreements. If this stratum of the union could not be trusted then they did not believe there was a basis for establishing a national bargaining forum.

Some respondents, however, disagreed with the allegation that the union could not be trusted. One argued that it arose from a lack of understanding of the way the 'new' trade unions operate:

I don't fully agree with the allegation... that you can't trust the union. The union has changed from being a 'sweetheart' union and they have had to show their teeth. What has happened is that the antagonistic manufacturers have simply got their antagonistic style back at themselves from the union. Also a lot of manufacturers don't understand the games that organisers and shop stewards need to play. If you understand the game, for example work stoppages during negotiations, then there is no need for distrust.

Despite the fact that the lack of trust tended to be concentrated only amongst some respondents (and that others disagreed with this assessment of the union), the fact that they were by and large the 'leading' employers meant that this was an important factor in the resistance of the CCMA and CKIA to national bargaining.

5.2.5 *Benefit funds*

5.2.5.1 Enterprise versus multi-employer bargaining

One frequently cited advantage of multi-employer bargaining is that it allows for the establishment of centralised benefit funds (e.g. medical aid funds and provident or pension funds). As is the case with many industrial councils, the clothing council in the Western Cape has established and administers two such funds (i.e. a Sick Fund and a Provident Fund). This was another reason for many employers supporting multi-employer bargaining, although it was less important than those dealt with above. Respondents believed that their firms could not match the cost and benefits of the industrial council's funds. And, as one respondent pointed out, having a centralised fund meant that workers moving from firm to firm in the industry could remain members of the same fund.

The size and cost structure of most clothing firms, as well as administrative convenience, were factors underlying this perception:

Have it at a centralised level. I don't think any single company could give much benefit to its workers on the basis of a Sick Fund or anything like that if it was trying to do it individually.

Some of the larger firms did indicate that they would be able to provide such funds but acknowledged that it could "be done even better on an industry basis". More importantly, a number of these respondents noted that it was in the interests of the entire labour force and the industry to support these funds because a "lot of small firms couldn't afford" to set up their own funds.

There were, however, a number of problems with these funds in the view of employers. Firstly, many respondents expressed extreme dissatisfaction with the operation of the sick pay provisions of the Sick Fund and the impact this had on absenteeism and therefore on productivity. In particular, section 26(5)(b) of the Main Agreement, which provided that an employee shall qualify for sick pay only if absent from work for three or more

consecutive working days with a medical certificate, was singled out for criticism. It was alleged that this clause acted as an incentive for workers to stay off for longer than necessary and that the panel of doctors appointed by the Fund colluded with workers in making this possible.

Respondents did not, however, directly link their concern with this problem to multi-employer bargaining, of which it was clearly an off-shoot. Furthermore, employers' dissatisfaction was somewhat appeased by the fact that an agreement had been reached to drop this clause and substitute section 13 of the Basic Conditions of Employment Act (No.3 of 1983) as from 1 July 1992.⁵²

A second problem identified by a number of employers was the extremely low retirement benefits paid out by the Provident Fund, which one 'leading' employer described as "criminal". These employers were concerned that the contribution levels be re-examined, as well as the administration of the Fund, in order that benefits could be substantially improved.

5.2.5.2 Regional versus national multi-employer bargaining

Employers tended to focus on the Provident Fund when faced with the issue of the advantage of having national benefit funds, and they were split down the middle on this question. In many cases respondents did not have the facts to make a firm decision either way. One answered that she "would need to see the figures first" and another that he "can't say yes or no", whereas others surmised that it was "a possibility" that national funds would be better, or that this would "not necessarily be the case".

Other respondents believed more strongly that the merging of the existing regional funds would make them much more powerful "because the pool would be bigger", and this would allow for an improvement in benefits. An equal number of respondents disagreed and argued that "the size of the funds are such that you are not going to get any material

⁵² The medical aid side of the Sick Fund was unaffected by this change.

benefits from improved economies of scale than what you are enjoying at the moment". National funds could, they believed, also prove to be more difficult to administer.

5.3 Reasons for supporting enterprise bargaining

No common theme emerged in the reasons given by the three employers that supported enterprise bargaining. The reasons reflected the individuality of the views of the respondents. The only similarity was that none of the three opposed bargaining with the trade union as such.

The first employer's main reason for supporting enterprise bargaining was a strong rejection of any form of regulation by a centralised body. He was not a member of the CKIA because he saw himself as "an entrepreneur" and refused "to be directed by incompetent civil servants". He viewed the industrial council as "a communistic organisation" and only allowed council officials on the premises because he was "legally obliged to do so". He argued that if each company bargained on its own there would be "more employment opportunities", but his attitude to the issue was ideological rather than based on pragmatic economic or social considerations.

The second employer rejected multi-employer bargaining because "every factory has its own set of procedures, traditions, etc. - its own team - and bargaining should reflect this individuality and should be done at plant level". This attitude was very closely linked to a management style that the interviewee believed he had developed at the firm, which influenced his approach to industrial relations. The firm had "an industrial relations network and not an industrial relations manager", and the interviewee saw himself as simply the "coordinator of the network". The "network" was made up of himself (i.e. the managing director), the production and factory managers, the personnel officer, and the shop stewards. This 'team' had established a "set of procedures" and "traditions" at the firm that worked well. Most importantly, it had created a better industrial relations environment than that being created at the centralised level:

You find that often industrial actions affect other factories here, e.g. the workers at Ensign might come out and march, etc. But none of our workers will join them and this is because we are a different team at this firm. That is why I believe that the union should bargain with individual companies.

This employer stated that the "system or network is based on my personal experience and philosophy, in that I believe the answer is simply to put people first and this is the basis for my style of management". He stated that he would "never join the CCMA" because they "didn't understand workers and didn't know how to deal with a female labour force", and he rejected what he saw as their "hardline approach". He clearly felt that he had established a rapport with his workforce that was both stable and productive, and that this was threatened by the more antagonistic relationship that existed between the union and employers at the centralised level.

The remaining employer was somewhat anomalous in that the firm was a member of the CKIA. He saw both advantages and disadvantages in centralised bargaining but on balance came out in favour of enterprise bargaining. The main reason was his prior experience of decentralised bargaining with the NUTW in the textile industry. He therefore felt confident that the firm could handle negotiations directly with the trade union. A second important reason was that the firm was situated in a particularly competitive sub-sector of the market and this required that their staff "had to be motivated" and that the firm "get the maximum efficiency out of them". The linking of productivity improvements to wage increases was therefore critical for their continued competitiveness. Enterprise bargaining would allow them to "build in certain productivity steps to increase productivity", which was not possible at the industrial council.

The respondent did however recognise that multi-employer bargaining was firmly entrenched in the clothing industry in the Western Cape and was aware of some of its benefits. He noted, in particular, that the industrial council Sick Fund and Provident Fund would be difficult to replace with enterprise level schemes. This was probably the main

reason why the firm remained a member of the CKIA although preferring enterprise bargaining.

5.4 Reasons for supporting national bargaining

The three respondents who supported national bargaining each gave as their main reason the fact that the other regions in the country were faced with lower wage structures and this was giving them a competitive edge in the product market. Of great concern was the undercutting they experienced from firms operating in the 'decentralised' areas and the TBVC states, which were not covered by collective agreements. They optimistically believed that a national agreement would have the added advantage of also covering these areas, although, as was noted above, this would not be the case for the TBVC states.

It is interesting to note that all three supporters of national bargaining were CMT operators. One would generally expect that CMT firms would favour regional bargaining because they compete for suppliers in local or regional markets, but this was not the case. Competition was coming not only from other regions in South Africa but also from neighbouring countries. One of these respondents, who produced mainly denim garments, pointed out:

People are getting denim products made up in Lesotho and in the 'homelands'. It pays them to send [fabric] up to Lesotho, get [garments] made-up there, brought back to Cape Town and finished here, and its still cheaper than having the complete garment done in Cape Town. So guys from Cape Town are sending work to Lesotho, Botshabelo, etc.

These respondents tended to discount factors that were seen as important by employers favouring regional bargaining. For example, one acknowledged that the union would "definitely be more powerful" at the national level but this was outweighed by the fact that "workers will earn equal pay" as a result of national bargaining. Another did not believe that firms' ability to participate in negotiations would be greatly affected by a shift to national bargaining. He queried how much say one had in any case at the regional level

and argued that at both regional and national level employers "elect representatives and they speak on behalf of them so it wouldn't make much difference".

5.5 The undecided respondents

Four employers were unable to choose between regional and national bargaining. Three of these employers acknowledged that there were good arguments for and against national bargaining but in each case they were unable to make a definite decision on the issue. The common factor was a combination of ignorance and indifference. One stated that he hadn't "thought about it and couldn't say whether it's a good thing or not without going into it". Another argued that the industrial council was a body over which one had no control or influence and it therefore made no difference whether it was situated at the regional or national level.

The remaining firm was rather unique in that it was part of a retail group and employed only a handful of machinists to produce samples. The manufacture of garments for the group was done entirely by independent CMT operators. Industrial relations were handled by the industrial relations manager at the retail group's headquarters and he indicated that it would make no difference to them if there was regional or national bargaining. His only concern was that he didn't want to be involved in enterprise level bargaining for such a small bargaining unit.

5.6 Determinants of employers' preferences

A large majority of employers favoured regional multi-employer bargaining but had different reasons for supporting that level, weighted their reasons differently and combined them in different ways. The above section grouped together the main reasons and indicated the contradictions, divergences and nuances of employer opinion within these broad categories, as well as showing the varying knowledge and understanding that employers had of the range of factors that had a bearing on the level of bargaining issue.

Another approach to analysing employers' preferences regarding this issue is to turn from the subjective attitudes of employers and to examine the role that objective factors play in the formation or determination of preferences. This approach is quantitative and seeks to establish a correspondence between certain variables and the level at which employers would like bargaining to be structured. If a positive relationship exists, preferences for the level of bargaining are attributed to employers on the grounds of those variables. In other words, the variables are seen to determine employers' preferences for a particular level of bargaining.

This approach was used in the large-scale, cross-sectoral quantitative studies done by Deaton and Beaumont in Britain (1980), and Hendricks and Kahn in the United States (1982). The findings of those studies regarding the relationship that exists between certain variables and levels of bargaining will be compared to the preferences voiced by respondents in this study. The variables that will be examined are the size of firms, whether firms are single or multi-plant, the employment of specialist industrial relations managers, sub-sectoral factors, the extent of the product market, the geographical location of firms, trade union density, membership of and participation in the employers' associations, the extension of agreements, and the existence of productivity incentive schemes.

The advantage of this approach has been discussed in Chapter Two above. It should be noted, however, that the approach does have the drawback of not being able to take account of less tangible factors such as "historical determination" and "'style' of management".(Deaton and Beaumont, 1980: 203-204) It also throws no light on the political process of decision-making within firms and employers' associations that translates preferences into policy on the level of bargaining. The qualitative data obtained in the interviews does balance this shortcoming to a large extent and results in a more rounded understanding of employers' preferences on the level of bargaining issue.

5.6.1 Size of firm

The studies done by Deaton and Beaumont, and Hendricks and Kahn, identified the size of firms as a determinant of preferences for particular levels of bargaining. More specifically, larger firms are associated with enterprise bargaining. (Deaton and Beaumont, 1980:207-210; and, Hendricks and Kahn, 1982: 191) However, an examination of the breakdown of preferences for different levels of bargaining by size of firm in this study does not show any marked differences to the overall preferences in Table 1. The lack of a relationship between size of firm and preferences is confirmed by a chi square test which reveals no significance at the 0,01 level ($x^2 = 10,59$). Respondents across the size spectrum acknowledged the advantages of multi-employer bargaining and preferred this to take place at the regional level.

Table 2. Size of firm

No. of employees	Total firms	Preferred level of bargaining			
		Regional	National	Enterprise	Undecided (Reg/Nat)
1-50	8	5	1	0	2
51-100	3	3	0	0	0
101-250	9	5	1	2	1
251-500	13	10	1	1	1
501+	9	9	0	0	0
Total	42	32	3	3	4

Some of the figures in Table 2 deserve further comment. Firstly, the table confirms that for even the smallest firms the convenience of multi-employer bargaining tends to outweigh the perceived disadvantages of big firm dominance in the associations. Furthermore, in light of the fear many smaller employers had that a shift to national bargaining would result in even greater dominance by a few very big firms, it is somewhat surprising that three of the eight firms with less than 51 employees were either in favour of national

bargaining or were undecided between regional and national bargaining. To some extent the number of undecided small firms reflects their ignorance of the issue, but the acceptance of national bargaining by some small firms is also an indication of the greater weight that they gave to the increasing competition they were facing from the Transkei, Ciskei and other low-wage areas which they believed would be eradicated by national bargaining.

Secondly, although two of the three firms which favoured enterprise bargaining are in the 101-250 category, size appears to have played little or no part in these firms' preferences. In both cases other factors were more important in determining the respondents' attitudes on this issue.

Finally, the support by all nine of the largest group of firms for regional centralised bargaining is significant for two reasons. It, firstly, contradicts the thesis that larger firms will favour bargaining on their own. Secondly, it tends to undermine the argument that only the very big firms will be able to participate in national bargaining and could therefore pursue their own interests more effectively in bargaining at that level. While this might well be the case, it is anomalous that the large firms in the sample attached no importance to this potential advantage that national bargaining held out for them.

5.6.2 *Single or multi-plant firms*

The number of plants that a firm has is another factor that has been shown to have an effect on preferences for particular levels of bargaining. Deaton and Beaumont found that multi-plant firms tend to favour enterprise or plant level bargaining.(1980: 208-210) Table 3 shows, however, that whether firms were single or multi-plant had no influence on their preferences for particular levels of bargaining. This is confirmed by a chi square test which reveals no significance at the 0,01 level ($\chi^2 = 3,1$).

Table 3. Single or multi-plant firms

No. of plants	Total firms	Preferred level of bargaining			
		Regional	National	Enterprise	Undecided (Reg/Nat)
Single plant	30	21	3	3	3
Multi-plant	12	11	0	0	1
Total	42	32	3	3	4

Underlining the contradiction of the Deaton and Beaumont findings is the fact that not one multi-plant firm in the sample was in favour of enterprise bargaining.

5.6.3 *Industrial relations management*

The study by Deaton and Beaumont found that the employment of full-time industrial relations managers was associated with enterprise bargaining. (1980: 208-210) The results of this study do not, however, support those findings.

Table 4. Industrial relations management

IR management	Total firms	Preferred level of bargaining			
		Regional	National	Enterprise	Undecided (Reg/Nat)
IR manager	7	6	0	0	1
No IR mgr.	35	26	3	3	3
Total	42	32	3	3	4

A chi square test reveals that there is no relationship at the 0,01 level ($\chi^2 = 1,44$) between the employment of an industrial relations manager and the preference of a firm for a particular level of bargaining. The interviews show, furthermore, that all seven firms in the sample employing industrial relations managers were members of the CCMA or CKIA and three of the industrial relations managers were playing a leading role in the associations.

It should be noted that the employment of industrial relations managers at firms is closely linked to the size of firms (there is a very close correspondence between the firms with over 501 employees in Table 2 and firms with these managers). Industrial relations managers were therefore generally against national bargaining for the same reasons that the big firms were opposed to bargaining at that level. They placed great importance on potential logistical and organisational problems as a reason for their opposition to national bargaining and were as concerned as most other respondents about the negative impact that national bargaining could have on the ability of smaller firms to participate in the mandating and negotiating process.

5.6.4 *Sub-sector*

The different technologies, capital/labour ratios, and product market conditions facing sectors or sub-sectors are seen as important determinants of different levels of bargaining. (Deaton and Beaumont, 1980: 207-210; and Hendricks and Kahn, 1982: 189) This is borne out by the data in Table 5. A chi square test reveals a significant relationship between sub-sectors of the clothing industry and levels of bargaining preferences at the 0,01 level ($\chi^2 = 21,9$).

Table 5. Sub-sector

Sub-sector	Total firms	Preferred level of bargaining			
		Regional	National	Enterprise	Undecided (Reg/Nat)
Clothing	27	22	0	1	4
Knitting	6	4	0	2	0
CMT	9	6	3	0	0
Total	42	32	3	3	4

All the firms favouring national bargaining were CMT firms and this constituted one-third of the CMT firms in the sample. The labour intensive nature of these firms and the fact that some were competing nationally and in the lower end of the market, made them

particularly susceptible to low-wage competition from other regions.⁵³ This explains the disproportionate number in favour of national bargaining.

The knitting sub-sector also shows a marked difference from the clothing sector in that one-third of the firms were in favour of enterprise bargaining (although caution should be taken because of the size of the sample). Neither of these two respondents raised differing technologies and capital/labour ratios in their reasons for supporting enterprise bargaining, but one did identify particularly difficult sub-sectoral market conditions as a factor. Other knitters did, however, express dissatisfaction with the position of the CKIA as the smaller party in the joint CCMA and CKIA negotiating team. Although this was voiced in terms of the power relationship between the two groups, it was rooted in the more capital intensive nature of the knitting industry and the effect this had on the organisation of work.

One knitter, who supported multi-employer bargaining, criticised the existing arrangement "because it tends to be biased towards the clothing manufacturers, and knitting manufacturers tend to get absorbed into bargaining that doesn't suit them". He gave as an example the issue of shift allowances that had arisen during negotiations a couple of years before. This issue was still on the table and for the clothing representatives it was a very easy trade-off to make because there is no shiftwork in the clothing industry. To the knitters it was an issue of importance and would have a marked effect on their wage bill. But the major negotiators were clothing representatives and the end result was that "the knitters were bulldozed into that concession", which has left "a bitter taste in the mouths of knitters". This dissatisfaction did not, however, outweighed the benefits of multi-employer bargaining.

⁵³ This is discussed in more detail at p. 87 above.

5.6.5 Product market area

Neither the Deaton and Beaumont study nor the Hendricks and Kahn study dealt directly with the relationship between the area of the product market and level of bargaining. Bean argues, however, that an important impetus for organisation by employers is the need to regulate the labour cost component in product market competition, particularly in the case of labour intensive industries. As product markets widen there is pressure for bargaining to shift from the regional to the national level to eliminate competition from low-wage areas.(Bean, 1985: 75-76; and, Gospel, 1992: 187) On the other hand, Deaton and Beaumont, and Sisson, recognise that local labour market conditions can motivate employers to bargain at the regional rather than national level.(1980: 207; and, 1987: 81)

Most clothing manufacturers in the Western Cape believed that they were competing in a national product market and acknowledged that this was a powerful argument for national bargaining. But Table 6 indicates that this argument is usually outweighed by considerations in favour of regional bargaining when employers make a choice (27 of the 36 firms that competed in a national product market were in favour of regional bargaining). This is supported by many of the interviews discussed above.

Table 6. Product market area

Product market area	Total firms	Preferred level of bargaining			
		Regional	National	Enterprise	Undecided (Reg/Nat)
National	36	27	2	3	4
Regional	6	5	1	0	0
Total	42	32	3	3	4

A chi square test confirms the failure of the 'national product market' argument to substantially influence employers' preferences. No significance was found at the 0,01 level ($\chi^2 = 2,22$). This confirms that the geographical concentration of firms and regional labour

market differences could undermine the establishment of a national bargaining structure. (Deaton and Beaumont, 1980: 207)

5.6.6 Location

The location of firms is another factor that has a bearing on levels of bargaining. The regional concentration of firms is associated with multi-employer bargaining and, as noted above, labour market variations between regions can lead to pressures for differing bargaining arrangements. (Deaton and Beaumont, 1980: 207-210; Hendricks and Kahn, 1982: 191)

In the Western Cape there are two major locations for clothing firms, namely, Greater Cape Town and Atlantis. A chi square test reveals that location is a significant influence at the 0,01 level on preferences for particular levels of bargaining ($\chi^2 = 18,66$). More specifically, two out of the three firms located in Atlantis supported enterprise bargaining. This appears particularly important in light of the fact that Atlantis had been created as a 'decentralised' area.

Table 7. Location of firm

Location	Total firms	Preferred level of bargaining			
		Regional	National	Enterprise	Undecided (Reg/Nat)
Cape Town	39	31	3	1	4
Atlantis	3	1	0	2	0
Total	42	32	3	3	4

Caution must, however, be exercised when examining this finding because of the small sample of firms in Atlantis. Furthermore, although two of the three firms in Atlantis supported enterprise bargaining, only one of these respondents made specific reference to this factor when he argued that the 'decentralisation' benefits were outweighed by the disadvantages of the region and that the industrial council agreement should not be

extended to Atlantis. This was, however, not the main reason for his rejection of multi-employer bargaining.

The significance of the data in Table 7 is further diluted if one takes into account the four subsidiary firms in Atlantis that were covered by interviews carried out at the holding company in Cape Town. All of these subsidiaries were 'supporters' of the existing multi-employer bargaining structure by reason of the holding companies' support for it. The fact that at least eight of the 14 clothing and knitting firms located in Atlantis were subsidiaries of firms based in Cape Town, probably accounts for the muted opposition by Atlantis firms to their inclusion in the regional bargaining structure.

5.6.7 Trade union density

Trade union density is often used as a proxy for union power and in the Deaton and Beaumont study high union density was associated with multi-employer bargaining. (1980, 209-210) This is confirmed by the preferences expressed by employers interviewed in this study.

Table 8. Trade union density⁵⁴

Union density	Total firms	Preferred level of bargaining			
		Regional	National	Enterprise	Undecided (Reg/Nat)
75-100%	40	32	2	2	4
0-49%	2	0	1	1	0
Total	42	32	3	3	4

Forty of the 42 firms in the sample had a union density of over 75% and almost all of these firms were in favour of multi-employer bargaining at either the regional or national level or were undecided between these two levels.⁵⁵ Although this is only slightly above the overall

⁵⁴ There were no firms in the 50-74% range.

⁵⁵ This confirms the high union density cited by Ronald Bernickow, SACTWU's Regional Organiser for the Western Cape (see footnote 26 at p. 40).

preferences in Table 1, it is important to note that of the two firms with less than 50% union membership one favoured enterprise bargaining.

It is also interesting to note that eight of the ten firms that were not members of any of the employers' associations were in favour of multi-employer bargaining. So the very high union density throughout the Western Cape industry presents individual employers with a huge adversary that requires a suitable counterweight and this is provided by an employers' association, whether they are members or not. The pervasiveness of the opinion that individual employers could not face the union on their own corresponds with the high level of union density across the sample.

5.6.8 *Employers' association membership and participation*

There are two aspects of membership of the employers' associations that can be examined for their effect on respondents' attitudes to the level of bargaining issue. The first is membership of an association *per se*. As one would expect, Table 9 shows that membership of the CCMA or CKIA corresponds with a high level of support for regional multi-employer bargaining, as opposed to the greater mix of preferences of non-members. This relationship is confirmed by a chi square test which reveals significance at the 0,02 level ($\chi^2 = 16,69$), but not at the 0,01 level.

Table 9. Membership of employers' associations

Association	Total firms	Preferred level of bargaining			
		Regional	National	Enterprise	Undecided (Reg/Nat)
CCMA or CKIA	31	26	1	1	3
GMA	1	0	0	0	1
Non-members	10	6	2	2	0
Total	42	32	3	3	4

It should be noted that membership of the CCMA or CKIA did not guarantee support for regional bargaining. One respondent expressed a preference for enterprise bargaining while another was in favour of national bargaining and three were undecided between regional and national bargaining.

The second aspect of membership of the employers' associations is the extent to which respondents actually participated in the decision-making process within the association. In this case attendance of meetings has been used to gauge the level of participation while membership of the Executive Committee is treated as a separate category that denotes maximum participation.

Table 10. Level of participation in the CCMA and CKIA⁵⁶

Level of participation	Total firms	Preferred level of bargaining			
		Regional	National	Enterprise	Undecided (Reg/Nat)
Minimal	5	3	0	0	2
N.B. meetings	6	4	1	1	0
Most meetings	8	7	0	0	1
Executive	11	11	0	0	0
Total	30	25	1	1	3

A chi square test of the data in Table 10 reveals no significance at the 0,01 level ($\chi^2 = 3,05$), but one can see that where participation is minimal or limited there is some spread of opinion on the issue, whereas greater involvement corresponds closely with support for regional bargaining.

Importantly, the members of the Executive Committee were all supporters of regional bargaining. This tends to confirm the role of the Executive Committee as the key locus of

⁵⁶ One respondent did not answer this question.

decision-making in the CCMA and CKIA and as a strong influence on the preferences of the rest of the membership on this issue.

5.6.9 Extension of agreements

The statutory framework for collective bargaining is widely recognised as an important factor in determining levels of bargaining. An aspect of this framework that arguably plays a vital role in supporting multi-employer bargaining in South Africa is the mechanism whereby industrial council agreements can be made binding on non-members of the negotiating parties.

Table 11. Support for extension of agreements⁵⁷

Extension of agreement	Total firms	Preferred level of bargaining			Undecided (Reg/Nat)
		Regional	National	Enterprise	
In favour	24	19	2	0	3
Against	8	4	1	2	1
Undecided or conditional	9	8	0	1	0
Total	41	31	3	3	4

Although the majority of respondents were firmly in favour of multi-employer bargaining because of the stability that this gave to the labour market in the region, support for the extension of agreements, which is crucial to such stability, was less than one would expect. A majority were in favour of the extension of agreements but a large minority were either against or were equivocal about extension. This finding is interesting in itself, but becomes even more interesting when one examines the composition of this minority. Nine of the seventeen respondents that were against or were equivocal about extension were members of the employers' associations (including two 'leading' members).

⁵⁷ One respondent did not answer this question.

The main argument against the extension of agreements was a principled one, i.e. firms should in principle not be bound by an agreement that they had played no part in negotiating. Undecided employers tended to either be ignorant of the issue of extension or would not commit themselves further than to state there were "pro's and con's". The conditions stipulated by some respondents were that there should be consultation with non-parties, that the parties must be sufficiently representative, and that the extension must be fair. Respondents differed as to whether these conditions were in fact being met in the case of the extension of the existing industrial council agreement.

One possible explanation for the relatively low support for the extension of the agreement is that many employers are so firmly entrenched within the institutional framework that they are unaware of its importance for the stability of the bargaining structure. Many years of high trade union density, an industrial council, an industry-wide closed shop, and the extension of the council's agreement confront many employers in the industry as a given. They have little comprehension of the strength or weakness of alternative statutory frameworks and the practical advantages (or disadvantages) of the existing framework are therefore easily ignored or overlooked in favour of principled positions.

This explanation is borne out by the attitudes of many employers to their membership of the employers' associations. Many members of the CCMA or CKIA were somewhat perplexed when asked why they were members. Often the explanation was simply that the firm had always been a member and this had never been questioned, or they joined because they thought they had to, or they didn't know why they had joined and still remained members. Furthermore, the link between membership of the associations and support for multi-employer bargaining was seldom made by members.

5.6.10 *Productivity incentive schemes*

Deaton and Beaumont make reference to the argument by Flanders that where productivity incentive schemes or payment by results systems are in place, multi-employer bargaining cannot be conducted. Employers with these schemes should therefore favour

enterprise bargaining. Deaton and Beaumont found, however, that there was no association between incentive schemes and either enterprise or multi-employer bargaining.(1980: 206-212)

Almost half of the firms in the sample had incentive schemes covering some or all workers, either on an individual or group basis, and the influence of these schemes on preferences is examined in Table 12.

Table 12. Productivity incentive schemes⁵⁸

Productivity incentive scheme	Total firms	Preferred level of bargaining			
		Regional	National	Enterprise	Undecided (Reg/Nat)
No scheme	23	17	2	1	3
Some or all workers	18	14	1	2	1
Total	41	31	3	3	4

A chi square test reveals that there is no significance at the 0,01 level ($\chi^2 = 0,41$). This means that the existence of these schemes did not have an influence on preferences for enterprise bargaining and supports the finding of Deaton and Beaumont. This finding is interesting because labour productivity emerged as one of the most important concerns of employers in the industry. High absenteeism, indifferent employee attitudes to work, the lack of a competency or skills-based grading system, and substantial wage increases in recent years, were factors frequently cited by employers for what they perceived as a productivity crisis in the industry.

Industry-wide minimum wages were seen by some respondents as the root of this problem:

⁵⁸ One respondent did not answer this question.

The problem with the minimum wage structure is that it removes a large part of your ability to pay merit... At the rate wages have been increasing it has caught up with productivity levels... So the bad operators are already earning too much, so it to a large extent removes your ability to pay the good operators above.

Despite this dissatisfaction most employers did not see enterprise bargaining, where wage increases can more easily be linked to productivity increases, as a viable alternative.⁵⁹ In fact, a number simply supplemented the industrial council minimum wages with additional productivity incentives to reward more productive workers. Table 12 shows that this practice had not caused a significant swing in favour of enterprise bargaining. One explanation of this is that these incentives are not usually negotiated with the union. They are either introduced unilaterally or after consultations with workers and shop stewards.

5.7 Conclusion

In 1991 the overwhelming majority of Western Cape clothing employers supported the continuation of multi-employer bargaining at the regional level. The major reasons for employers favouring regional multi-employer bargaining were convenience and democratic control, labour and product market considerations, the power of SACTWU, distrust of the union, and the benefit funds administered by the industrial council. But these categorisations of the reasons for supporting this level of bargaining should not obscure the diversity of employers' perceptions with regard to this issue. It must be emphasised that the respondents gave different combinations of reasons for favouring this level of bargaining and prioritised their reasons differently. There was, furthermore, considerable confusion and contradiction in the way that many respondents thought about this issue. This reflects the complexity of the issue as well as the limited understanding that many employers had of the pro's and con's of alternative levels of bargaining.

The examination of the association of infrastructural and institutional variables with aggregate preferences for different levels of bargaining, confirmed some of the findings of

⁵⁹ Note that one of the employers who was in favour of enterprise bargaining cited as a reason that it would allow wage increases to be linked to productivity improvements.

large-scale quantitative studies but contradicted many others. The size of firms, for example, was an important determinant of support by many smaller firms for multi-employer bargaining but was not associated with support by the larger firms for enterprise bargaining. The major reason for the divergence of preferences from the logic imposed by infrastructural determinants emerges in the interviews. Employers' perceptions with regard to this issue are context-specific and deeply influenced by the history and dynamics of the regional bargaining structure that had existed since the 1930s. Furthermore, their perceived interests as employers are coloured and distorted by the social values that they acquire as members of the wider society.

A further important influence on employers' perceptions was their participation in the employers' associations. Not only do the interviews show that the associations play a significant role in shaping preferences, they also show that decision-making about the level of bargaining is ultimately a political process in which the differential power and access to resources of employers plays a fundamental role. The strong associational tradition in the industry in the Western Cape appears to contain much of the dissatisfaction that the politics of decision-making in the associations gives rise to. In addition, many employers are reliant on the associations to give them strategic direction in the field of industrial relations, even if they do not always believe that this is in the best interests of their firm.

The next chapter focusses in greater detail on the collective decision-making process within the employers' associations when it examines the response of members of the CCMA and CKIA to SACTWU's demand for national bargaining. This chapter emphasises a simple point: multi-employer bargaining of necessity means collective action by employers and multi-employer decision-making. The dynamics of this process is therefore a key factor in understanding employers' perceptions of alternative levels of bargaining.

CHAPTER SIX

THE DECISION-MAKING PROCESS LEADING TO NATIONAL BARGAINING

6.1 Introduction

The majority of employers in the sample (including all the members of the Executive Committees of the CCMA and CKIA and 84% of other members) supported regional bargaining. As one would expect, this was the position of the employers' associations in 1991.⁶⁰ However, a number of key employers did acknowledge that national bargaining was probably unavoidable, although they argued that it would take three to five years before employers would agree to participate in such negotiations. One of the strongest opponents stated that "in five years time we will have a national industrial council but... it's in our interests to fight it all along the way". Another argued that "the thing might start turning in three years time and we may see something tangible develop from there".

During the course of the annual negotiations in mid-1992 (within one year of the above interviews being conducted), the employers' associations in the Western Cape agreed in principle to take part in national negotiations in 1993. Participation was, according to employers, to be on a trial basis and agreement to the formation of a national industrial council would be subject to an evaluation of the experience of national bargaining. After the 1993 negotiations the employers' associations agreed in principle to the formation of a national industrial council by 1995.

6.2 The decision-making process within the CCMA and CKIA

Why was there such a comprehensive turnaround on the part of employers in the Western Cape? Members of the CCMA or CKIA were asked in 1995 what their reasons had been for agreeing to national bargaining in 1992.⁶¹ In addition to the respondents own reasons, a number of factors that could have contributed to members changing their attitudes were

⁶⁰ See above at pp. 45-48.

⁶¹ Because there were only two members of the GMA in the sample in 1995, this section will focus primarily on the perceptions of members of the CCMA and CKIA and the decision-making process within these organisations.

put to the interviewees for their comment. Respondents were also asked to comment on the decision-making process within the associations around this issue. However, before dealing with this process it is necessary to discuss the broader politics of decision-making in the CCMA and CKIA.

6.2.1 *The politics of decision-making in the CCMA and CKIA*

The 1991 interviews with employers pointed to certain tensions within the associations. The focus of those tension was the Executive Committee, which was seen as the vehicle through which big firms dominated the associations. At the same time, the members of the Executive appeared to be able to reconcile the tensions through their greater knowledge of issues and more active involvement in the affairs of the associations. The CCMA and CKIA did not therefore simply represent the aggregation of individual member's opinions, but had an important role in moulding those opinions. This explains how the tremendous diversity of members' opinions is pulled together into a coherent policy.

This is, however, not to say that collective decision-making was an unproblematic process. The interviews reveal that it was fraught with contradictions and centrifugal tendencies. The following quote indicates some of the fault-lines in the CCMA and CKIA:

We have difficulty here in the Cape trying to get consensus amongst employers... it's a circus. You've got a wide variety of opinions - you've got the small guys and you've got the big guys, and the small guys think that the interests of the big guys are different to theirs. You've got your old school thinking and your new school thinking. You've got your knitwear and clothing with totally different opinions, and the clothing guys think that the knitwear guys shouldn't be part of the association. Then you've got differences between the guys who export and the guys that don't export, and you've got tremendous tensions between them.

The difficulty of decision-making was not only the result of differing interests amongst the employers, for example between small and big firms. It also arose from the way in which employers participated in the organisations. Many clothing and knitting employers in the

Western Cape appear to demand a vigorous and combative form of participatory democracy. A member of the Executive Committee stated:

The reality of the employer constituency as opposed to the employee constituency is the simple fact that the employer constituency consists of a lot of chiefs and very few indians, and the employee constituency is quite the opposite. You've got owners of businesses, you've got MD's of businesses... and they want to have their say. And they are people with firm views. Whether they are right or wrong, emotional, ill-informed, or whatever, is not the point, they have firm views. When they are at their businesses, what they say or decide as a rule goes, and hence they are not people that are made for compromises. And if some other guy stands up and holds a different view, he sees it as a direct insult or assault on him... So it is far more difficult to get consensus on mandates within the employers' structures than within the trade union's structures. And on top of that, within the employers' structures you don't have the same convergence of interests and overlap of interests as you have with workers.

This respondent went on to argue:

Employers' organisations are more democratic than trade unions for the simple reason that each employer that comes to a general meeting of an employers' association is the captain of his own ship and he is used to his opinion carrying the day. And he is certainly not used to someone else telling him how and in what manner and the amount he must pay a sizeable chunk of his operating profit. And here he is sitting at a meeting where guys that have nothing to do with his business are telling him this. The debate is very intense and it is very difficult to get consensus, and the moment you have got consensus it is very rigid and sensitive to disturbances.

Consensus, rather than voting, was nevertheless the way in which almost all decisions of the CCMA and CKIA were reached. But what explains this ability to reach consensus given the diversity of interests and the nature of participation by members? A partial explanation is that, despite the above quotes, there are a large number of relatively passive members who observe debates rather than participate in them, and who readily follow the recommendations of the Executive Committee. As one such respondent noted:

Ten percent of the people there do ninety percent of the talking and it's always the same guys, but we allow them to dominate.

So the vigorous debate tends to be concentrated amongst a smaller group of the 'leading' members. What then explains the consensus achieved amongst these members? Again, it seems that the position of the Executive Committee as the key locus of decision-making for the associations and the responsibility that its members feel towards the industry as a whole, is a key factor. An Executive Committee member stated:

When you sit in the Executive Committee meeting you must look after the best interest of the industry but not your own.

Combined with this is the strength of the associational tradition amongst members. Ultimately, members see the way that the majority of 'leaders' are moving and feel compelled to follow in the interests of the association as a whole, even if this is done somewhat reluctantly.

The CCMA and CKIA has in recent years taken steps to address the perception of dominance by a handful of firms and increase participation by all members in the organisation. In 1991 some 'leading' members referred to caucuses that had existed some years before within the Executive Committee (the so-called "dagbestuurskomitee" and the "special interest group"). These had comprised the "big players" and had reportedly caused considerable dissatisfaction amongst members. Both had been disbanded. In a further move away from such politics the associations had sought to improve communication and members' involvement by setting up local committees in a number of areas in the Western Cape.

Furthermore, in the period between 1991 and 1995 the Executive Committee had been expanded informally to increase participation by firms. A number of respondents had seen this as part of a process of getting rid of the "old guard" and infusing "new blood" into the Executive. A 'leading' member argued strongly that the associations functioned extremely democratically:

Every member has a voice and there is consensus or a vote, and even if you are a vociferous minority they won't move without checking you out. So there is no rubber stamping going on... There has to be transparency in our association.

But these changes, and the consensus that is reached on most issues, had not eradicated the perceptions of some members of dominance and consequent feelings of dissatisfaction. Such tensions are, however, evident in most organisation and can be seen as a necessary evil of collective decision-making. One 'leading' member argued that in the case of collective decision-making by **employers** these tensions are exacerbated:

The moment the guys have been forced into a consensus view it's as if they are all bitter about it and they have now had to give in. Because when he goes back to his plant he rules supreme and nobody tells him what to do.

6.2.2 The decision-making process on national bargaining

The process leading from the initial decision rejecting national bargaining to the decision to agree to the demand was a good example of the way in which the CCMA and CKIA functions. The demand was first raised by SACTWU not long after its formation in 1989. This was the starting point to the debate within the CCMA and CKIA over the issue, a debate that was to continue for about two years. A 'leading' member pointed to the role that key individuals had in influencing members' attitudes at the outset:

And you also have strong individuals and people that are persuasive, intelligent and informed, and they get up and they can swing the meeting, particularly that forty to fifty percent of your smaller manufacturers... And once they developed the mindset initially when SACTWU came with that demand... that's when the shutters came down. The first person that in a sense got up and spoke on the matter swung the meeting to a large extent on the basis of what is in it for us as opposed to the union... And that is where the difficulty started, and the rigidity set and the angst, and this complete caricature developed in peoples minds that centralised bargaining is a demon that should be resisted in all circumstances.

The union did not drop the demand in the face of employers' opposition and continued to raise it at annual negotiations in the regions, but it did not at that stage pursue it vigorously. Instead, it concentrated on trying to get greater uniformity in wages and conditions of employment between the regions within the existing industrial councils. SACTWU also called for the formation of a national consultative body, known as the National Forum (NF).

At the time of the 1991 interviews the issue of participation in the NF was being hotly debated within the CCMA and CKIA. The associations' initial response had been to refuse to become a party to the NF. A 'leading' member gave the following reason:

Because it had reason to believe that it was a tactic employed by the union to lure the industry into a national council - that at the National Forum there would in time develop a *de facto* situation which would make a demand for a national council very difficult to oppose on merit and on rational argument. Because it was in the wake of the industry saying no to a national council that the approach was made for a National Forum. So the employers, certainly in the Western Cape, were very suspicious of the motives of the union.

Again it seems that key individuals played a major role in this response. A member stated:

There were some very powerful speakers who were against the National Forum. I don't really know why they were against it... Members seem to have been mainly swayed by certain speakers.

The employers' associations in the other regions agreed to participate in the NF but were reluctant to continue with the initial discussions without the participation of the CCMA and CKIA. A delegation from those regions addressed the CCMA and CKIA on the issue and the matter was again debated by the associations. A vote was taken and the majority decision was to participate in the NF subject to the following conditions:

- * The NF should not be used for collective bargaining;
- * It must not be used by the union as a vehicle to pursue its demand for a national

industrial council,

* Discussions cannot lead to demands which could result in industrial action, mediation, arbitration or litigation; and,

* The employers' associations reserved their right to withdraw from the NF.

By the same token, the union reserved its right to continue to pursue its demand for national bargaining at the regional industrial councils.

The NF started discussions on issues such as employment creation, training, productivity, and tariffs, but was soon overtaken and made redundant by the tripartite process initiated by the Hatty Committee.⁶² Despite its short life the NF does appear to have had an affect on employers' perceptions. It focussed employers' minds on the national level and brought to their attention some of the benefits of meeting with the union at that level.

It was about the time of the debate over participation in the NF that members of the 'core negotiating team' of the CCMA and CKIA met for a day to discuss the demand for national bargaining. The outcome of this meeting was a decision to resist the demand for as long as possible. If, however, it came to a showdown with the union over the issue the associations would give in. A 'leading' player argued that the consensus at the meeting was that national bargaining "was inevitable", primarily because they believed the industry would not take a strike on the issue. Having reached such a conclusion, it was felt that it would be far better to negotiate participation in a national bargaining structure than be forced into one through industrial action.

According to this respondent two of the strongest and most influential opponents of national bargaining were members of the 'core negotiating team' and participated in that meeting. He states that:

⁶² The formation of the Hatty Committee and the tripartite process the followed it is discussed in more detail at pp. 44-45 above.

Two people that were extremely hostile were in a sense won over to the fact: Well actually it's inevitable. We don't like it but let's make the best of a situation that, quite frankly, if we could avoid it we would but we can't. So they then talk to the other four of their team of extremely hostile opponents, win them over and the thing becomes more palatable over time.

This change "slowly started percolating through the employer constituency", but the bottom line remained that the demand would be resisted until the union pushed it to a showdown.

The showdown came sooner rather than later. Prior to the 1992 negotiations SACTWU gave notice to the CCMA and CKIA that the demand for national bargaining was of primary importance and that the union were prepared to declare a dispute over it unless agreement could be reached at the negotiations. During the negotiations agreement was reached on all issues, including the wage increase, except the demand for the establishment of a national industrial council within a two year framework. At that point the union informed the employers' negotiating team that the entire agreement hinged on the satisfactory resolution of the outstanding issue. In other words, there was no settlement unless agreement could be reached on national bargaining.

The result was that the employers' negotiating team agreed in principle to participate in national negotiations in 1993 on a trial basis, on the understanding that this was an unmandated position that would need to be taken back to the general body of the membership of the CCMA and CKIA for ratification. The negotiating team then reported back to the Executive Committees of the CCMA and CKIA, where the matter was debated and the decision made by the negotiating team was endorsed. A general meeting was then called at which the Executive Committee presented the package to the membership together with its recommendation that it be accepted. The matter was debated by the general membership and the agreement was ratified by the majority of members in a vote.⁶³

⁶³ The vast majority of the members in the sample, most of whom had favoured regional bargaining, voted for the change to national bargaining.

A member of the negotiating team described the process as follows:

Our reading of our constituency is that lets concede the principle... And what we do is we go to our constituency and we say to them: "Guys, there is the whole deal. You can have that deal right now with the union's signature on it if you concede the principle". And that I think swings the whole thing. People don't sit and debate it in a vacuum... it's real, there's a deal and it's actually very appetising. And they actually think what the hell are we arguing about. So it focusses the mind.

Although the change was ultimately endorsed at a general meeting of the CCMA and CKIA, this was the culmination of on-going debate within the associations, particularly at the Executive level, since the demand was first made. According to some members this debate had whittled away at the opposition to national bargaining. One member estimated that the initial 80/20 support for regional bargaining had by the final meeting reached an even 50/50 split. A key member acknowledged the importance of this process when he stated:

I don't think there was one event that was the watershed... I think it was a general progression of logic, of opinion, of merit of argument...

Ultimately, however, it did come down to a final meeting to decide the issue. The meeting was, according to the above respondent, appropriately intense:

And it was furious debate and acrimonious and the whole story: "And I told you so", "and we should never have done this", etc. etc. There were bad feelings... So it wasn't a nice meeting. It was a major, major issue for the industry.

It is not surprising, given the nature of participation in the CCMA and CKIA, that perspectives on the process and the final meeting differ. An important factor explaining these differences is the positions held by the respondents in the CCMA and CKIA, although even amongst 'equals' there were divergent opinions as to what were the key

moments in the process. A major player, and a strong opponent of national bargaining, situated the key moment within the debate at the Executive Committee:

When Seardel decided they would go with the flow, that's when it happened, that's really when it happened. Yes, the core negotiating team got together and we discussed it and made a recommendation, but that was the thing that in my view swung it [and] told me I was fighting a losing battle.

Despite his opposition, this respondent stated that "once the associations agreed to go that way I had to support it". Another opponent of national bargaining, who was also a member of the Executive Committee, highlighted the strength of the associational bond on individual firms:

We had a mandate and we had our reservations. We put that on the table but the association is of such a nature that if the majority is against you then you must go with the majority view.

A member in the same position argued that they "were quite prepared to go along with the majority decision" because that was "the whole strength of the CKIA and the CCMA". There are, however, also pragmatic considerations which account for compliance with majority decisions. An employer noted:

We're a closed shop. If we want to remain in the CCMA we must abide by the majority decision. For me to go petition the industrial council and be rejected, and then petition the Minister and then take my chances is too much of a waste of time and money... I went along for practical reasons because the alternative was too much of a nuisance.

The strong associational tradition and these institutional factors account for the fact that, although "a lot were against, some of the major employers were against", once the tide of opinion began to turn most members fell into line with the majority position.

But the sequence of decision-making on this issue (and, it seems, more generally within the CCMA and CKIA) was that the Executive Committee decided first and then made a recommendation to the rest of the membership. Furthermore, the issue seems to have been debated more often and more thoroughly at the Executive Committee. A member of the Executive stated:

There was more debate at Executive level than at general membership level and by the time it had got to the general body the Executive had already debated and made a decision. And I don't recall that much intensive discussion in the general body.

For many of the 'ordinary' members the decision about the issue therefore appeared as something of a *fait accompli*. One such member stated:

Once again it's a case of going to the meeting and the decision has almost been made by the five tops... Johann Baard and Peter Cragg are sitting there and there are eighty of us in the audience, and they would ask this question and the Rex Trueforms and Seardel Groups stand up and say let's go for it and everybody goes for it.⁶⁴ They might not agree with it but they will go for it... You must remember we are taking advice from the CCMA. As far as we are concerned that is what we are paying them for, so they should be coming back to us and saying: "This is the way we should go". And we must respect them for that. And I think in a case like this we would have taken their advice and would have said this is the right way to go so let's go for it.

Another member supported this assessment when he argued:

Inevitably that's what happens in any organisation. The Executive decide on something and that's where it happens and that's what happens. But as far as I recall there was quite heated debate at the Executive level about it. The general body just rubber stamps really what happens in the Executive.

He went on to state that he couldn't think of "many occasions when an Executive Committee proposal was overturned at a general meeting". This was echoed by another

⁶⁴ Johann Baard is the Chairman of the CCMA and Peter Cragg is the Executive Director of the CCMA and CKIA.

respondent when he stated that "once the Executive Committee decides to go one way it becomes very difficult for the body to go against it".

Despite these reservations, the vast majority of members in the sample agreed that the issue had been adequately debated. Many respondents pointed to numerous meetings over a considerable period of time at which it had been discussed. Furthermore, no matter how strongly the Executive Committee puts its recommendations, the general body does technically have the power to come to another decision.

The perception of dominance by the Executive Committee, or by major players in that Committee, did nevertheless create dissatisfaction among some members about the decision to change to national bargaining. A 'leading' member of the CCMA stated:

All the employers in the industry are not over the moon about this. There are still people who are saying: "I'll go along with it but I want it to be recorded that I will tell you in five years time that you will see the error of your ways". But they were persuaded to go along with this on the basis of what is happening out there.

It is to the factors that were raised in the debates within the various strata of the CCMA and CKIA, and which "persuaded" members "of what is happening out there", that the next section turns. It must be emphasised, however, that these factors were debated within the context of the process outlined above and should not be seen in isolation from the pressures created by that process.

6.3 Reasons for the change to national bargaining

There were a number of reasons given for the change to national bargaining but two emerged as particularly important. The first reason was that national bargaining would lead to a national agreement that would level wages and conditions of employment throughout the country, thereby stopping undercutting by other regions. The importance of this factor has been discussed in some detail in Chapter Five and it is not necessary to deal with it further here.

The second important reason was the perception amongst many members of the CCMA and CKIA that national bargaining "was inevitable". This rather vaguely expressed perception had a number of facets, although not all respondents expressed each of these when citing their reasons. The first was that SACTWU was set on securing national bargaining, would continue to push for this and, if necessary, call a strike over this demand. The effect of the constant pressure from the trade union had been noted by employers in 1991. One 'leading' employer, who opposed national bargaining, had stated:

It is going to be a centralised national bargaining structure. That is what the union wants and that is what is going to happen. I think that it is inevitable.

There was, however, an interesting divergence of opinion on the part played by the threat of a strike. A number of the 'leading' employers were generally far more pragmatic about the implications of this threat. A key member of the CCMA and stated:

The bottom line was that we concluded it was inevitable. Whether we liked it or whether we didn't like it, it was inevitable because we concluded the industry would not take a strike on the issue. Whether the union would or would not pull off the strike was not the point; it was not a breakpoint to the industry to the extent we would take a strike. Because if it was we would have told the union: "Up yours!"... and have a showdown with them.

Another respondent argued that a major reason was that "the clothing industry are not capable of taking a stand - they are irresolute" and when pushed will "always cave".

But other 'leading' members and many of the 'ordinary' members rejected the threat of a strike as a factor in their decision-making on the issue. In discounting this factor one stated that he did not believe "rational, mature employers are ever influenced by threats - they are more influenced by realities". Two 'ordinary' members gave a possible explanation as to why these different perceptions of the threat of a strike could have arisen. One stated:

No. Because when the union says national strike they don't mean the entire industry will go out on strike. What they do is that they will selectively target certain plants - it would be Seardel plants, Rex Trueform plants, those type of plants. They would achieve very little if they targeted a plant like ours.

For some members, therefore, the threat of a strike was far more remote than for others and this probably accounted for the majority of members placing relatively little importance on this factor. But it is also arguable that the distance of some members from the realities of negotiations and direct contact with the power of SACTWU, allows for an element of self-deception in their response to the threat of a strike. In support of this contention is the perception of a 'leading' member (above) that the linking of the demand for national bargaining to the settlement package at the 1992 negotiations was a key factor in focussing members' minds on the issue and gaining their agreement.

A second facet of the perception of inevitability was the argument that, if national bargaining did appear to be unavoidable employers should accept the principle and engage with the union over the structure as early as possible. The alternative, as they saw it, was to fight to the bitter end and get forced into a structure that had been established without their involvement. This perception was held mainly by some 'leading' members. One of them noted:

What was said was: You rather be in and control the devil you know than be far removed from it and they can do what they like and those things then just get forced on you. So that's why I say we were in a way forced into it and went along with it eventually so we knew we would be there and voicing our opinions at that point.

A third facet was the "tacit agreement from the other regions" to SACTWU's demand for national bargaining. A 'leading' member stated:

I think most of the people realised that it was inevitable, if for no other reason than that the Cape was the only region that ended up saying we are against it. The other areas, Natal as an example, threatened that if the Cape is going to stand in the way of a deal they are not going to wait in Natal for

the Cape to sort out their problem. They in Natal are going to concede the principle. So we knew that Natal... had a mandate to concede the principle... and similarly in most of the other regions, primarily Transvaal and the Eastern Cape.

It is beyond the scope of this study to examine the reasons why employers in the other regions gave in to the demand more easily, but their "tacit agreement" left the Western Cape out on a limb, a position that some members felt was untenable given the determination with which SACTWU were pursuing national bargaining.

Another factor that influenced a number of members, and which also contributed to a sense of inevitability for some, was the process of political change that the country was going through. The perception of some employers was that the ANC would almost certainly win the future election and that its link with COSATU would result in greater pressure for national bargaining in all sectors. One 'leading' member stated:

The major arguments were that we were in a transitional period and that the new government, which didn't exist then, would have a strong alliance with COSATU and they thought centralised bargaining would be one of the major things. Centralised bargaining was seen as one of the things they would drive.

It is interesting to note that other 'leading' employers argued strongly that the broader political developments had no influence on members. One denied that this had ever been a factor in the debates, and another stated:

Not at all... We already had a workable centralised bargaining mechanism in place and at that time COSATU were aiming mainly at those sectors which had no centralised bargaining. So I didn't think this industry in this area was a target of COSATU at the time.

A further factor, again not agreed upon by all members, was the belief that national bargaining could maximise for both employers and the union "the ability of the industry to

be a master of its own destiny across the total spectrum of issues that are important to it".

A key member stated:

If central government is going to do it they are going to do it without any particular acknowledgement of or consideration for your particular industry, the pace at which you want to do it, the cost, the implications, etc. So the broad idea that we can maximise the autonomy of the two key stakeholders, labour and management, to be masters of this industry's destiny, became a very attractive and I think compelling argument in favour of swinging them.

A national bargaining structure would therefore provide a forum for developing labour market as well as bipartite industrial policy, which the government would have difficulty opposing or altering. This perception was to some extent linked to the prospect of an ANC government and uncertainty as to the policies it would promote.

A final factor for many members was the role of the decision-making process within the CCMA and CKIA, particularly the part played by, first, the 'core negotiating team', and secondly, the Executive Committee. Some of these perceptions of members have been dealt with above. It merely remains to emphasise that the recommendation of the Executive Committee was an important factor for a number of members when making up their own minds. Even Executive Committee members were influenced by the recommendation of the 'core negotiating team'. One member noted that "the leaders of the negotiating team made everybody believe that it was inevitable".

The importance of the CCMA and CKIA in moulding employers' attitudes is underlined by limited discussion and decision-making that took place at the enterprise on this issue. Out of 23 respondents, just under half had never discussed the issue of national bargaining at the enterprise or had only discussed the issue informally. Just over half had discussed the matter with the managing director or as part of a more formal process. However, the majority of the representatives to the CCMA or CKIA were not bound by a mandate from the enterprise when they attended the meeting that decided this issue. The final decision

was therefore left to be made by that representative on the basis of the debate at the associations. Even where a clear position had been adopted at the enterprise, it was generally accepted that the representative would go with the majority at the CCMA and CKIA if this trend opposed the mandate adopted at the enterprise.

The conclusion that can be drawn is that it is at the meetings of the associations that decisions are made by the majority of members. The contention by a key player in the CCMA that by the time of the final meeting on the question of national bargaining there was "a large floating vote", tends to be borne out by the above findings. In the case of most firms the decision was left to be made at that meeting, taking account of the debate and the recommendation of the Executive Committee. Even if one accepts the assessment (above) that there was a 50/50 split on the issue by the time the final meeting was held, it seems clear that it was the on-going debate that had led to this situation and secured the "big" majority at that meeting.

6.4 Conclusion

The determination of the level of bargaining involves questions of substance and process. The former questions are often difficult for employers to answer because it is hard to quantify the costs and benefits of an alternative level of bargaining in advance. Unless employers have had experience of bargaining at that level the issue is rife with imponderables. One employer noted in 1991:

So in the industry there is an element of fear of the unknown. But I think it's more a question of rational assessment of how the hell is it going to work in practical terms and what are the benefits relative to what we have at the moment. Is it actually worth it?

Many employers are, however, quite ignorant of the issue and struggle to make such a "rational assessment". A key respondent reflected on the initial response to the demand for national bargaining:

You know in the past it was the fear of the unknown: Why do all the big conglomerates resist centralised bargaining? Are they all wrong? Why does Barlow Rand resist centralised bargaining?... And that was the self-serving, narrow, silly kind of approach. There was no objective, dispassionate, truly balanced analysis of the issues, but rather a search for data and excuses that could strengthen their animosity to the idea.

The logical option in such a situation is to stick with the level of bargaining that you know, particularly if it has worked well for many years. Employers in this situation clearly need a compelling reason in the form of concrete benefits or real threats as to why they should agree to take a leap into the unknown and agree to bargain at another level. Initially, neither SACTWU nor the employers themselves were able to come up with such a reason.

The process tended to assume greater importance in this situation. The exercise of power, both within the associations and by the trade union, was a crucial aspect of this process. The changing balance of power in the wider society was also of importance. These pressures concretised the debate within the associations and together resulted in a compelling reason, namely that there wasn't a realistic alternative and national bargaining was unavoidable. The bottom line was that constant pressure from a very powerful union highlighted the costs of resisting national bargaining.

Both substance and process therefore played a part in the decision to bargain at the national level, but power emerges as the predominant factor. However, bargaining at a particular level has the effect of fleshing out substantive considerations with the benefit of experience, which can confirm or alter employers' perceptions of the most appropriate bargaining level. The interviews carried out in 1995 examine those perceptions and changes that took place.

CHAPTER SEVEN

EMPLOYERS' PERCEPTIONS OF BARGAINING LEVELS IN 1995

7.1 Introduction

The 1995 leg of the study of employers' perceptions of different levels of bargaining was based on structured interviews with 35 of the 42 clothing and knitwear employers that had been interviewed in 1991. Four of the original firms had closed down in the intervening period and three were no longer willing to participate in the research. The sample covered the same stratifications as it had in 1991, although there were slight changes in the numbers because of the reduced number of firms in the 1995 sample and because of other changes that had taken place.

Respondents were asked to choose their preferred level of bargaining, as well as state their reasons for this preference. In addition to the respondents own reasons, a number of statements (by and large the same as 1991) in support of bargaining at that level were read to the interviewees for their comment. They were also asked whether there were any specific negative or positive factors associated with the other levels of bargaining.⁶⁵

The study found that employers' preferences had undergone some important changes by 1995. There was a marked fall in support for regional bargaining (although it remained the most popular level of bargaining), and increased support for national bargaining and enterprise bargaining.

⁶⁵ As with the analysis of the 1991 data, greater weight was given to the respondents' own reasons for supporting a particular level of bargaining than to their prompted responses.

Table 13. Preferred level of bargaining: 1991 and 1995

Year	Total firms	Preferred level of bargaining			
		Regional	National	Enterprise	Undecided or other
1991	42	76%	7%	7%	10%
1995	35	43%	26%	23%	9%
% change		-33	+19	+16	-1

Table 13 indicates the fall in support for regional bargaining (-33%) from 1991 to 1995, and the increase in support for national (+19%) and enterprise bargaining (+16%).

As with the support voiced for a particular level of bargaining in 1991, the above preferences were not of the same strength for each firm. Again, this was an indication of the range of factors that employers took account of in making their choices and the different weighting that they gave to these factors. However, a new and very important influence on employers' perceptions emerged in the 1995 interviews, namely the respondents' experience of national bargaining. This experience varied considerably. Non-members of the associations, for example, had little or no contact with the mechanics of the change and national bargaining had therefore made little difference to them. Members of the 'core negotiating team' were, on the other hand, intimately engaged with those mechanics, which fundamentally informed their perspectives of national bargaining. So, as with the 1991 findings, there were varying levels of understanding of the issue.

Another variable that needs to be borne in mind was the unavoidable introduction of new interviewees in the sample. This problem is discussed in more detail in Chapter Two, but it is necessary to repeat that ten of the 1995 interviewees were new. The impact of these new interviewees was not significant in the case of five of these firms, but at the remaining five firms the change in the interviewee did have some effect. This is an unavoidable problem in longitudinal studies of firms and is dealt with here as a variable of change.

Where this variable is seen as relevant its effects will be highlighted in the discussion below.

The same procedure for analysing employers' preferences was followed as in Chapter Five. The major reasons for favouring particular levels of bargaining are grouped together and discussed. This section is structured in much the same way as the corresponding section in Chapter Five. The reasons for supporting each level of bargaining are dealt with sequentially, with the sub-section that deals with the reasons for favouring regional bargaining being further sub-divided into the reasons for supporting multi-employer bargaining as opposed to enterprise bargaining and the reasons for supporting regional rather than national bargaining. In addition, changes in the reasons given by respondents are also discussed.

The next section in the chapter deals with the relationship between selected variables and preferences for each level of bargaining. This section also examines the relationship between these variables and aggregate changes in preferences.

7.2 Reasons for supporting regional bargaining

Two of the major reasons for supporting regional bargaining in 1991, namely convenience and labour market considerations, remained largely unchanged. Perspectives on the issue of power had, however, changed significantly, and there had been certain changes in attitudes to the union. Finally, the importance of benefit funds as a factor behind support for multi-employer bargaining declined substantially. These reasons and the changes are discussed below.⁶⁶

One broad change needs mention at this point. The experience of three years of national bargaining tended to focus respondents attention on the regional versus national

⁶⁶ It should be emphasised that the preference for regional bargaining did not point to a likelihood of employers undermining or resisting national bargaining. Generally, respondents acknowledged that in the circumstances there was no alternative to national bargaining and were committed to the agreement to bargain at that level.

bargaining comparison rather than the enterprise versus multi-employer bargaining comparison. The discussion that follows will by and large reflect that shift in focus but will not ignore the enterprise level alternative.

7.2.1 The nature of the labour and product markets

7.2.1.1 Enterprise versus multi-employer bargaining

Respondents generally accepted the importance of multi-employer bargaining for stabilising the labour market and expressed themselves in very similar terms to those that they had used in 1991. So, for example, a CMT operator stated that if bargaining was "firm by firm we would go mad; if Rex Trueform gave R10,00 more we would have no staff".

There were also those who supported multi-employer bargaining but were dissatisfied with certain effects that it had on the labour market. One argued that multi-employer bargaining had "an averaging out effect" that pushed up the wages of less skilled workers and restricted his ability to pay more to highly skilled workers, who he wanted to attract. These disadvantages were, however, outweighed by the benefits of multi-employer bargaining.

There was one important development that had impacted on employers' perceptions. A number of respondents made mention of the growth of the informal clothing sector within the jurisdiction of the industrial council in the Western Cape.⁶⁷ However, their responses to this development differed. One employer viewed it negatively, clearly seeing it as something of a threat. He believed (incorrectly) that the huge suburb of Mitchells Plain was no longer covered by the industrial council and queried the implications:

⁶⁷ A study done in 1994 quoted the chairperson of the CCMA as estimating that 40% of clothing (in volume terms) manufactured within the jurisdiction of the industrial council was being produced by unregistered (informal) clothing firms. (Theron, 1994: 11) The spokesperson for the GMA claimed, when interviewed in 1995, that there were 16 000 sewing machines being operated in the informal sector in Mitchells Plain.

And now Mitchells Plain is not covered. Are there not going to be sweatshops there? And what hours will they work? Will they get the wages they are supposed to get?

On the other hand, two respondents saw this development in a more positive light. One of them argued:

As the small enterprise segment of the industry becomes increasingly important, and the previously disadvantaged become owners of businesses, they need to be less regulated and not more. There is a huge informal clothing industry in Mitchells Plain operating in garages and to regulate them means reducing jobs. So *de facto* there are small enterprises operating in a totally unregulated environment and to want to regulate them... is not appropriate for this country now.

These respondents echoed the deregulationist strand in the current debate over employment creation, the small enterprise sector and labour regulations. What is interesting to note is that they did not see the burgeoning informal section as a threat to labour market stability or multi-employer bargaining. On the contrary, they believed that the industrial council should be excluding these firms in order to foster their viability.

7.2.1.2 Regional versus national multi-employer bargaining

The perception that each region had a distinct labour market and its own economic circumstances was still very prevalent in 1995. Experience of the way in which these differences impacted on bargaining in a national forum had tended to strengthen the preference many of these respondents had for regional bargaining. So the problems that employers identified as having emerged at national negotiations had strengthened these attitudes.

With regard to the racial composition of the labour force, an employer stated:

In the Western Cape you have a higher Coloured community, and it might sound like old history but it is different cultural groups. We are finding it even in our plant. You bring different strains of cultures in and it actually causes major problems from an industrial relations point of view.

One of the new interviewees repeated the racial stereotyping that had been expressed in many of the 1991 interviews:

There are different people living in different areas and having worked in Zululand and all over I can see that it's just not feasible... Even in the Zululand area compared to Durban there are two different schools of thought. In Northern Zululand you have mostly Zulus and their thinking and how they work and how they live is totally different to in Durban where you have mainly Indian ladies on a different dexterity level and intelligence level. You can't compare, they are different people. You even need a different method of manufacture.

But it was not just a question of the composition of the labour force. A number of respondents believed that there was a broader set of circumstances and problems that were unique to each region. One stated that "every region has its own problems and people living in regions have different needs". Another respondent argued, with the hindsight of three years of experience of national negotiations:

There are differences in the style of management and the way the associations deal with problems, there are differences in the labour force, differences in the economic situation... [and] the union officials you deal with in the different areas.

There was a sense that employers could respond to and deal with these problems more easily through regional bargaining:

One has greater control in your own area, and the various areas have different problems and it's probably easier to sort out your own problems in each area.

These perceptions generally show little change to those expressed in 1991. But respondents were more conscious of the problems that these differences had on the process of negotiating at the national level. This primarily boiled down to a difficulty, anticipated by some employers in 1991, of employers producing a unified position at national negotiations given the regional differences that existed. According to one

respondent "there was more fighting amongst employers because at national we all have a different set of bases we are coming off". This was the major problem identified by respondents with national bargaining.

The 'leading' members of the CCMA and CKIA were far more aware of this problem than those members who were less involved. One 'leading' employer stated that "for the people that participate in the negotiations it is a major frustration", but that "the people who don't are not that aware". He went on to outline the problem:

To get a CCMA mandate is one thing. To then go to a national employer caucus and marry five or six different associations' mandates into one and then go back to your regions to get ratification for the compromises you have made - it is just such a ball-ache you can't believe it.

As negotiations progress and new mandates need to be fashioned, this problem, according to the above respondent, becomes more complicated:

It makes it very difficult to report back in four, five or six separate centres and to coordinate the direction of debate. So what would happen is the employer representatives sit nationally and we would have different viewpoints as to whether we could carry a particular point with our members. Then we would... all report back. But what happens in practice - there is a separate meeting in Natal... the same in the Eastern Cape, the same in the Western Cape and the same in the Transvaal. The outcome of those general meetings then get consolidated into a national employers' caucus and you find that you still have differences, they just are different... you still don't have a mandate that is compatible. Now how the hell do you actually do that... If you are sitting in one meeting you see that there are a range of differences and you can actually direct the discussion towards a consensus position. But if you don't know what is busy happening in Natal or the Cape or whatever you still end up with these damn differences.

Viewed from the perspective of the ordinary members, this process is equally problematic because they feel that they are forced into certain positions by the compromises being reached at the national level. One stated:

It is a major problem. Like they [the negotiators] come back to us and say: "We are at this point now". So we said: "But we said our mandate was that". [They say] "No, but three regions have already agreed to that". So we said: "Why ask for a mandate - just do it then..." You get overridden in circumstances like that.

In addition to the differences in economic circumstances in the regions, the existing regional agreements differ. The practical effect of these differences at national negotiations was pointed to by one respondent:

For example, the annual bonus is a problem in the Cape but not in Natal because they already have it in their agreement, and other problems working the other way. So issues become issues that are not always relevant to your region and it becomes very frustrating if negotiations are held up over issues not affecting your region.

This respondent claimed that the 1995 negotiations "nearly went off the road as a result" of one such difference.

The tensions within the national employer caucus were not rooted only in differing regional circumstances or conditions of employment. A number of respondents noted that personalities played a role in dividing employers as well. One stated:

I get a bit worried sometimes with personality clashes in it... I saw personality clashes. And possibly on our manufacturer's side we couldn't agree on national issues so we had to iron out a lot of internal differences; different nuances in different provinces. And we had a lot of grief there amongst ourselves to get this common agreement... But basically I saw personality clashes and differences amongst the associations...

Another interesting point is that 'leading' employers differed as to whether the regional differences and the tensions that these caused in the national employer caucus would disappear over time. One key respondent highlighted the divisions in the employer caucus at the 1995 negotiations, claiming that the "employers were in complete disarray" and that some regions had broken out of the employers' caucus during the negotiations. According

to this respondent these tensions would not be overcome in the years ahead because the divisions reflected the economic realities in the various regions. But another 'leading' respondent argued that "in the end it will iron itself out in the years to come". This prognosis was elaborated upon by another 'leading' respondent:

It must improve. I mean your logic tells you it has to improve. Practice makes perfect... The more you do something the better you get at it and you find where the short-cuts are, you don't necessarily repeat the same mistakes over and over again, you get to know individuals better, you know what makes them tick and you know what makes them the hell in... You build a better sense of a team spirit and a togetherness...

This raises the issue of what had happened to the regional variations in terms of employment, particularly wages, after three years of national bargaining. The question is an important one because the equalisation of labour costs throughout the country had been one of the strongest arguments for national bargaining for many respondents in 1991.

It appeared that national bargaining had made little impact on differences that existed in regional agreements. There are a number of reasons for this and employers responded to this issue in different ways. Firstly, although bargaining was conducted at the national level, a national industrial council had not yet been established. So the agreements reached at the National Bargaining Forum (NBF) were referred back to the existing regional industrial councils and were gazetted as regional agreements. The areas falling outside of the jurisdiction of those councils were therefore not covered by the provisions of the agreements reached at the NBF. So rural areas, 'decentralised' areas and the areas that previously fell inside the borders of what had been the TBVC states had been largely unaffected by national bargaining.

For one employer this failing was the main reason for supporting regional bargaining. In other words, his preference would have been for national bargaining if this had secured uniformity in conditions of employment throughout the country. He stated:

National level at the moment is only controlling those firms that fall under industrial councils. But those that don't, like Newcastle and Babelegi and all the other places that don't fall under industrial councils... are paying forty percent of the wages everybody else is paying... If we all came off the same base national would be better - it would take away the unfairness of competition.

Because of this problem the respondent remained a supporter of regional bargaining.

It seems unlikely that these differences are going to be eradicated in the short-term, even if a national industrial council (NIC) is formed. The line being taken by employers in negotiations over the constitution for the NIC was that its jurisdiction should initially comprise only the jurisdictions of the existing regional councils. New areas, they argued, should only be incorporated as and when the parties were representative in those areas. Agreements of the NIC would therefore probably not immediately solve the problems of undercutting by firms in certain regions.

The second reason why national bargaining had made little impact on the differences between regions, concerned the areas falling within the jurisdictions of the five regional industrial councils. These can be divided into two categories. Firstly, there are the major regions, namely the Western Cape, Natal and Gauteng (previously Transvaal), where wage parity had almost been achieved prior to national bargaining. Then, secondly, there are the Eastern Cape and the Northern Cape/Free State regions, where wage rates lagged well behind those in the major regions.⁶⁸ It is important to emphasise, however, that besides the wage rates there were many other differences in terms and conditions in the regional agreements.

The employers' associations and SACTWU had developed a creative way of achieving some sort of uniformity for national negotiations, but allowing flexibility at the regional level for dealing with the variations and peculiarities in the existing agreements (and therefore reducing the friction those differences could cause at the national level). The

⁶⁸ See footnote 47 at p. 66 above for the regional wage differentials that existed in 1991.

principle decided on was that the total labour cost package agreed at the national level must be the same for all the regions. But the regions could divide up this package in a way that they felt best suited the needs of that region. So, if a ten percent increase in labour costs is agreed at national negotiations this applies equally to all five regions, but they can agree separately how much of this goes to increase wages, how much goes to additional annual leave, how much goes to increase benefit fund contributions, etc. The nett effect of this model has been to by and large entrench the existing regional disparities in labour costs.⁶⁹

In the major regions this was not a serious issue because labour costs were reasonably close. Furthermore, there was a "broad commitment" by the parties at the national level that in "comparable circumstances in urban areas... certainly let's say between Durban and the Cape and Transvaal... where there are currently disparities in terms of total labour cost... that we should move towards parity there". But this left the remaining regions with total labour costs well below those in the major regions.

It was the latter divide that confirmed some employers in their support for regional bargaining and heightened the dissatisfaction of others with national bargaining. On the one hand, for some respondents the acceptance of regional disparities by the union was an acknowledgement of the argument that they had been making all along for regional bargaining. One 'leading' employer, who was strongly in favour of regional bargaining in 1991 and 1995, stated:

That was the union's view from the start - one wage across the board - but at the beginning of this year they forsook that principle and said there is no ways they can force the Eastern Cape to up their levels to those of the Western Cape.

⁶⁹ A few respondents noted that at recent negotiations there had been a slight narrowing (by one-half percent) but that this was insignificant.

Another 'leading' respondent agreed:

The union is trying to put across it is a national concern but I don't agree it is. Because we have a situation where a certain increase was agreed upon and each region is structuring the package for the workers in that region. So they are also saying that our people aren't all the same and we want to give them a different package one way or another.

In effect, what these respondents were saying was that regional negotiations were now being conducted at a national level. One argued that "we have gone for national bargaining but every time they reach an agreement everything gets referred back regionally and you've still got four regions which can disagree".

On the other hand, there were those respondents that had been convinced by the argument for uniform employment conditions throughout the country, but who were now becoming extremely disenchanted with national bargaining because regional disparities were persisting. A 'leading' member of the GMA stated:

But the playing fields are so uneven because of the union that we as CMT's are being, I think, compromised unbelievably... But we are not only fighting the union, we are fighting other employers, the CCMA, the NCMA and the TCMA,⁷⁰ and particularly the Northern Cape/Free State [and] Eastern Cape associations, because we... have a situation where we are talking about national negotiations... but it's just a fallacy. It's a fallacy because, for example, in the Eastern Cape their wages are about thirty percent to forty percent lower than mine. So we all sit centrally, we all negotiate like hell and then the union makes an agreement with an area whose garments go into Woolworths, Truworths, Edgars⁷¹ the same as mine do... If it's national then let's make it national...

In 1994 a Parity/Disparity Sub-committee was set up by the NBF to address the issue of regional and urban/rural disparities. The parties effectively accepted the principle of labour cost disparity in the industry but must still agree on how this will be structured in practice.

⁷⁰ The NCMA is the Natal Clothing Manufacturers' Association and the TCMA is the Transvaal Clothing Manufacturers' Association.

⁷¹ Woolworths, Truworths and Edgars are major retail groups.

While an agreed framework for disparities, perhaps with timetables for reducing those differences, might satisfy some employers, it is clear that for others the main argument for national bargaining has been undermined.⁷²

The risk of being drawn into national disputes because of problems that arose in other regions remained an important consideration for many employers. This has been touched on above because it is one of the perceived effects of regional economic differences and differences in the existing regional agreements. To a large extent this consideration was expressed through the concern felt by many respondents about the divisions that existed in the national employer caucus.

Finally, it is interesting to note that in 1995 perceptions of differing productivity levels in the regions did not play an important role in employers' preferences for regional bargaining. Respondents remained divided as to whether this was a factor for or against regional bargaining and overall it had slipped to the bottom of most respondents' lists of reasons for supporting regional bargaining. The focus had shifted instead, as we have seen above, to the way in which a range of perceived regional differences was being dealt with at national negotiations.

7.2.2 Convenience and democratic control

7.2.2.1 Enterprise versus multi-employer bargaining

As with the labour market considerations, many respondents were still strongly in favour of multi-employer bargaining because of its convenience. A 'leading' employer summed up this viewpoint when he stated:

Ninety-eight percent of the manufacturers don't have the infrastructure, the time or the skills or the knowledge or the know-how. And most importantly time. Even if they had the knowledge or the know-how, even if they could acquire the knowledge or the know-how, they simply don't have

⁷² It is interesting to note that in 1991 just over half of the 32 respondents that answered the question were of the opinion that if a national industrial council was established there should be no regional wage differentials.

the time. Seventy percent of our [i.e. CCMA] members are small businesses, [employing] a hundred or less... Those guys just simply don't have the time, even if the union had the resources to send out two hundred negotiators to do that.

Although the concern about the dominance by big firms was still evident, it had become muted as the focus of employers shifted to the national level.

7.2.2.2 Regional versus national multi-employer bargaining

Three years of national bargaining had, for many respondents, confirmed their rejection of national bargaining on logistical grounds. This factor was usually expressed by respondents as part and parcel of the mandating problems and splits in the national employer caucus discussed above, but there were distinct logistical concerns as well. A 'leading' employer summed these up when he stated that most employers believed that national bargaining was "extremely time consuming and that the costs [were] escalating at alarming levels".

However, the perception of many respondents in 1991 that national bargaining would exclude most employers, particularly smaller firms, from participation in the mandating process had not materialised to the extent anticipated. While some respondents believed that bargaining was more removed, others argued that there was not a great deal of difference in the ability of firms to participate if bargaining was national.

There are a number of reasons for the latter perception. Firstly, it emerged from the 1991 interviews that many firms felt fairly remote from negotiations at the regional level, either because they believed the process to be dominated by a few big firms or because they did not participate very actively. It was evident that for some respondents the shift to national bargaining had not greatly changed this situation and their perceptions of this drawback were therefore muted. Secondly, the CCMA and CKIA had made considerable efforts to keep members in touch with the negotiations through faxed reports and report-back meetings. Finally, the negotiating sessions moved from centre to centre and when they were in Cape Town members had the opportunity to attend as observers.

A 'leading' employer summed up the above when she stated:

It's always closer regionally but at the end of the day you still can go to all the general meetings and be part of the mandating process, the CCMA office updates all firms on the progress of the negotiations - Peter Cragg [the Executive Director of the CCMA] sends out memos after each round of negotiations - and you can be an observer when negotiations are in Cape Town although you can't when they are away. A lot of firms are not really concerned about the process. At the end of the day they are concerned with the bottom line and what the wage rates are going to be - they only get motivated if they feel the negotiating team are going to give in to higher wage increases or if there is going to be strike action.

A respondent at a fairly small firm noted with approval that "we have been invited to attend when it's in Cape Town - it's quite transparent". Another noted that "when they had a round in Cape Town they advertised for observers so that is not such an issue".

Dissatisfaction with the 'distance' of national negotiations was concentrated mainly amongst 'leading' employers, who had previously been much closer to the actual negotiations (rather than just the mandating process), but who were now much less in touch. One of these respondents stated:

It is far more removed - definitely. Where one could get far more involved and understand these things you are not as close to it and actually experience the hiccoughs of negotiations which I experienced before. Because they are flying all over the country and it's quite costly for anybody to attend, so to cut costs they've only sent up two to three people from each region.

Another acknowledged that Peter Cragg kept "the parties very well informed", but he complained that he could no longer "participate in that cut and thrust" of negotiations.

7.2.3 Relations with SACTWU and the trust factor

When discussing relations with SACTWU as a factor for supporting a particular level of bargaining, respondents tended to focus on the choice between regional and national bargaining rather than between enterprise and multi-employer bargaining. One employer did, however, note that at enterprise level one could develop "a closer relationship with your bargaining partner" in which "each side understands each others problems at a far more intimate level".

But the same respondent was in favour of regional bargaining and argued that compared to national bargaining:

It's closer and more intimate. You work with each other the whole year, not only at negotiations. You see each other at industrial council level, you see each other at something pleasant like a retirement function at the industrial council... That personal contact does help us through difficult times.

A number of respondents agreed with this opinion. One argued that "one works very closely with the regional union structure and you don't know the union in other areas, so one builds up a relationship but you lose that in national bargaining". Another respondent noted, however, that there were pro's and con's on this point:

Yes and no. No because when you bargain nationally you bargain with the hierarchy of the union and that's a good thing because they know what they want, how far to go, and they know when to stop. But it becomes very impersonal because you might have negotiators from the Cape dealing with people from the Transvaal and they never get to know each other enough. Regional bargaining would probably be more amicable in that respect. You get to know the people and there might be more empathy for what the other side wants.

The group of respondents who favoured regional bargaining were generally of the opinion that relations with the union were fairly good. The lack of trust of SACTWU was

therefore far more muted than in 1991. A number of respondents had come to adopt a more pragmatic approach to this issue. One noted:

You won't ever get a situation where there is absolute trust. The very nature of the conflict situation between the two parties always means that there is that suspicion... It's still there but possibly it has improved, it's not as intense.

Another was more convinced of an improvement in the level of trust. He stated:

It has changed. It's definitely improved. They have matured... and also shop stewards have been trained very well and I have a good relationship with our shop stewards. We have learnt to trust each other.

Another agreed with this assessment and endorsed the importance of shop stewards in the relationship. He argued that "the relationship is strongly linked to the quality of shop stewards". He also noted the importance of the ability of the organiser. A two-day illegal strike at their factory had been resolved within an hour when a second, more experienced organiser had arrived to deal with the matter.

One employer was, however, extremely angry at the illegal industrial action that took place during negotiations and alleged that this was organised by the union. For him the issue of trust remained important. He stated:

The trust issue - absolutely still the case. Yesterday the union instructed their workers not to work between one and five. Absolutely illegally. They couldn't give a hoot about whether it is illegal or not. They felt it was time to put pressure on employers and that's what they did. And there are an increasing number of employers taking the view that they are not going to roll over. A deal needs to be a deal.

Another respondent, who stated that there was still a lot of distrust between the parties, placed the blame primarily on the workforce rather than the union leaders. He argued that the union had become far more open with employers but that:

On the ground they have lost control. Their shop stewards override them totally and they have accepted that. They've come back in all honesty... [to say] that they find it very difficult to sell certain of the things that they are negotiating.

It is interesting to note that, contrary to 1991, the different attitudes discussed above were spread amongst all respondents. A concentration of distrust of the union amongst 'leading' employers who supported regional bargaining, was therefore no longer evident in 1995.

7.2.4 Benefit funds

In 1995 the provision of centralised medical and provident funds was of only moderate importance for employers choosing regional multi-employer bargaining. There was some support for the fact that many firms could not provide equivalent benefits or, in some cases, any benefits at the enterprise level. There was also some support for the fact that these funds could be administered better at the regional level.

7.2.5 Power

As with attitudes to relations with the trade union, when addressing the issue of power respondents focussed on the choice between regional and national bargaining. Two changes took place between 1991 and 1995. Firstly, power was no longer seen as an important factor in supporting regional rather than national bargaining. This probably reflects the realisation that the union was equally powerful at the regional and national levels.

Secondly, unlike the 1991 interviews, but in line with perceptions of power as a factor in the change to national bargaining discussed in Chapter Six, a number of supporters of regional bargaining displayed a certain naivety on this point. Power was acknowledged as a factor only reluctantly or there was an attempt to deny that it played any role. One respondent stated:

agreements to non-parties. The associational tradition in the industry and the institutional framework therefore exerted considerable influence on their behaviour, if not their preferences.

7.3.1 Negotiating on the basis of the firm's ability to pay

The preference to negotiate on the basis of the firm's ability to pay had a number of facets. Particularly important were changes in the environment in which firms were operating and strong negative perceptions of national bargaining. These factors seemed to cause the emergence in some respondents of an ideological aversion to aspects of multi-employer bargaining. However, not all the respondents who preferred enterprise bargaining were influenced by these factors. Furthermore, respondents expressed their reasons in quite different terms.

Bargaining on the basis of the firm's ability to pay has three sides to it. All three were evident in the reasons given by respondents. Firstly, it can reflect a firm's difficulty in keeping up with the increases that are agreed at a multi-employer forum. These firms would therefore seek to reach agreements that enabled the firm to survive and employees to keep their jobs, albeit at a lower wage. Secondly, it can reflect a profitable firm's desire to structure a far better package of benefits for employees. This would reward more productive workers and act as an incentive for improvements in performance. The third side combines both of the above and allow firms greater flexibility in bad and good years.

Closely allied with all three sides was the perception that employees at the enterprise would understand the situation of the firm far better, would be more prepared to compromise in the interests of the firm's survival, and that this would provide the basis for a better relationship between management and workers.

Changes in the environment had impacted, in particular, on firms producing for the lower end of the market or producing standardised goods. The continued exclusion of certain regions from the ambit of national bargaining, the growing informal sector, and increasing

low wage competition from the Far East threatened the viability of these firms. National bargaining was too inflexible to accommodate the pressures faced by these sub-sectors and enterprise bargaining was seen as a better way of coping with this more hostile environment. A 'leading' employer outlined some of the frustrations felt by these firms:

The industry is going to be decimated... and Ebrahim Patel [the Assistant General Secretary of SACTWU] can't understand this. I see no reason why it's going to be any different with the policies the union is pursuing to what has happened in Europe and what has happened in America and what has happened everywhere else in the world... We are going to be flooded by imports of clothing from the East and there is no way you can compete... And for people like the union... to have this continual argument about: We've got certain skill levels and therefore what we must do is go into niche markets and we must go into value-added products, and by implication then say that the mass volume items in the clothing chain will disappear... What Ebrahim Patel has never done to his members is he's never told them what the effect of that is going to be on them. Now if you take the clothing industry and you analyse it, I would be very surprised if at least sixty percent of the clothing industry is not in the area that I think will disappear. And that is going to devastate the union and its membership, it's going to devastate the clothing industry, and they just cannot understand this.

The important point to note is that respondents favouring enterprise bargaining saw more flexibility in collective agreements as the way to respond to trade liberalisation. This would maintain the competitiveness of local manufacturers and could also create employment opportunities. For example, one employer argued:

What are you going to do with the millions of unemployed people in this country and the millions that are entering the workforce each year. You don't need to go as far as the Transkei, you can go to Khayalitsha right outside Cape Town. And at some stage this has to happen [lower wages for certain manufacturers] because if we continue with present trends we are going to lose our labour intensive industry.

Another 'leading' employer argued:

I can open three plants in Guguletu now employing 3 000 or 10 000 people if there was greater flexibility on wage rates and the implications of that agreement on what I can and can't do.

Most respondents did not, however, argue for complete deregulation. As noted above, the vast majority of employers that were in favour of enterprise bargaining supported the extension of agreements to non-parties. But agreements would have to be more flexible to retain jobs in threatened sub-sectors and to accommodate pressures for job creation. So these employers were not just concerned with their own firm's ability to pay. Another respondent argued:

To put bargaining at a national level doesn't define the situation of a business. Take a business just opening up - they can't be competitive with a business that's been operating for five years. So national bargaining is cutting the grass from under the feet of people who want to start a business because they can't pay the minimum wage. This is where national bargaining has its downfall. They are looking at the majority and not at individual enterprises.

For more profitable firms, particularly those producing in high-quality niche markets, the attraction of enterprise bargaining was to forge a close partnership with the workforce and to try to provide a better package than that provided by multi-employer bargaining. One such respondent noted that they "would prefer not to see the union and prefer to deal with our people because they are [firm's name] and they know what [firm's name] is all about". This would not, however, "destroy the minimum rate"; in fact "they would probably give better rates... it would sometimes be far more beneficial for the workforce".

A CMT firm more clearly reflected the ability of enterprise bargaining to accommodate the up's and down's of the firm's performance:

So if the company is in a lucrative position for a year we may say: "Look guys we would like to do a bit better than what the market trend is". But

also when going through a recessionary period and people are more concerned about retaining their jobs, they would settle for a marginal increase.

The experience of national bargaining had added to the attraction of enterprise bargaining.

A respondent echoed the sentiments of a number of employers when he stated:

And I say that in the context of being terribly disillusioned about the way in which this past negotiation has gone. Perhaps that is what is causing me to say that I would prefer to just do my own bloody thing... The concerns that I had initially are really now coming to fruition. I actually don't believe that employers have had any benefit from the national bargaining structure. None whatsoever. And I am not saying that because of my previous views. I am saying that coolly analytically. I think the union has got a lot of benefits out of it but the benefits that the employers thought would accrue to them haven't happened. You know that continual pressurising of the negotiators through *ad hoc* action which the union claims is not orchestrated and it comes from the grass roots, and which anyone in the know knows is absolute bull-shit and knows the union is totally in control of. I think that was the largest thing the employers hoped would disappear because we were removing the area of conflict away from the shopfloor, hasn't happened... Having not got that as a benefit from moving centrally I can't see what benefits we have. A lot of negatives.

Some employers' preference for enterprise bargaining was, however, not simply a reaction to national bargaining. Their favouring of enterprise bargaining was focussed more on the benefits of closer communication with the workforce and/or the ability to link wage improvements to productivity improvements.

7.3.2 The relationship with SACTWU

A second reason for favouring enterprise bargaining was that respondents believed that they could establish a far better relationship with the union at that level. A 'leading' employer expressed it as follows:

We feel that the relationship between the employee, the union and the company is much more healthy when you sit around the table at plant level. Because when it goes to regional level [our firm] is just one issue where there are fifty or a hundred other companies' issues that must be dealt with.

So the quality of meetings between the union, the company and employees is much better at plant level than at the regional or national level. A much better relationship and much more openness and frankness.

This perception was related to better communication and the ability to arrive at agreements that suited the workforce at an individual firm. The above respondent continued:

So I would say the major advantages are [that] the people themselves understand the process much better, communication and feedback processes are much quicker... and less complex, and you can design an agreement or package that would suit the needs of your people far better.

Another respondent agreed that a benefit of enterprise bargaining is that "from a communication side it is much easier, much more contained and intimate". But she discounted the effect that this would have on the relationship with the union:

It wouldn't make a difference. We have a good relationship. It depends on how you treat them, how they will treat you. Irrespective of whether it was plant, regional or national we would have the same relationship.

The attraction of better communication was for this respondent directly linked to the perception that this had been a particular weakness of national bargaining, at which level she argued there was a "lack of involvement, a lack of communication and a bit of a lack of understanding".

7.3.3 *Productivity bargaining*

A number of respondents believed that enterprise bargaining would have a positive effect on productivity. An employer stated:

My relationship with my workforce would be a lot better, their productivity would be a lot higher and we would be streets ahead of where we are today, both them [i.e. the workforce] and ourselves... Productivity would be better, attendance would be better, everything would be better.

This belief was, however, not supported by all respondents. One argued that "productivity is a managerial prerogative and it's a function of to what degree you have mechanised your plant to make yourself world competitive". Another took a very different line. She agreed that the wage/productivity link needed to be made but argued that this should not "only be done at plant level". Industry-wide programmes to improve employees' education and understanding were also necessary.

7.3.4 Enterprise bargaining as a way of weakening the union

There was a strong consensus amongst respondents that their preference for enterprise bargaining was not motivated by the argument that decentralised bargaining would stretch the resources of the union and dilute its power. One respondent argued that it would, in fact, have the opposite effect. He stated that the union's structures were ineffective at the local level "because of the concentration needed initially to get this whole national industrial council off the ground", but that this situation would improve if there was enterprise bargaining because "the union will be forced to have structures that are effective in each of the localities".

7.3.5 Enterprise bargaining as a way of lowering wage levels

There was also a strong consensus that enterprise bargaining would not lead to a lower average industry wage. In line with the demand for greater flexibility there was a recognition that some firms would have lower wages but these would be balanced out by the firms paying higher wages. The nett effect would be an industry average at about the same level as that achieved through multi-employer bargaining.

A CMT operator argued that "if you took everybody and averaged it out you'd get to about where we are now". Another stated that enterprise bargaining "would lead to a more harmonious industry and a better unit cost" but it would not "lead to lower wages". A 'leading' employer argued that fringe benefits at one firm might balance out higher wages at another:

I might pay a lower wage but my fringe benefits might add, in the sense that some guy might pay a higher wage but poor fringe benefits. What we stand for is to have an industrial council that is much more flexible because the current system is one that came out of the 1940s and 1950s.

This issue was linked by some respondents to the need for job creation. One respondent, who acknowledged that enterprise bargaining would probably lead to lower wages, argued that "it's all well and good the majority having a higher standard but what about the people with no standard of living... R10,00 is better than nothing".

7.4 Reasons for supporting national bargaining

There were two major reasons for nine employers supporting national bargaining but in many cases the respondents did not distinguish between these reasons. The most important reason was that the product and labour markets were national and firms throughout the country should be bound by the same wage rates to even out competition. The second reason was that a national agreement would cover areas that had previously fallen outside of the jurisdiction of the regional industrial councils. These were all important factors behind the support for national bargaining in 1991.

It must be emphasised that not all of these respondents supported national bargaining because they calculated that the benefits of bargaining at this level outweighed the disadvantages. In some cases the choice of national bargaining was made because practically they saw there was no alternative. Their choice was therefore informed by the fact that this was the level at which the union wanted to bargain, and bargaining at other levels would only become feasible if there was a change in policy on the part of the union. Some employers therefore accepted national bargaining rather than favoured it, and they were as concerned about some of the problems experienced with national bargaining as the respondents that favoured regional or enterprise bargaining.

7.4.1 *Levelling the playing fields nationally*

The strongest factor behind the support for national bargaining was that labour costs should be equalised nationally to provide a fair basis on which firms would compete. One employer argued:

It's necessary because of the way the country was cut up before into bits and pieces, and some areas were development areas and wages there were completely out of line with the rest of the country which led to all sorts of abuses. Now if we are a country then everybody must pay the same no matter where they are - we are all on a level and we start at the same point.

Another respondent stated that the reason was "that there would be an equitable wage structure right through and no unfair competition from certain areas".

Generally these respondents were either not aware of the fact that three years of national bargaining had made little headway in equalising labour costs across the regions or they believed that this would still be achieved through national bargaining. Furthermore, they seemed unaware that the CCMA and CKIA was arguing for the proposed national industrial council to include only those areas already covered by the regional councils. A 'leading' member of the GMA was, however, extremely frustrated with the existing national bargaining dispensation because it was, according to him, national bargaining in name only:

If it's national then let's make it national, let's have a national industrial council. Then I agree with the union because then my competition is on fair ground. But if it's not and all those are allowed [i.e. low wage regions] then let me decide by supply and demand... But don't on the one hand force me but my competition next door to me is not forced... So have one or the other but do either of them properly.

He went on to note that these low wage regions were right on their doorstep and the problem was being exacerbated by the growing informal sector:

And within the Western Cape itself you've got an industrial council that, for example, doesn't cover Mitchells Plain⁷⁴, or Kuils River, or Worcester. So those people do not fall under the jurisdiction of the industrial council... I mean in Mitchells Plain alone today we must have something like sixteen thousand clothing machines operating, where they don't fall under any policeman whatsoever, and they are killing the formal industry, particularly CMT formal industry.

Another CMT operator went much further when he noted that there was another competitive threat besides the informal sector and those areas within the country that were not covered by industrial council agreements:

It should not just cover that, it should also cover the whole Southern African aspect because there are firms just over the border in Namibia that are competing with us. They have an export processing zone... and they might have a national wage agreement but in those areas it doesn't apply... I mean it's only a couple of hours from here and I know many plants have moved to there. And it obviously draws manufacturing away from the Cape.

But the majority of the employers that favoured or accepted national bargaining did not express these concerns and supported the argument that national bargaining would "level the playing fields".

Some of these respondents were "quite happy with things as they are on a national level". In most cases these were the smaller non-members who were unaware of some of the problems that other employers perceived or had experienced with national bargaining. But other respondents that supported national bargaining were very concerned about these problems, particularly the difficulty of the mandating process and the tensions within the national employer caucus; the time that national negotiations took and their expense; and the continuation of illegal industrial action during negotiations (together with the allegation that this was being orchestrated by the union). As one would expect, respondents differed in how they weighted these problems and also differed as to the likelihood of them being overcome in future.

⁷⁴ This is incorrect as Mitchells Plain does fall within the jurisdiction of the industrial council.

7.5 The undecided respondents

Two respondents were undecided about what level to bargain at and one respondent was against any bargaining with the trade union. Of the two respondents that were undecided, one was a CMT operator who was simply so ignorant of the issue that she could not make a choice.⁷⁵ The second respondent was a medium-sized knitwear manufacturer who saw his firm as operating in a particularly difficult sub-sector. He strongly favoured enterprise bargaining because of the ability to tailor agreements to the circumstances of the firm at that level. But he acknowledged that they did not have the management infrastructure or the time to deal with negotiations, so regional bargaining was practically the only feasible option (he was strongly opposed to national bargaining). He was in the end unable to make a clear choice one way or the other.

The third firm, which had previously been in favour of national bargaining, adopted a strong anti-union stance in the 1995 interview. The respondent stated that he made it a condition of employment that employees do not belong to the trade union. This employer wanted to 'bargain' with individual employees according to their ability and performance. He also spoke of operating on a piece-work basis to complete certain orders over the weekend and how well this had suited both him and the employees. He was, however, rather ignorant of the industrial relations system as he stated that he was not against the industrial council, despite his admitted contraventions of its agreement.

7.6 Determinants of employers' preferences

As with the 1991 survey, the relationship between certain objective factors and preferences for particular levels of bargaining is examined. The same factors have been selected and their importance in determining employers' preferences in 1995 is measured. This allows for comparisons to be made between the 1991 and 1995 surveys and for an analysis of the importance of these factors in determining changes in preferences. Note

⁷⁵ This respondent had recently taken over the business from her husband (who had been interviewed in 1991). She could not, for example, clearly distinguish between the industrial council and the trade union.

that the aggregate preferences of respondents have been converted to percentages to take account of the reduction of the sample in 1995.

7.6.1 Size of firm

The first determinant of preferences to be examined is the size of firms. A clear trend emerges in Table 14.

Table 14. Size of firm

Number of employees	Total firms		Preferred level of bargaining							
			Regional		National		Enterprise		Undecided or other	
	91	95	91 %	95	91 %	95	91 %	95	91 %	95
1-50	8	4	63	25	13	50	0	0	25	25
% change			-38		+37		0		0	
51-100	3	4	100	25	0	50	0	0	0	25
% change			-75		+50		0		+25	
101-250	9	8	56	38	11	38	22	25	11	0
% change			-18		+27		+3		-11	
251-500	13	10	77	60	8	10	8	20	8	10
% change			-10		+2		+12		+2	
501+	9	9	100	44	0	22	0	33	0	0
% change			-56		+22		+33		0	

Firstly, there is a strong swing away from regional to national bargaining in the two smallest firm categories. Secondly, the next two categories show a stronger continuance of support for regional bargaining (although there has been a decline). Thirdly, there is a significant fall in support for regional bargaining amongst the biggest firms. The change is towards national and enterprise bargaining, with the latter particularly strong.

It was noted above that the studies of Deaton and Beaumont (1980: 207-210), and Hendricks and Kahn (1982: 191), found an association between large firms and enterprise

bargaining. The trend towards enterprise bargaining in Table 14 tends to provide support for the thesis that bigger firms will prefer to bargain on their own. However, this trend must be viewed against the strong support that these respondents previously showed for multi-employer bargaining at the regional level. The negative experience of national bargaining, discussed at various points above, had by 1995 persuaded some of these firms of the benefits of enterprise bargaining. This trend is, however, almost balanced by the swing by other large firms to national bargaining.

7.6.2 *Single or multi-plant firms*

The trend amongst single and multi-plant firms followed, to some extent, the trend associated with firm size.

Table 15. Single or multi-plant firms

Number of plants	Total firms		Preferred level of bargaining							
	91	95	Regional		National		Enterprise		Undecided or other	
			91 %	95	91 %	95	91 %	95	91 %	95
Single plant	30	28	70	50	10	25	10	14	10	11
% change			-20		+15		+4		+1	
Multi-plant	12	7	92	14	0	29	0	57	8	0
% change			-78		+29		+57		-8	

Single plant firms showed a moderate swing away from regional bargaining and gains in support for national bargaining. But amongst multi-plant firms there was a very strong swing away from regional bargaining towards national and, in particular, enterprise bargaining. As with the largest firm category, the experience of national bargaining provided some support for the thesis that multi-plant firms would favour enterprise bargaining. (Deaton and Beaumont, 1980: 208-210) But this was to some extent balanced by the swing to national bargaining.

7.6.3 Industrial relations management

The employment of a specialist industrial relations manager is another factor the study done by Deaton and Beaumont showed will influence firms to bargain on their own. (1980: 208-210) In 1991 this factor had little effect on employers attitudes to multi-employer bargaining, but in 1995 it had more significance. A strong trend towards enterprise bargaining amongst firms with an industrial relations manager can be seen in Table 16.

Table 16. Industrial relations management

IR management	Total firms		Preferred level of bargaining							
			Regional		National		Enterprise		Undecided or other	
	91	95	91 %	95	91 %	95	91 %	95	91 %	95
IR manager	7	7	86	29	0	29	0	43	14	0
% change			-57		+29		+43		-14	
No IR mgr.	35	28	74	46	9	25	9	18	9	11
% change			-28		+16		+9		+2	

It should be noted, however, that the majority of firms with an industrial relations manager continued to favour multi-employer bargaining. Furthermore, most of these respondents (including those that favoured enterprise bargaining) continued to play an important part in the CCMA and CKIA. This confirms the strength of the associational tradition in the Western Cape clothing industry, as well as the more pragmatic assessment that industrial relations managers brought to the question of alternatives to national bargaining. It should also be noted that the trend towards enterprise bargaining is to some extent balanced by trend to national bargaining.

7.6.4 Sub-sector

In 1991 different technologies, capital/labour ratios and product market conditions had an influence on employers' preferences for different levels of bargaining. This confirmed the findings in the studies by Deaton and Beaumont (1980: 207-210), and Hendricks and

Kahn (1982: 189). The influence was particularly evident in the support for national bargaining amongst CMT operators and dissatisfaction with multi-employer bargaining amongst knitters. There is a marked change in both of these sub-sectors in 1995.

With regard to the preferences of CMT operators, Table 17 shows that there was a fall in support for national bargaining in 1995. This fall is primarily explained by one respondent's switch from support for national bargaining to a rejection of collective bargaining altogether.⁷⁶ It is inadvisable to generalise on the basis of such small numbers, but it was evident from the responses of other CMT operators that for them this is an attractive option. Some therefore see the alternatives in very stark terms: if there is not complete and effective regulation at the national level they will simply join their counterparts in the informal sector.

Table 17. Sub-sector

Sub-sector	Total firms		Preferred level of bargaining							
			Regional		National		Enterprise		Undecided or other	
	91	95	91	% 95	91	% 95	91	% 95	91	% 95
Clothing	27	24	81	46	0	29	4	25	15	0
% change			-35		+29		+19		-15	
Knitting	6	5	67	40	0	20	33	20	0	20
% change			-27		+20		-13		+20	
CMT	9	6	67	33	33	16	0	16	0	33
% change			-34		-17		+16		+33	

Turning to the knitters, the interviews conducted in 1995 found that the dissatisfaction expressed by some knitters with the multi-employer bargaining set-up had declined. This relative improvement in perceptions of multi-employer bargaining does not entirely explain the swing away from enterprise bargaining. If one examines the two firms that switched

⁷⁶ The fall in support for national bargaining is also partly explained by one of the 1991 supporters of national bargaining dropping out of the 1995 survey.

support away from enterprise bargaining, at one firm it was clearly a new interviewee that was the major reason for their change.⁷⁷ The other firm was somewhat anomalous. Whereas previously the respondent had argued that they could easily cope with negotiations at the enterprise, he now argued that it would be far too time consuming. To add to the anomaly, changes in the management infrastructure at the firm meant that in 1995 they had more skills to deal with enterprise negotiations.

The reason for the change in this respondent's perceptions of multi-employer bargaining was mainly pragmatic. The firm was a member of the CKIA and the respondent stated that employers "can't fight against the National Bargaining Forum". He now believed that the way to sort out the dominance of the clothing sector in the negotiations was for some sort of restructuring to take place which would allow knitters' concerns to be addressed separately. His response to the changes that had taken place since 1991 was therefore to view working within the associations as the most viable option.

7.6.5 Product market area

The perception that competition took place in a national product market was still predominant in 1995. While this factor played a role in employers' attitudes to national bargaining, Table 18 shows that it was not overwhelmingly important and was in many cases outweighed by other factors.

The significant change in Table 18 has taken place amongst the employers who perceived their product market to be regional or local. These were all CMT operators. The shift to 'Undecided or other' is primarily explained by a new interviewee who was totally ignorant of the levels of bargaining issue and by the respondent that switched support from national bargaining to rejection of collective bargaining altogether.

⁷⁷ Both knitting firms that supported enterprise bargaining in 1991 changed their preference in 1995; the knitter who supported enterprise bargaining in 1995 had previously supported regional bargaining.

Table 18. Product market area

Product market area	Total firms		Preferred level of bargaining							
			Regional		National		Enterprise		Undecided or other	
	91	95	91	% 95	91	% 95	91	% 95	91	% 95
National	36	29	75	45	6	28	8	24	11	3
% change			-30		+22		+16		-8	
Regional	6	6	83	33	17	17	0	17	0	33
% change			-50		0		+17		+33	

7.6.6 Location

Only two of the three firms that were located in Atlantis remained in the sample in 1995.

Table 19. Location of firm

Location	Total firms		Preferred level of bargaining							
			Regional		National		Enterprise		Undecided or other	
	91	95	91	% 95	91	% 95	91	% 95	91	% 95
Cape Town	39	33	79	45	8	24	3	21	10	9
% change			-34		+16		+18		-1	
Atlantis	3	2	33	0	0	50	67	50	0	0
% change			-33		+50		-17		0	

The very small numbers involved make the identification of a trend hazardous, so the preferences of these firms will be discussed individually. Of the two firms in Atlantis, in 1991 one had supported regional bargaining and the other enterprise bargaining. In 1995 these firms supported enterprise and national bargaining respectively. In the case of the firm supporting national bargaining the change is largely explained by a new interviewee. The change to support for enterprise bargaining by the respondent at the other firm, is explained by the problems the he perceived employers had experienced with national

bargaining. In neither case was there any indication that location was an important factor in influencing their preferences.

7.6.7 Trade union density

The vast majority of employees at firms in the sample were members of SACTWU. In 1991 this corresponded with the very strong support for multi-employer bargaining, which confirmed the findings of Deaton and Beaumont that high union density is associated with multi-employer bargaining. (1980: 209-210)

Table 20. Trade union density⁷⁸

Union density	Total firms		Preferred level of bargaining							
	91	95	Regional		National		Enterprise		Undecided or other	
			91	% 95	91	% 95	91	% 95	91	% 95
75-100%	40	32	80	44	5	25	5	25	10	6
% change			-36		+20		+20		-4	
50-74%	0	1	0	100	0	0	0	0	0	0
% change			+100		0		0		0	
0-49%	2	1	0	0	50	0	50	0	0	100
% change			0		-50		-50		+100	

In 1995 this factor did not prevent a swing to enterprise bargaining, although this was balanced by the shift to national bargaining. The power of the union was an important reason why some employers accepted national bargaining (i.e. they 'supported' national bargaining because they believed that there was no realistic alternative given the policy of the union). This tends to confirm the use of union density as a proxy for union power.

⁷⁸ One respondent at a very small firm did not know which of his employees were union members and therefore did not answer this question.

7.6.8 Employers' association membership and participation

The members of the CCMA and CKIA followed a similar swing in preferences to the overall trend but, surprisingly, there was a significantly higher shift in favour of enterprise bargaining. A second surprise was that this trend was not followed by non-members.

Table 21. Membership of employers' associations

Association	Total firms		Preferred level of bargaining							
	91	95	Regional		National		Enterprise		Undecided or other	
	91	95	91	% 95	91	% 95	91	% 95	91	% 95
CCMA/CKIA	31	26	84	46	3	19	3	30	10	4
% change			-38		+16		+27		-6	
GMA	1	2	0	0	0	100	0	0	100	0
% change			0		+100		0		-100	
Non-members	10	7	60	43	20	29	20	0	0	29
% change			-17		+9		-20		+29	

The reasons for the increased preference for enterprise bargaining in 1995 amongst CCMA and CKIA members lie in their greater knowledge of and concern with the problems employers had experienced with national bargaining. Importantly, the preferences expressed for enterprise bargaining did not appear to signal an exodus of members from the associations. Their continued membership of the CCMA or CKIA underlines the strength of the associational tradition amongst these respondents, as well as the pressure exerted by institutional arrangements and the power of the trade union.

The reasons for the trend away from enterprise bargaining by non-members can be found in the preference shown for national bargaining by a new interviewee at one firm and by the non-participation by one firm in the 1995 leg of this study. This tends to confirm the finding of the 1991 survey that non-membership of the employers' associations did not necessarily mean a rejection of multi-employer bargaining.

The second aspect of membership of the employers' associations is the extent to which respondents participated in their decision-making processes. In 1991 greater involvement in the CCMA and CKIA, particularly membership of the Executive Committee, concentrated support for regional bargaining.

Table 22. Level of participation in the associations⁷⁹

Level of participation	Total firms		Preferred level of bargaining							
			Regional		National		Enterprise		Undecided or other	
	91	95	91	% 95	91	% 95	91	% 95	91	% 95
Minimal	5	3	60	0	0	67	0	33	40	0
% change			-60		+67		+33		-40	
N.B. meetings	6	6	67	50	17	17	17	33	0	0
% change			-17		0		+16		0	
Most meetings	8	3	88	67	0	33	0	0	13	0
% change			-21		+33		0		-13	
Executive	11	15	100	47	0	20	0	27	0	7
% change			-53		+20		+27		+7	

In 1995 there was a much greater spread of preferences. Particular noteworthy is the very big swing away from regional bargaining by members of the Executive Committee and by members who participated only minimally in the associations. While the Executive category showed an increase of support for national bargaining, it is interesting to note that this support was limited. Much more support was shown for enterprise bargaining in 1995. This probably reflects the disenchantment felt by members close to the negotiations with the experience of national bargaining.

⁷⁹ In 1991 only members of the CCMA or CKIA were included in this table and one did not answer the question, hence the total of 30 respondents. In 1995 members of the GMA were added but one respondent again did not answer the question, so the total is 28 respondents. Note that the increase in the number of Executive Committee members in 1995 reflects the expansion of this body after 1991.

It must be emphasised, however, that according to a number of members of the Executive Committee the CCMA and CKIA remained committed to making national bargaining work. These members contended that their agreement to engage in national bargaining bound them to bargaining at that level despite their preference for enterprise bargaining.

The 1991 interviews pointed to the Executive Committee playing an important role in influencing the attitudes of other members on the levels of bargaining issue. The differences in preferences within this body in 1995 probably explains some of the spread amongst the rest of the members.

7.6.9 Extension of agreements

The majority of respondents continued to support the extension of industrial council agreements to non-members.

Table 23. Extension of agreements

Extension of agreements	Total firms		Preferred level of bargaining							
	91	95	Regional		National		Enterprise		Undecided or other	
			91	% 95	91	% 95	91	% 95	91	% 95
In favour	24	23	79	43	8	30	0	17	13	9
% change			-36		+22		+17		-4	
Against	8	5	50	40	12	0	25	40	12	20
% change			-10		-12		+15		+8	
Undecided or conditional	9	6	89	50	0	17	11	33	0	0
% change			-39		+17		+22		0	

There are two points of interest in Table 23. Firstly, support for the extension of agreements tends to be associated more with support for multi-employer bargaining and opposition to the extension of agreements tends to be associated with support for enterprise bargaining. These associations were evident in 1991 and became more

significant in 1995. This is to be expected, although it must be noted that there were still supporters of multi-employer bargaining that were against the extension of agreements.

Secondly, it is interesting to note that in 1995 none of the respondents in favour of national bargaining were against the extension of agreements, although one's support for extension was conditional. This tends to reflect the concern of many of these respondents that the labour market should be more effectively regulated to eliminate low wage competition from areas not covered by industrial councils and from the informal sector.

7.6.10 Productivity incentive schemes

In 1991 productivity incentive schemes or payment by results systems did not correspond significantly with a preference for enterprise bargaining. A very clear trend associating these schemes with a preference for enterprise bargaining emerges in 1995.

Table 24. Productivity incentive schemes⁸⁰

Productivity incentive scheme	Preferred level of bargaining									
	Total firms		Regional		National		Enterprise		Undecided or other	
	91	95	91	% 95	91	% 95	91	% 95	91	% 95
No scheme	23	17	74	41	9	35	4	12	13	12
% change			-33		+26		+8		-1	
Some or all workers	18	17	78	47	6	12	11	35	6	6
% change			-31		+6		+24		0	

On the one hand, firms without productivity incentive schemes showed a stronger preference for national bargaining, and, on the other hand, firms with such schemes showed a stronger preference for enterprise bargaining. The latter trend had not undermined national bargaining in practice, but the swing in preferences adds some credence to Flanders' argument (referred to by Deaton and Beaumont) that the operation

⁸⁰ In 1991 and 1995 this question was not answered by one respondent.

of productivity incentive schemes contradicts multi-employer bargaining.(Deaton and Beaumont, 1980: 206-207)

The trend largely reflects the growing concern by some employers to respond to competitive threats through greater efficiency and higher productivity rather than purely through wider or more effective labour market regulation. One respondent stated:

All we do is pay more wages but there is no more output, absenteeism doesn't improve, and the commitment doesn't improve. And all that is happening is that we are just inflating and prices are going up and we are selling less... Wage increases of twelve or thirteen percent are very, very high for this industry. We can't recover it from retailers, they just don't pay us those prices. So what it has done is made us look inwards and try and become far more efficient to make it up. We recognise that our workers should be paid well and we don't get it in return. So just putting up the wages hasn't helped us at all. So it's put pressure on management to do something about getting it back. So in a way it's put the screws on us to become more efficient...

The way that many respondents chose to increase their efficiency was to offer incentives to workers to improve performance. These employers showed a greater preference for enterprise bargaining because they believed that those incentives could be more easily negotiated at that level. A 'leading' employer argued:

That can be done at plant level. Every year one of the employers' demands is productivity. For the last five years... we haven't reached any agreement on productivity. It's a farce. We are just wasting our time putting it on the negotiating table. You can't negotiate productivity at the regional or national level, you can only do it at the plant level because systems, techniques and approaches change from plant to plant.

It is evident from Table 24 that enterprise bargaining is not a precondition for such schemes; many firms had them in place under the existing dispensation (either introduced unilaterally or after consultations with workers and shop stewards). But the trend in the table clearly points to a perception by respondents that enterprise bargaining would be a more effective way of introducing and managing these schemes.

7.7 Conclusion

The interviews carried out in 1995 showed that the change to national bargaining had led to a greater spread in preferences for different levels of bargaining. But overall support for national bargaining did not increase a great deal. The 1991 interviews showed that 83% of respondents expressed a clear preference for bargaining at a level other than national; in 1995 this had dropped to 72%. The experience of national bargaining had therefore gained additional support for bargaining at that level, but its main effect seemed to be to either strengthen employers in their support for regional bargaining or to shift their preference to enterprise bargaining. This is confirmed by the reasons given by many respondents for supporting enterprise and regional bargaining.

The reasons for supporting regional and national bargaining did not, in general, change very much between 1991 and 1995. But the reasons for supporting enterprise bargaining showed the influence of changes in the environment, such as perceptions of increasing international competition and the threat posed by the growth of the informal sector. Probably more important though was the experience of national bargaining, which tended to colour the way that employers responded to other changes. Attitudes overall pointed to a great deal of dissatisfaction with national bargaining. Even where respondents supported national bargaining, it was in many cases a pragmatic acceptance rather than support, and the problems with national bargaining were readily acknowledged.

This points strongly to the power of SACTWU as the key factor maintaining bargaining at the national level, just as it was a key factor in persuading employers to change to national bargaining. A factor such as the ability of a national agreement to even out labour costs throughout the country does not emerge as a sufficient reason for employers staying in a national bargaining structure. Allied to the power of SACTWU is the strength of the associational tradition amongst employers, which assisted in maintaining a certain level of commitment to the change agreed to by the CCMA and CKIA in 1992. This commitment appears firm despite the opinion of some 'leading' respondents that employers have not benefitted in any way from the change.

Importantly, infrastructural factors such as the size of firms, number of plants, and industrial relations management, as well as productivity incentive schemes, begin to emerge in 1995 as stronger influences on employers' perceptions than they were in 1991. These factors underpinned a growing belief that national bargaining had not provided a flexible enough structure for the industry to respond to changes in the economic environment. Enterprise bargaining (if firms had the management infrastructure) or regional bargaining were seen as levels at which some employers felt themselves to be much more "in control of [their] own destiny".

CHAPTER EIGHT

CONCLUSION

The main aim of this chapter is to engage the empirical findings of this study with the theoretical approaches discussed in Chapter Three, thereby providing the basis for developing a theoretical explanation of the role of employers in determining levels of bargaining, and for advancing the broader theorisation of the determination of different levels of bargaining. This will be followed by a brief discussion of the contribution that the methodological approach makes to the development of a theory of levels of bargaining. However, it is first necessary to sum up the major empirical findings of the case study. This opening section will focus on the factors and forces that influenced employers' preferences about the level at which they wished to bargain, as well as the way that employers interpreted factors that favoured or opposed certain levels of bargaining and how they made decisions about the level at which they wished to bargain.

8.1 A summary of the empirical findings

8.1.1 The reasons for employers' preferences

The 1991 interviews showed that there was very strong support for the existing regional multi-employer bargaining arrangement. The major reasons cited by employers for preferring this level of bargaining were administrative and logistical convenience, the nature of the labour market, the power of SACTWU, distrust of the union, and the economics and convenience of centrally administered benefit funds. An important factor favouring support of national bargaining was the country-wide ambit of the product market, but for most employers this was outweighed by the reasons mentioned above when they articulated their preference for regional bargaining.

Many of the reasons cited by employers for supporting their preferred level of bargaining corresponded with the determinants of bargaining levels identified in previous research, for example the study done by Deaton and Beaumont (1980) and the case studies referred to therein. However, the research highlighted certain factors that have not been given

attention before. One such factor was the participation by employers in the CCMA or CKIA. The research revealed that this participation was a significant influence on respondents' perceptions of the most appropriate level of bargaining. The research also revealed that influence of the employers' associations was not without contradictions. 'Leading' employers were seen as critical in shaping the choices of employers but also caused considerable dissatisfaction because of their perceived dominance in the associations.

A second additional factor that emerged in the study was the attitudes of employers to SACTWU, and, more specifically, the distrust of the union and the translation thereof into opposition to national bargaining. Employers' attitudes to the union pointed to the context-specific nature of their thinking on the issue of preferred level of bargaining. It was evident that many employers had been unprepared for and had still not come to terms with the emergence of a far more powerful and aggressive union in the industry. Negative attitudes were therefore rooted in the sudden change to the long history of benign industrial relations in the region. The distrust of SACTWU, mainly evident amongst 'leading' employers, highlighted the influence of the recent history of industrial relations on employers' thinking and underlined the importance of context for decision-making about the most appropriate level of bargaining.

The lack of strong associations between infrastructural and institutional variables (such as the size of firms and the statutory framework for collective bargaining), and aggregate preferences for different levels of bargaining, tended to contradict most of the findings of the large-scale quantitative studies done by Deaton and Beaumont (1980), and Hendricks and Kahn (1982). The divergence of preferences from the findings of those quantitative studies once again points to the importance of history and context. The interviews with employers showed that their perceptions were deeply influenced by the history and dynamics of the regional bargaining structure that had existed for many years. The broader history of the political and economic development of the country was also important. For example, the impact of the system of apartheid on the South African labour market, and

particularly the Western Cape labour market, gave rise to a racial stereotyping of the regional labour forces. This stereotyping played a powerful part in many employers' support for the existing regional bargaining structure.

The 1995 interviews showed both continuities and changes in employers' perceptions. Support by employers for regional bargaining declined but it remained the most favoured level of bargaining, and there was increased support for both national and enterprise bargaining. The reasons for supporting regional and national bargaining had not changed very much since 1991, but an important new factor was the experience of three years of national bargaining. Many respondents identified the tensions that had emerged between employer representatives from the different regions at the national negotiations, as the cause of dissatisfaction with the national bargaining arrangement. This confirmed the reservations that some respondents had had about national bargaining and entrenched their support for bargaining at the regional level. The dissatisfaction also contributed to the swing by other employers in favour of enterprise bargaining.

The additional reasons for the increased support for enterprise bargaining generally pointed to the benefits of the greater flexibility of bargaining at that level. The main reasons were the ability to tailor enterprise-level agreements according to the firm's ability to pay, the potential for developing a better relationship with the union, and the ability to link wage increases and productivity improvements in negotiations at the level of the enterprise.

The 1995 interviews also revealed a change in the relationship between aggregate preferences for different levels of bargaining and certain infrastructural variables. In particular, preferences for enterprise bargaining tended to be more closely associated with larger firm size, multi-plant firms, the employment of specialist industrial relations management, and operation of productivity incentive schemes. It is argued that broader changes in the economic environment, such as increased competitive pressures resulting from trade liberalisation and the growth of the informal sector, were linked to the more

significant association that these factors had with preferences for enterprise bargaining. Employers believed that these pressures demanded greater flexibility of the bargaining structure, which could be provided more easily by enterprise bargaining, or even regional bargaining.

The switch to national bargaining and the maintenance of bargaining at that level through to 1995, despite strong support by many employers for regional and enterprise bargaining, emphasises the importance of the power of SACTWU as a determinant of the level of bargaining. An additional factor was the changing balance of power in the wider society during the political transition to majority rule and the prospective election of what was perceived to be a labour-friendly government. Many employers were conscious of the added weight that this transition gave to the power that SACTWU was wielding at the industry level over its demand for national bargaining.

8.1.2 How employers interpret factors and make decisions about the level of bargaining

The findings showed that employers took into account a wide range of factors when forming their preferences about the level at which they wished to bargain. Employers' choices were, however, not determined functionally by these factors. Rather, the process through which employers interpreted these factors was complex and defies easy generalisation. There was, firstly, an enormous diversity in the way that employers thought about this issue. Employers arrived at the same conclusions from very different starting points, took different paths to get to those conclusions, and explained their conclusions in different ways. They also sometimes arrived at different conclusions. Secondly, there was a great deal of misconception and contradiction in many employers' thinking on the issue. Often employers had little or no information on the issue, a limited capacity to process that information, and their poor understanding of the issue restricted their ability to make strategic choices.

The finding that many employers had limited decision-making capacity in a situation of uncertainty regarding the costs and benefits of alternative levels of bargaining, gave

immense power to the employers' associations, particularly the 'leading' employers within the associations. It emerged that it was largely within the Executive Committee of the associations that strategic decision-making took place on the level of bargaining issue. Many employers allowed their own decisions to be shaped by the recommendations made by the Executive Committee and were dependent on the strategic direction given by the 'leading' employers within this committee. Power in the employers' associations therefore played a critical role in determining employers' decisions about the most appropriate level at which to bargain. In other words, decision-making on this issue was essentially a political process.

Within this context, the power of SACTWU had a decisive influence on the course taken by the employers' associations. The strength of the union meant that it held the upper-hand in the engagement with employers and the strategies the union developed in pursuing national bargaining continually kept employers on the back foot. The nature of the strategic choices made by the 'leading' employers on the levels of bargaining issue were therefore primarily reactive and defensive. They acknowledged that national bargaining was inevitable and their first step was to delay the inevitable for as long as possible. They would not, however, engage in an open fight with the trade union over the issue, nor did they wish to be dragged into a bargaining structure developed solely by the union. Their strategy was to delay up to a point but then to engage with the union over the nature of the structure to ensure that their interests were represented in its formation.⁸¹ The 'leading' employers were able to convince the body of the membership that this was the best course

⁸¹ Since the agreement to enter a national bargaining forum, the 'leading' employers have continued to pursue a defensive strategy. Firstly, the labour cost model has been developed for negotiations at the National Bargaining Forum to ensure that the regions retain some autonomy in the way in which increases are apportioned. This has reduced some of the friction that would have arisen at the national level between the representatives of the regional employers' associations if the union had attempted to eliminate all the differences between the regional agreements. Secondly, in the negotiations over the constitution of the national industrial council the 'leading' employers were trying to restrict its jurisdiction to the areas covered by the existing regional councils. This would block the immediate inclusion of low-wage areas, and employer representatives from those areas, that would probably be disruptive to employer unity at the national level.

of action, despite the strong opposition that had been displayed to national bargaining in the 1991 interviews.

8.2 A contribution to a theory of levels of bargaining

8.2.1 *A framework for theory*

If one wants to move beyond the theoretical statements discussed in Chapter Three and develop a theory of levels of bargaining there are six aspects, that together lead to the establishment and maintenance of a bargaining structure at a particular level, which need to be considered. These six aspects are:

- (1) the factors and forces that employers take account of in developing their preferences for different levels of bargaining, including those that might not be explicitly articulated but which are associated with particular levels;
- (2) the way that employers interpret those factors and forces in developing preferences and how they make decisions about the level at which they wish to bargain;
- (3) the factors and forces that trade unions' take account of in developing a preference for a certain level of bargaining, including those that might not be explicitly articulated but which are associated with particular levels;
- (4) the way that the trade unions' interpret those factors and forces and develop a policy about the level at which they want to bargain;
- (5) the power of employers and unions and the strategies they pursue to 'compel' each other to bargain at a particular level; and,
- (6) the fluctuation of all of the above aspects during industrial development, which induce pressures and resistance to change in the level of bargaining.

In addressing the question of theory, it is important to note that this case study has focussed primarily on employers. The study has therefore dealt mainly with the first two aspects in the above framework, as well as the fifth aspect (albeit through the eyes of employers only). In addition, the third and sixth aspects of this framework were dealt with to a certain extent in Chapter Four. The focus of the study therefore to some extent limits the development of a comprehensive theory of the determination of bargaining levels, but it does provide the basis for a theoretical explanation of the role of employers in the process of determination. Furthermore, the study fills an important gap by examining employers' preferences and decision-making processes, and it therefore makes a contribution to the advancement of a comprehensive theory of levels of bargaining.

A second point to note about the development of a theory of levels of bargaining is that such a theory should have general application. In other words, the theory should rise above case-by-case explanations and identify a general logic that explains the behaviour of employers and trade unions with regard to the determination of particular levels of bargaining. The limitations of a case study such as this one in making the step up from specific to general are obvious. However, it is argued that the findings of the study can make an important contribution to evaluating and modifying the existing theoretical approaches to explaining the determination of levels of bargaining and this study therefore does have relevance for theoretical development.

In the section that follows the findings of the study will be used to examine the theoretical approaches discussed in Chapter Three. The limitations of these approaches will be discussed and the contributions that this study makes will be explored. This exercise will provide the basis for advancing the theorisation of levels of bargaining along the lines of the above framework, albeit with limitations identified in the preceding paragraphs.

8.2.2 The engagement of empirical findings with theory

The findings of this study provide a number of lessons for a theory of levels of bargaining. Firstly, employers took account of a wide range of factors in developing preferences for a

particular level of bargaining. Most of these factors have been identified in previous research but the study also discovered additional factors. However, these factors took a particular form in the Western Cape clothing industry in the period during which the research was conducted, and employers' perceptions of these factors were therefore context dependent and historically rooted.

Second, there was a great deal of diversity in the way that employers interpreted factors and forces that favoured or opposed alternative levels of bargaining. Not only did they choose different factors but they also prioritised their reasons differently and articulated them in different ways. Political and ideological positions played a part in the variety of reasoning that employers displayed, as well as their individual work experiences. Preferences were therefore not functionally determined by environmental factors.

Third, employers did not pursue narrow economic interests when evaluating the appropriateness of bargaining at a particular level. While economic interests were the most important considerations for employers, they were not able to simply divorce themselves from their role as actors in the wider society when they evaluated the pro's and con's of different levels of bargaining. Employers, as social actors, introduced additional considerations which sometimes distorted or contradicted their purely economic interests.

Fourth, the decision-making process engaged in by employers was not 'rational' in the sense that rational choice theorists use the term. Decision-making was fraught with problems of limited understanding and information, as well as fear of the risks and uncertainty attached to an untried bargaining structure. In this situation the politics of collective decision-making within the employers' associations was at least as important as the 'rational' assessment of costs and benefits in arriving at a decision about the level of bargaining.

Fifth, power emerged as the key determinant of the level of bargaining. The power of the trade union was of great importance in convincing many employers that they needed to

face the union as a collective entity. The union's power therefore underpinned a preference for multi-employer bargaining. SACTWU's power was also fundamental to gaining the agreement by employers to change to national bargaining. Furthermore, in a situation of multi-employer bargaining, the exercise of power by certain 'leading' employers within the employers' associations played a critical part in shaping employers choices about the level at which they would bargain.

The above lessons point to the limitations of the theoretical statements drawn from the case studies referred to and endorsed by Deaton and Beaumont (1980), and Hendricks and Kahn (1982). While those studies advance our understanding of the significance of a variety of determinants of levels of bargaining within and across sectors, the imputation of a cost-benefit analysis to employers in making their choice about the level of bargaining is a vast over-simplification of this process. This study shows that employers are not a homogeneous entity that follows a uniform cost-benefit analysis to arrive at a decision about the level of bargaining. Furthermore, the unproblematic acceptance of rational choice theory in the large-scale studies leads to an implied structural determinism that the findings of this study oppose. History, social context, and power are all factors that can override the influence of industry infrastructure, thereby leaving the outcome of the level of bargaining issue relatively open-ended.

A sixth lesson for theory that emerges from the findings of this case study is the change in the importance of factors over time as changes occurred in the business and industrial relations environment, as well as in the broader political-economy of the country. Determining influences on preferences for different levels of bargaining therefore seem to be in a continual dynamic interplay, with some more prominent than others during certain periods, and with some creating pressures for change while others constrain those pressures and stabilise the existing bargaining arrangement.

This lesson, as well as some of the preceding lessons, are addressed in the comparative historical studies that throw light on the determination of bargaining levels. These studies

introduce a perspective of trends in levels of bargaining. This perspective points to the historical fluctuation of forces that impact on preferences for different levels of bargaining and identifies that way that country-specific factors, for example the national industrial relations system, mediate between those forces and preferences on the part of employers and unions. The nature of these country-specific factors can resist or facilitate the effects of these forces on bargaining structures. This approach therefore highlights the relationship between economic structure, the historical and social context of a country or sector, and levels of bargaining. Furthermore, the comparative historical studies also introduce a far more explicit recognition of power, and the exercise of this power between adversaries with conflicting interests, in the determination of levels of bargaining.

The comparative historical approach therefore makes a substantial contribution to the development of a theory of levels of bargaining. The significance of factors can be evaluated across countries and time, and their interrelationship with one another in each context can be examined and compared. The approach also accords the power of employers and trade unions a central role. However, the comparative historical approach tends to treat employers as an undifferentiated entity and, as noted in Chapter Two, it attributes preferences and strategic choices to employers based on outcomes. Both of these problems arise to a large extent from the methodology of the comparative historical approach, which must by its nature take a historical perspective and generalise about employers preferences and behaviour. This approach, however, ignores an examination of the process through which employers interpret influences and make decisions about the most appropriate level of bargaining.

The concept of strategy promises much in examining the interface between the structure-action duality in the choice of an appropriate level of bargaining by employers, but this promise is only partially fulfilled. Strategy emphasises the relative autonomy of actors' choices from structural determination, but much of the literature on strategy tends to overestimate the 'rationality' of employers' thinking and the extent of the forward-planning that precedes a choice being made. It therefore runs foul of the criticism that strategy lies

more in the eyes of theorists than in the minds of employers. In other words, strategy can be attributed to actors retrospectively where none actually existed. The real process of interpretation and decision-making is therefore abstracted from and over-simplified. The findings of this study support this criticism to a large extent. The study showed that there was limited knowledge and information on the issue amongst many respondents, which tended to breed doubt and intransigence rather than strategic decision-making.

This criticism does not, however, mean that employers are not future-oriented. The methodological approach adopted for this study revealed that employers were not only deeply influenced by their environment and their history, but that they were also to a greater or lesser extent future-oriented. They therefore brought with them a perceptual framework wrought in a particular historical context but they also evaluated future prospects and possibilities in order to seek proactive solutions to the questions that faced them. However, it must be emphasised that this future-oriented thinking was not necessarily strategic, in the sense of being part of a carefully thought through plan based on a thorough examination of all available information and all alternatives.

Having made this criticism, it should be noted that the study found that certain employers had engaged in strategic thinking on the issue of the level of bargaining, although this was primarily defensive. This strategic thinking was largely confined to the 'leading' employers in the CCMA and CKIA, which in turn entrenched their power within the associations. This underlines the fact that the development of a strategy by employers was essentially a political process. The defensive strategy emerged out of the debates within the Executive Committees and general meetings of the associations. It also evolved over time and was influenced and constrained by the union's strategies. This finding confirms the 'political approach' to explaining industrial relations strategy identified by Ahlstrand (1990), and is noted as part of the fifth lesson for theory above. It is only recently that theory has begun to take account of the heterogeneity of employers' interests and the role of the exercise of power between employers in moulding collective interests. This in turn focusses more

attention on the process that employers go through in forming preferences and making decisions.

The findings of this study strongly support the contention of Schmitter and Streeck that employers' associations are "producers of group interests".(Quoted in Tolliday and Zeitlin, 1991: 21) Furthermore, decision-making by employers within these associations might, because it brings together a range of skills and capacities not possessed by individual members, more closely approximate an 'ideal' cost-benefit decision, but the process of arriving at a decision is at root political. It is the employers that possess resources and articulate representatives that wield the power at the associations. These employers therefore play a key role in the formation of preferences by members and also play a disproportionate role in decision-making. A theory of bargaining levels must take account of the role and interests of 'leading' employers.

This case study therefore argues for greater recognition of the importance of the politics of collective decision-making by employers in a theory of levels of bargaining. Such recognition can give a new perspective on the relationship of multi-employer bargaining with structural determinants. For example, although multi-employer bargaining is said to be associated with industries where there are many small firms, it is apparent from this study that multi-employer bargaining is critically dependent on the support and active participation of larger firms in the industry. Without their participation, the many small firms might prefer multi-employer bargaining but would be unlikely to have the resources to make it work. A failure to take account of the decision-making process within employers' associations will lead to this type of dynamic remaining obscured.

It should also be noted that the power of the trade union played an important role in enabling employers to overcome the centrifugal pressures that existed between them and act collectively. This study therefore supports Schmitter and Streeck's argument that "employers' associations seem to need the support of strong interlocutors, in particular trade unions" in order to represent collective interests effectively. (Quoted in Tolliday and

Zeitlin, 1991: 20) A theory of levels of bargaining should therefore take account of trade union power, not only in its own right but also in the effect this has on building solidarity amongst employers.

8.2.3 *Conclusion: Towards a theory of bargaining levels*

How does the above contribute to a theory of levels of bargaining? Firstly, the case study method highlights a certain contextual uniqueness, both in terms of the configuration of structural factors and social forces and the dynamics of organisational characteristics, of the establishment and maintenance of bargaining structures at particular levels. A theory of levels of bargaining must recognise, despite its own need for generalisation, a certain degree of contextual specificity. This should not, however, obscure the fact that there are factors and forces common to different sectors and countries, that are associated with different levels of bargaining or pressures towards particular levels of bargaining. A theory of levels of bargaining must therefore take account of both the commonality and specificity of determinants through an explanation of the way that factors and forces assume particular forms and significance in each setting and across time.

Secondly, this study emphasises the role of employers in the establishment of bargaining structures at particular levels. It, furthermore, highlights the diversity of interests amongst employers and the differences that exist in the way that they view their interests and approach the issue of levels of bargaining. A theory of levels of bargaining cannot therefore assume a homogeneity of interests on the part of employers or a uniformly 'rational' decision-making process. The theory must provide for an explanation of interpretation and decision-making by employers that recognises diversity of interests, bounded rationality, non-optimal satisficing decision-making, and the influence of wider social and political considerations. The theory must also recognise that decision-making by employers is a political process.

Thirdly, the diversity of employers' interests poses the problem for theory of explaining the determination of multi-employer bargaining structures. The study shows that the power of

'leading' employers within employers' associations plays a key role in consolidating and directing employers' interests. Furthermore, employers' perceptions of trade union power plays a fundamental role in their recognition of the need to act collectively, which underpins multi-employer bargaining arrangements. An analysis of power, both within the employer collectivity and between employers and unions, is therefore central to the ability of a theory of levels of bargaining to explain multi-employer bargaining.

As noted above, the focus of this case study has limitations for providing a comprehensive theory of bargaining levels, as outlined in the six point framework at the start of this section. However, the above three points provide a theoretical explanation of the role of employers in determining the level of bargaining, and are proposed as crucial for advancing existing theory on the determination of levels of bargaining.

8.2.4 *A final comment on the research methodology*

It is argued that many of the insights gained from this study were primarily the result of the nature of the methodology adopted. The in-depth focus on employers' subjective expressions of preferences has brought out the diversity, nuances, and texture of employers' perceptions of their interests. This approach has also identified the way in which the politics of decision-making in the employers' associations played a crucial role in shaping those preferences into a workable consensus. At the same time, the quantitative (or structural) component has balanced the emphasis on the subjective reality of respondents and allows for an evaluation of the significance of objective factors for the determination of the level of bargaining.

The methodology has therefore allowed for an exploration of the interface between structure and action in the context of employers' perceptions and decisions about the most appropriate level of bargaining. The contemporaneous focus of the methodology and the longitudinal nature of the study aids this exploration. The approach adopted in the study therefore avoids the deterministic explanations of some existing theoretical statements and highlights the need to take account of the structure-action interface for a full exposition of

the determination of levels of bargaining. However, the methodology also reveals the complexity of this interface and raises it as a challenge for further theoretical development.

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APPENDIX A INTERVIEWEES

Interviews were held with the following people, in addition to the 42 employers that were interviewed¹:

Peter Cragg, Director of the CCMA and CKIA;

Two spokespersons for the GMA who chose to remain anonymous;

Ronald Bernickow, Western Cape Regional Organiser of SACTWU;

Wayne Van Der Rheede, Western Cape Regional Secretary of SACTWU;

Howie Gabriels, previously Western Cape Regional Secretary of SACTWU;

J. Vaughn, previously Secretary of the Industrial Council for the Clothing Industry (Cape);

D. Ackerman, Secretary of the Industrial Council for the Clothing Industry (Cape).

¹ Note that because of the contentious nature of the issue of bargaining levels (particularly in 1991), interviews were obtained with employers on the basis of confidentiality, that is, no employer or firm would be identified by name. It is therefore not possible to provide a list of the firms that made up the samples in 1991 and 1995.

APPENDIX B
1991 QUESTIONNAIRES

Questionnaire for Employer (Member)

A. Profile of the firm: Basic features

1. Is the firm a clothing, knitwear or CMT operation.
2. Does the firm produce a specific line or lines of clothing or knitwear. Give details.
3. How long has the firm been in operation.
4. Is it a subsidiary of another firm (give name of holding company).
- * Does it have subsidiary firms (give names).
5. How many plants does the firm have and where are these situated.
- * Indicate whether the plants are clothing/knitwear/CMT operations, and whether they specialise in certain lines.
6. What is the size of your workforce (per plant).
7. Approximately how many of these are union members.

B. Profile of the firm: The production process

8. Can you briefly describe the production process at the firm.
9. Does this differ significantly from other clothing/knit-wear/CMT operations, and if so are you faced with higher or lower unit labour costs as a result of this difference.
10. Do you have any productivity incentive schemes. Give details.
11. Has your firm reorganised its production process significantly over the last 10 years or introduced any major technological innovations in this period. If so describe and give the reasons.

C. Profile of the firm: The labour market

12. Do you draw your workforce from the Western Cape locally or the Cape region, or nationally (i.e. is the labour market local, regional or national).
13. Do you find that there is a ready supply of clothing workers of all categories, or are certain categories in short supply. Specify.

14. Do you have a policy about paying the minimum wages set down in the Ind. Council agreement or do you pay certain workers or certain categories above the minimum rates. Give the reasons and, if necessary, specify which workers or categories are paid above the minimum rates.

D. Profile of the firm: The product market

15. Is the market that you compete in local, regional or national (i.e. are the buyers of your products also buying similar products from manufacturers in the other regions).

16. Is the market you compete in in any way distinct from the general clothing market, in that it has specific circumstances or constraints which make your overheads bigger or smaller, or which make your margins bigger or smaller (e.g. higher quality clothing which has a higher mark-up).

17. If you had to rank the market that you compete in in terms of the intensity of competition on a scale of 1 to 5, where would you place it:

1. No competition - i.e. monopoly;
2. Limited competition but not very relevant;
3. Competitive but some room to manoeuvre;
4. Very competitive with tight conditions;
5. Highly competitive with cut-throat conditions.

18. Do you have a significant market share.

Insignificant
5%
10%
15%
20% - etc.

19. Is the market very sensitive to seasonal variations.

* Is the market very sensitive to the business cycle.

20. Do you export clothing. Give details.

21. Have there been any major trends in the market over the last 10 years (e.g. has it moved in a higher quality, value-added direction, or a cheaper, mass-produced direction).

E. Profile of the firm: IR management

22. Does the firm have an IR manager.

* If not, which manager(s) deal with the IR functions (e.g. who attends the CCMA meetings, negotiates with the union, etc.).

23. If the firm does not have an IR manager how important are the following reasons:

- (a) The firm can't afford one;
- (b) The firm is not big enough for one;
- (c) The existing management has the time and the skills to deal with all IR matters;
- (d) We use a consultant or get advice from the CCMA or CKIA and this is adequate for our requirements.

* Specify if there are other reasons besides those given above and indicate their importance.

24. If there is no IR manager would the firm ideally like to employ one.

25. What is the extent of your participation in the CCMA or the CKIA:

- (a) Non-existent;
- (b) We only go to meetings if there is a crisis;
- (c) We attend meetings on a regular basis;
- (d) We are represented on the Executive Committee;

* Would this increase significantly if you had an IR manager, or would you no longer see a need for participating.

F. Centralised bargaining and level of bargaining

26. Do you support or reject centralised bargaining. Give your reasons in detail.

27. If you support centralised bargaining comment on the importance of the following factors for your support:

- (a) It balances union power, i.e. the firm is not strong enough to face the union on its own;
- (b) The firm prefers negotiations to be removed from its own shopfloor and from direct worker participation;
- (c) It is convenient for negotiations to be handled by an employers' organisation, i.e. the firm does not have the resources, skills or manpower to negotiate with the union directly,
- (d) The firm has a developed managerial philosophy that supports centralised bargaining;
- (e) The clothing industry is extremely competitive and is labour intensive, and the labour and product markets would become chaotic if firms were competing on the basis of wages;

- (f) Our production process and cost structure is basically the same as all the firms in the industry so it makes sense for wages and conditions of employment to be uniform;
 - (g) Minimum wages and conditions of employment are essential to protect workers and stop the development of sweatshops;
 - (h) The firm's unit labour costs are lower than the industry's and it is therefore profitable to be part of an industry-wide forum;
 - (i) The firm fears leapfrog bargaining by the union;
 - (j) The firm could not on its own provide medical and provident funds for its workers and a centralised forum is a convenient way of providing workers with these benefits;
 - (k) There has always been centralised bargaining in the clothing/knitwear industry and we have gone along with it without ever giving it much thought;
28. If you reject centralised bargaining comment on the importance of the following factors for your rejection:
- (a) The firm is capable of facing the union on its own and would prefer to negotiate on the basis of its own ability to pay;
 - (b) The firm has a managerial philosophy that favours decentralised bargaining;
 - (c) Centralised bargaining does not take account of the requirements or circumstances of individual firms;
 - (d) The wage levels favour the bigger firms and restrict our ability to compete with them;
 - (e) The agreements restrict the firm's flexibility and its ability to respond quickly to market conditions;
 - (f) Because of the type of clothing/knitwear we produce our unit labour costs are higher than the average clothing/knitwear firm and the wage levels in the agreements therefore restrict our ability to utilise labour cost-effectively;
 - (g) Wage increases should be linked to increases in productivity and this can only be done if negotiations are conducted at plant level;
29. At present collective bargaining in the Western Cape is centralised to the regional level (i.e. it covers the Western Cape). Do you support or reject centralisation to this particular level. Give your reasons in detail.
30. Comment on the importance of the following factors for your support for this level of centralisation:
- (a) The employers are more powerful at this level than the trade union;

- (b) Our firm can participate effectively in a regional forum;
 - (c) It would not be feasible for employers to organise at a higher level than this, i.e. to cover a wider area;
 - (d) The geographical concentration of firms in the Western Cape and its distance from other regions make this a logical level to bargain at;
 - (e) Regional level negotiations can more effectively accommodate particular regional problems and circumstances;
 - (f) This area covers the labour market for the clothing industry in the Western Cape and wages should therefore be bargained at this level;
 - (g) This area covers the product market that the firm competes in and wages should therefore be bargained at this level;
 - (h) Centralised bargaining in the clothing/knitwear industry has always been conducted at this level;
31. Would you support or reject centralisation of collective bargaining to the national level. Give your reasons in detail.
32. Comment on the importance of the following arguments for supporting centralisation of bargaining to the national level:
- (a) Employers will be able to organise themselves better at a national level and could counter the union more effectively at this level;
 - (b) The clothing market is national and therefore all employers should be bound by the same wage rates, i.e. a national forum would be able to establish national minimum wage rates which would stop regions with lower wage levels from undercutting firms in the Western Cape;
 - (c) It will mean that the decentralised areas will be covered by the minimum wage rates;
 - (d) Benefit funds set up at the national level will be able to provide better benefits for workers;
 - (e) The clothing industry is a national industry and it would become more efficient and competitive if wages and conditions of employment were coordinated at a national forum;
33. Comment on the importance of the following factors for your opposition to centralisation of bargaining to the national level:
- (a) The trade union will be more powerful at a national bargaining forum than employers;
 - (b) Individual firms will have no voice at a national level;

- (c) The logistics of organising on a national level, the difficulty of obtaining an acceptable mandate from all the regions, and the possible lengthening of the negotiations, would make a national forum unwieldy;
- (d) Every region has its own economic circumstances and regional forums are therefore the most appropriate levels to bargain at;
- (e) Workers in the various regions are not all equally productive and therefore national wage rates will prejudice those regions with less productive workers;

G. The industrial council

34. You are a member of the CCMA or CKIA. Give your reasons in detail.

35. Indicate the importance of the following factors for being a member:

- (a) It is to support centralised bargaining;
- (b) It is a way of getting advice and assistance with IR problems;
- (c) It is a way of staying in touch with what the union is doing and how employers are responding;
- (d) It is a way of getting information on developments in the industry, e.g. markets, trends, new technology, etc..

* Specify if there are other reasons besides those given above and indicate their importance.

36. Do you believe that you have a meaningful say in the Council negotiations through your membership. If not, give reasons.

37. Do you have any criticisms of the way the Association operates, and if so, what improvements could you suggest.

38. There are now three separate employers' associations in the clothing industry in the Western Cape. Do you think this is beneficial for employers in negotiations in the Council, or would it be better if they amalgamated. Give reasons.

39. Do you have any criticisms of the present area or scope of the Industrial Council.

40. Do you have any criticisms of the present structure and operation of the Industrial Council.

* Specifically, do you agree that the clothing and knitting sectors should have separate agreements. Give reasons in detail.

* Secondly, do you think there are valid grounds for the CMT firms to have a separate agreement. Give reasons in detail.

53. Do you at present, or would you in future be prepared to bargain at company or plant level with the trade union over issues not covered by the Council agreement (e.g. over a retrenchment procedure).

54. Do you think that the council in its present form could accommodate bargaining over issues such as employment creation, investment, and price controls.

* Give your reasons for supporting or rejecting the bargaining such issues.

55. Could you comment on the Clothing Industry Training Board and the training needs of the industry, i.e. is the C.I.T.B. providing adequate training.

H. The demand for a national industrial council

56. Would this benefit or disadvantage your firm in any particular way.

57. If clothing employers did participate should they organise themselves on a national basis, or would you prefer the CCMA and CKIA to participate in its present form so as to represent the Western Cape region.

58. If wages were negotiated nationally do you think that certain areas should be allowed lower wage levels, e.g. rural areas.

59. Do you think an appropriate bargaining structure could be one which has a national forum together with regional forums with different issues being dealt with at each level.

* And if so, at which level do you think that wages should be bargained.

60. The trade union has stated that at a national council the following issues could be dealt with:

Employment creation
Inflation
Economic growth
Investment
Incomes policy
Training
Productivity

* Would you agree to negotiate these issues at the proposed national council.

* Do you think that all these issues can be negotiated.

61. Do you think that in future productivity bargaining should be linked to wage bargaining.

* If so, at what level should this take place.

62. The trade union has established a National Forum together with the employers' associations from the other regions. At present the CCMA and CKIA are not participating in this Forum - do you agree with this position (note that the National Forum is not a bargaining forum at present - it is a consultative forum only).

* What issues do you think should be discussed at this Forum.

63. Would you be prepared to pull out of the Council rather than participate in a national council.

64. A number of employers have stated that they felt that the union could not be 'trusted', i.e. the union did not honour agreements and did not conduct itself as it should in the bargaining relationship. Give your comments on this allegation and indicate whether your attitude to a national industrial council is influenced by this lack of 'trust'.

65. What do you see happening in the next 5 years in the clothing industry around the issue of levels of bargaining.

* How do you see relations between the employers and the trade union developing in general.

Questionnaire for Employer (Non-Member)

A. Profile of the firm: Basic features

1. Is the firm a clothing, knitwear or CMT operation.
2. Does the firm produce a specific line or lines of clothing or knitwear. Give details.
3. How long has the firm been in operation.
4. Is it a subsidiary of another firm (give name of holding company).
- * Does it have subsidiary firms (give names).
5. How many plants does the firm have and where are these situated.
- * Indicate whether the plants are clothing/knitwear/CMT operations, and whether they specialise in certain lines.
6. What is the size of your workforce (per plant).
7. Approximately how many of these are union members.

B. Profile of the firm: The production process

8. Can you briefly describe the production process at the firm.
9. Does this differ significantly from other clothing/knit-wear/CMT operations, and if so are you faced with higher or lower unit labour costs as a result of this difference.
10. Do you have any productivity incentive schemes. Give details.
11. Has your firm reorganised its production process significantly over the last 10 years or introduced any major technological innovations in this period. If so describe and give the reasons.

C. Profile of the firm: The labour market

12. Do you draw your workforce from the Western Cape locally or the Cape region, or nationally (i.e. is the labour market local, regional or national).
13. Do you find that there is a ready supply of clothing workers of all categories, or are certain categories in short supply. Specify.
14. Do you have a policy about paying the minimum wages set down in the Ind. Council agreement or do you pay certain workers or certain categories above the minimum rates. Give the reasons and, if necessary, specify which workers or categories are paid above the minimum rates.

D. Profile of the firm: The product market

15. Is the market that you compete in local, regional or national (i.e. are the buyers of your products also buying similar products from manufacturers in the other regions).
16. Is the market you compete in in any way distinct from the general clothing market, in that it has specific circumstances or constraints which make your overheads bigger or smaller, or which make your margins bigger or smaller (e.g. higher quality clothing which has a higher mark-up).
17. If you had to rank the market that you compete in in terms of the intensity of competition on a scale of 1 to 5, where would you place it:
 1. No competition - i.e. monopoly;
 2. Limited competition but not very relevant;
 3. Competitive but some room to manoeuvre;
 4. Very competitive with tight conditions;
 5. Highly competitive with cut-throat conditions.
18. Do you have a significant market share.

Insignificant
5%
10%
15%
20% - etc.

19. Is the market very sensitive to seasonal variations.
- * Is the market very sensitive to the business cycle.
20. Do you export clothing. Give details.
21. Have there been any major trends in the market over the last 10 years (e.g. has it moved in a higher quality, value-added direction, or a cheaper, mass-produced direction).

E. Profile of the firm: IR management

22. Does the firm have an IR manager.
 - * If not, which manager(s) deal with the IR functions (e.g. who attends the CCMA meetings, negotiates with the union, etc.).
23. If the firm does not have an IR manager how important are the following reasons:
 - (a) The firm can't afford one;
 - (b) The firm is not big enough for one;

(c) The existing management has the time and the skills to deal with all IR matters;

(d) We use a consultant which is adequate for our requirements.

* Specify if there are other reasons besides those given above and indicate their importance.

24. If there is no IR manager would the firm ideally like to employ one.

25. Would you join the CCMA or the CKIA if you got an IR manager, or would you have even less reason for joining.

F. Centralised bargaining and level of bargaining

26. Do you support or reject centralised bargaining. Give your reasons in detail.

27. If you support centralised bargaining comment on the importance of the following factors for your support:

(a) It balances union power, i.e. the firm is not strong enough to face the union on its own;

(b) The firm prefers negotiations to be removed from its own shopfloor and from direct worker participation;

(c) It is convenient for negotiations to be handled by an employers' organisation, i.e. the firm does not have the resources, skills or manpower to negotiate with the union directly;

(d) The clothing industry is extremely competitive and is labour intensive, and the labour and product markets would become chaotic if firms were competing on the basis of wages;

(e) Our production process and cost structure is basically the same as all the firms in the industry so it makes sense for wages and conditions of employment to be uniform;

(f) Minimum wages and conditions of employment are essential to protect workers and stop the development of sweatshops;

(g) The firms unit labour costs are lower than the industry's and it is therefore profitable to be part of an industry-wide forum;

(h) The firm fears leapfrog bargaining by the union;

(i) The firm could not on its own provide medical and provident funds for its workers and a centralised forum is a convenient way of providing workers with these benefits;

(j) There has always been centralised bargaining in the clothing/knitwear industry and we have gone along with it without ever giving it much thought;

28. If you reject centralised bargaining comment on the importance of the following factors for your rejection:
- (a) The firm is capable of facing the union on its own and would prefer to negotiate on the basis of its own ability to pay;
 - (b) The firm has a managerial philosophy that favours decentralised bargaining;
 - (c) Centralised bargaining does not take account of the requirements or circumstances of individual firms;
 - (d) The wage levels favour the bigger firms and restrict our ability to compete with them;
 - (e) The agreements restrict the firm's flexibility and its ability to respond quickly to market conditions;
 - (f) Because of the type of clothing/knitwear we produce our unit labour costs are higher than the average clothing/knitwear firm and the wage levels in the agreements therefore restrict our ability to utilise labour cost-effectively;
 - (g) Wage increases should be linked to increases in productivity and this can only be done if negotiations are conducted at plant level;
29. At present collective bargaining in the Western Cape is centralised to the regional level (i.e. it covers the Western Cape). Do you support or reject centralisation to this particular level. Give your reasons in detail.
30. Comment on the importance of the following factors for your support for this level of centralisation:
- (a) The employers are more powerful at this level than the trade union;
 - (b) The geographical concentration of firms in the Western Cape and its distance from other regions make this a logical level to bargain at;
 - (c) Regional level negotiations can more effectively accommodate particular regional problems and circumstances;
 - (d) This area covers the labour market for the clothing industry in the Western Cape and wages should therefore be bargained at this level;
 - (e) This area covers the product market that the firm competes in and wages should therefore be bargained at this level;
 - (f) Centralised bargaining in the clothing/knitwear industry has always been conducted at this level;
31. Would you support or reject centralisation of collective bargaining to the national level. Give your reasons in detail.

32. Comment on the importance of the following arguments for supporting centralisation of bargaining to the national level:
- (a) Employers will be able to organise themselves better at a national level and could counter the union more effectively at this level;
 - (b) The clothing market is national and therefore all employers should be bound by the same wage rates, i.e. a national forum would be able to establish national minimum wage rates which would stop regions with lower wage levels from undercutting firms in the Western Cape;
 - (c) It will mean that the decentralised areas will be covered by the minimum wage rates;
 - (d) Benefit funds set up at the national level will be able to provide better benefits for workers;
 - (e) The clothing industry is a national industry and it would become more efficient and competitive if wages and conditions of employment were coordinated at a national forum;
33. Comment on the importance of the following factors for your opposition to centralisation of bargaining to the national level:
- (a) The trade union will be more powerful at a national bargaining forum than employers;
 - (b) Individual firms will have no voice at a national level;
 - (c) The logistics of organising on a national level, the difficulty of obtaining an acceptable mandate from all the regions, and the possible lengthening of the negotiations, would make a national forum unwieldy;
 - (d) Every region has its own economic circumstances and regional forums are therefore the most appropriate levels to bargain at;
 - (e) Workers in the various regions are not all equally productive and therefore national wage rates will prejudice those regions with less productive workers;

G. The industrial council

34. You are not a member of the CCMA or CKIA. Give your reasons in detail.
- * Are you a member of the GMA. Give your reasons for membership or non-membership.
35. If you are a member of the GMA comment on the importance of the following factors for being a member:
- (a) It is to support centralised bargaining;

- (b) It is a way of getting advice and assistance with IR problems;
 - (c) It is a way of staying in touch with what the union is doing and how employers are responding;
 - (d) It is a way of getting information on developments in the industry, e.g. markets, trends, new technology, etc..
- * Specify if there are other reasons besides those given above and indicate their importance.
36. Do you have any criticisms of the present area or scope of the Industrial Council.
37. Do you have any criticisms of the present structure and operation of the Industrial Council.
- * Specifically, do you agree that the clothing and knitting sectors should have separate agreements. Give reasons in detail.
- * Secondly, do you think there are valid grounds for the CMT firms to have a separate agreement. Give reasons in detail.
38. Which length of agreement suits your firm best:
- 1 year
 - 18 mths
 - 2 years
 - 3 years
39. In terms of the Labour Relations Act the Minister of Manpower has the ability to extend the Council's agreement to cover non-parties. Do you agree with the extension of agreements to non-parties. Give reasons or, if necessary, possible alternatives.
40. The wage table in the Council agreement details a full range of jobs together with applicable wages. Does this wage table correspond with your requirements given the production process at your firm.
41. Do you think that all categories of work are valued correctly (e.g. some employers say that qualified machinists can possess a variety of skills and that it is unfair that these are not recognised and that there is only a single wage rate for machinists).
42. Are you in favour of across-the-board wage increases being negotiated.
43. Have the Council wage increases ever caused the firm to reduce its labour force.
44. Do you think the present wage table could be simplified to just 6 - 8 broad grades reflecting levels of skill, into which all the present categories could be fitted.
- * If so, would you prefer such a wage table or is the present detailed wage table more suitable. Give reasons.

45. Do you think such a wage table could be used for both the clothing and knitting industries, and therefore enable them to be covered by the same agreement.
46. Do you think the present Council benefit funds (i.e. the Provident Fund and the Sick Fund) provide adequate benefits.
- * If not, indicate in what way they are unsatisfactory.
- * Secondly, do these funds clash with any company funds or schemes.
47. What is your attitude to a "Wage Slack Fund", i.e. a fund which employers and employees contribute to and which can be drawn on when a firm has to work short-time.
48. Do you at present, or would you in future be prepared to bargain at company or plant level with the trade union over issues not covered by the Council agreement (e.g. over a retrenchment procedure).
49. Could you comment on the Clothing Industry Training Board and the training needs of the industry, i.e. is the C.I.T.B. providing adequate training.

H. The demand for a national industrial council

50. Would this benefit or disadvantage your firm in any particular way.
51. If wages were negotiated nationally do you think that certain areas should be allowed lower wage levels, e.g. rural areas.
52. Do you think an appropriate bargaining structure could be one which has a national forum together with regional forums with different issues being dealt with at each level.
- * And if so, at which level do you think that wages should be bargained.
53. Do you think that in future productivity bargaining should be linked to wage bargaining.
- * If so, at what level should this take place.
54. What do you see happening in the next 5 years in the clothing industry around the issue of levels of bargaining.
- * How do you see relations between the employers and the trade union developing in general.

**Questionnaire for the Director of the Cape Clothing Mfrs' Association
and the Cape Knitting Industry Association**

A. The Area, Scope, Structure and Functions of the CCMA and the CKIA

1. What is the area and scope for which the CCMA and the CKIA are registered?
 2. What are the functions of the CCMA and the CKIA?
 3. When were the CCMA and CKIA established, and have there been major changes to the area, scope or functions of the organisations since then? Give the reasons for these changes.
 4. Do the Associations have links to other bodies or organisations (e.g. the other regional clothing/knitting employers' associations, the Cape Chamber of Industries, the National Clothing Federation, SACOB, and SACCOLA)? Describe these links in detail.
- * Secondly, do the Associations have links to the CITB?
5. Explain why the CCMA and the CKIA have been constituted as separate bodies. To what extent do they function together as a single body?
 6. What are the chances of the CCMA and the CKIA merging into a single body?
 7. Describe the structure of the two associations and list the present office bearers (and their companies).
 8. Describe the local committee structure and explain the reasons for the introduction of this structure.
 9. Do you think the level of representativity of the Associations is satisfactory at present? If not, what are your plans in this regard (e.g. do you actively go out and recruit firms)?
 10. Could you give a racial breakdown of the membership of the Associations?
 11. What is the membership fee to join the CCMA or the CKIA, and what is the annual subscription?
 12. What is the CCMA's policy towards the GMA, i.e. do you think that there is any chance of a merger?
 13. Have you any idea of the level of representativity of the GMA?
 14. Could you briefly describe the procedure whereby a mandate is obtained from members for negotiations with the trade union. Is the resulting counter-proposal and settlement decided by majority vote or consensus?
- * Secondly, on what criteria do the members base their counter-proposal (e.g. last years profits, or what the other regions are paying, or the inflation rate, etc.)?

* Thirdly, to what extent do negotiations take account of the fact that the workforce in the clothing industry is almost entirely made up of women?

B. The Industrial Council

15. Have the Associations any specific criticisms of the existing area and scope of the Industrial Council?

16. Have the Associations any criticisms of the existing structure and functioning of the Industrial Council?

* Specifically, what are the reasons for the clothing and knitting sectors having separate agreements? Is there a chance that these agreements could be consolidated into one agreement?

* Secondly, do the Associations believe that there are valid grounds for the CMT firms to have a separate agreement? Give the reasons in detail.

17. SACTWU has proposed the incorporation of the Millinery sector into the Council. What is the thinking of the Associations with regard to this demand? If a merger does take place how will the Council be re-structured to accommodate the Millinery sector?

18. Which length of agreement suits the Associations best:

- 1 year
- 18 months
- 2 years
- 3 years?

19. Are the Associations satisfied with the existing wage tables in the Council's agreements?

* Specifically, do they agree that all the categories of work are valued correctly?

* Secondly, do they agree that the existing wage table could be simplified to just 6 - 8 broad grades reflecting levels of skill, into which all the present categories could be fitted?

20. Would the wage table referred to above be able to be used for both the clothing and the knitting industries?

21. Are the Associations in favour of across-the-board wage increases being negotiated?

22. What is the policy of the Associations on the existing Council benefit funds (i.e. the Provident Fund and the Sick Fund)?

23. What are the Associations' views on a Wage Slack Fund, i.e. a fund for the employees of firms that are working short-time?

24. In recent years a "Side Agreement" has been established at the Council. What was the background to this and what has the effect been?

25. Certain unions argue that the councils set minimum rates and actual wages should be negotiated at plant-level over and above the minimum rate, according to the particular firms ability to pay. What are the Associations' responses to this argument?
26. Do you know what the extent of plant-level bargaining over issues not covered by the Council's agreements is amongst the Associations' members in the Western Cape.
27. Do you think that the Council is a suitable forum for negotiating over productivity.
28. What would be the Associations' policies on the negotiation of issues such as employment creation, price controls and investment in the present Council?
29. Do the Associations support the closed shop clause in the Council's agreements?

C. Centralised Bargaining and Level of Bargaining

30. What are the policies of the Associations towards centralised bargaining? Give the reasons for these policies in detail.
31. At which level do the Associations support centralised bargaining, i.e. at regional or national level? Give reasons for supporting a particular level in detail.
32. Are these policies shared by all the members or are certain members arguing for a different policy? If so, what is this alternative policy and what are the reasons underlying it?
33. SACTWU has demanded the formation of a national industrial council through the amalgamation of existing regional councils. What are the Associations' policies on this demand? Give reasons in detail.
34. If a national council was to be formed would the CCMA and the CKIA merge with the other regional associations to form a national association, or would all the associations merge into the NCF? Or would the Associations sit on the national council as regional bodies?
35. Do you think that an appropriate bargaining structure could be one which has a national forum together with regional forums with different issues being dealt with at each level?
36. If a national industrial council was to be formed would the Associations demand that wage negotiations take account of regional circumstances and differences, or would they agree to uniform national wage rates?

37. SACTWU has stated that at a national council the following issues could be dealt with:

Employment creation
Inflation
Economic growth
Investment
Incomes policy
Training
Productivity

* Do you think that all these issues could be dealt with by a national council.

* Secondly, do you think that such a forum should be an industrial council or should it be an alternative structure (e.g. the National Forum)?

38. The Associations have recently agreed to participate in the National Forum. Could you describe the background to this decision and indicate on what conditions the Associations are participating.

* Secondly, could you briefly describe what the main objections were to participating prior to this decision being taken.

39. A number of employers have stated that they felt that the union could not be 'trusted', i.e. the union did not honour agreements and did not conduct itself in the bargaining relationship as it should. Do the Associations also subscribe to this view and does this play a part in the Associations' policies on the union's call for a national industrial council?

40. What do you see happening in the next 5 years in the clothing industry around the issue of levels of bargaining?

41. How do you see relations between the employers and the trade union developing in general over the next 5 years?

D. The State and the Industrial Council

42. Do the Associations support the extension of the Council's agreement to non-parties? Give reasons.

43. Do you agree that the Minister of Manpower should have an absolute discretion with regard to the publication and extension of the Council's agreement?

* Do you think that this question can be determined according to other criteria?

44. How would the Associations react to the refusal of the Minister to extend an agreement?

45. What do you think the state's intentions are with regard to industrial councils? Can you illustrate with examples of some of the problems experienced by the Council.
46. In SACTWU's opposition to the National Minimum Wage it indicates that it would support legislation compelling firms to bargain with representative trade unions in industrial councils. What would the Associations' policy be to such legislation?
47. The NMC has proposed that legislation introduce a duty to bargain and the Industrial Court would be able to decide on the level at which that bargaining will take place if the parties cannot decide this themselves. What would the Associations' policy be to such legislation?
48. What do you think the future holds for the industrial council system in general?

Questionnaire for the Garment Manufacturers' Association

A. The Area, Scope, Structure and Functions of the GMA

1. What is the area and scope for which the GMA is registered?
 2. What are the functions of the GMA?
 3. When was the GMA established, and have there been major changes to the area, scope or functions of the organisation since then? Give the reasons for any changes that have taken place.
 4. Explain why the GMA was formed.
 5. Does the GMA have links to other bodies or organisations (e.g. the other regional clothing/knitting employers' associations, the Cape Chamber of Industries, the National Clothing Federation, SACOB, and SACCOLA)? Describe these links in detail.
- * Secondly, does the GMA have links to the CITB?
6. What is the GMA's policy towards the CCMA, i.e. do you think that there is any chance of a merger?
- * Secondly, do you think a merger would strengthen the employer side during negotiations?
7. Describe the structure of the GMA and name the office bearers (and their companies).
 8. How many firms are members and approximately how many workers do these firms employ in total?
- * Could we have a list of your members and the number of workers employed by each of your members?
9. Do you think the level of representativity of the GMA is satisfactory at present? If not, what are your plans in this regard (e.g. do you actively go out and recruit firms)?
 10. Could you give a racial breakdown of the membership of the GMA?
 11. What is the membership fee to join the GMA and what is the annual subscription?
 12. Could you briefly describe the procedure whereby a mandate is obtained from members for negotiations with the trade union. Is the resulting counter-proposal and settlement decided by majority vote or consensus?
- * Secondly, on what criteria do the members base their counter-proposal (e.g. last years profits, or what the other regions are paying, or the inflation rate, etc.)?
- * Thirdly, to what extent do negotiations take account of the fact that the workforce in the clothing industry is almost entirely made up of women?

B. The Industrial Council

13. Has the GMA any specific criticisms of the existing area and scope of the Industrial Council?
14. Has the GMA any criticisms of the existing structure and functioning of the Industrial Council?
 - * Specifically, does the GMA agree with the clothing and knitting sectors having separate agreements?
 - * Secondly, does the GMA believe that there are valid grounds for the CMT firms to have a separate agreement? Give the reasons in detail.
15. SACTWU has proposed the incorporation of the Millinery sector into the Council. What is the thinking of the GMA with regard to this demand? If a merger does take place how should the Council be re-structured to accommodate the Millinery sector?
16. Which length of agreement suits the GMA best:
 - 1 year
 - 18 months
 - 2 years
 - 3 years?
17. Is the GMA satisfied with the existing wage table in the Council's agreement?
 - * Specifically, does the GMA agree that all the categories of work are valued correctly?
 - * Secondly, does the GMA agree that the existing wage table could be simplified to just 6 to 8 broad grades reflecting levels of skill, into which all the present categories could be fitted?
18. Would the wage table referred to above be able to be used for both the clothing and the knitting industries?
19. Is the GMA in favour of across-the-board wage increases being negotiated?
20. What is the policy of the GMA on the existing Council benefit funds (i.e. the Provident Fund and the Sick Fund)?
21. What is the GMA's views on a Wage Slack Fund, i.e. a fund for the employees of firms that are working short-time?
22. In recent years a "Side Agreement" has been established at the Council. What is the GMA's policy towards this Agreement?
23. Certain unions argue that the councils set minimum rates and actual wages should be negotiated at plant-level over and above the minimum rate, according to the particular firms ability to pay. What is the GMA's response to this argument?

24. Do you know what the extent of plant-level bargaining over issues not covered by the Council's agreements is amongst the GMA's members in the Western Cape? What is the GMA's policy in this regard?
25. Do you think that the Council is a suitable forum for negotiating over productivity.
26. What would the GMA's policies be on the negotiation of issues such as employment creation, price controls and investment in the present Council?
27. Does the GMA support the closed shop clause in the Council's agreements?

C. Centralised Bargaining and Level of Bargaining

28. What is the policy of the GMA towards centralised bargaining? Give the reasons for this policy in detail.
29. At which level does the GMA support centralised bargaining, i.e. at regional or national level? Give reasons for supporting a particular level in detail.
30. Is this policy shared by all the members or are certain members arguing for a different policy? If so, what is this alternative policy and what are the reasons underlying it?
31. SACTWU has demanded the formation of a national industrial council through the amalgamation of existing regional councils. What is the GMA's policy on this demand? Give reasons in detail.
32. If a national council was to be formed would the GMA merge with the other regional associations to form a national association, or would the GMA sit on the national council with its present regional structure?
33. Do you think that an appropriate bargaining structure could be one which has a national forum together with regional forums with different issues being dealt with at each level?
34. If a national industrial council was to be formed would the GMA demand that wage negotiations take account of regional circumstances and differences, or would they agree to uniform national wage rates?
35. SACTWU has stated that at a national council the following issues could be dealt with:

Employment creation
 Inflation
 Economic growth
 Investment
 Incomes policy
 Training
 Productivity

- * Do you think that all these issues could be dealt with by a national council?

* Secondly, do you think that such a forum should be an industrial council or should it be an alternative structure (e.g. the National Forum)?

36. The CCMA and the CKIA have recently agreed to participate in the National Forum. What is the GMA's policy towards this Forum?

37. A number of employers have stated that they felt that the union could not be 'trusted', i.e. the union did not honour agreements and did not conduct itself in the bargaining relationship as it should. Does the GMA also subscribe to this view and does this play a part in the Association's policy on the union's call for a national industrial council?

38. What do you see happening in the next 5 years in the clothing industry around the issue of levels of bargaining?

39. How do you see relations between the employers and the trade union developing in general over the next 5 years?

D. The State and the Industrial Council

40. Does the GMA support the extension of the Council's agreement to non-parties? Give reasons.

41. Do you agree that the Minister of Manpower should have an absolute discretion with regard to the publication and extension of the Council's agreement?

* Do you think that this question can be determined according to other criteria?

42. How would the GMA react to the refusal of the Minister to extend an agreement?

43. What do you think the state's intentions are with regard to industrial councils?

44. In SACTWU's opposition to the National Minimum Wage it indicates that it would support legislation compelling firms to bargain with representative trade unions in industrial councils. What would the GMA's policy be to such legislation?

45. The NMC has proposed that legislation introduce a duty to bargain and the Industrial Court would be able to decide on the level at which that bargaining will take place if the parties cannot decide this themselves. What would the GMA's policy be to such legislation?

46. What do you think the future holds for the industrial council system in general?

Questionnaire for the South African Clothing and Textile Workers' Union

A. The Scope, Area and Representativity of the Union

1. Describe the scope and area for which the union is registered.
2. How many workers are there in the clothing industry nationally and how many are SACTWU members?
3. Approximately how many firms are there in the industry nationally and how many of these are organised (i.e. have over 50% trade union membership)?
4. How many workers are there in the clothing industry in the Western Cape and how many are members of SACTWU?
5. Approximately how many firms are there in the Western Cape and how many of these are organised (i.e. have over 50% trade union membership)?
6. What is the level of representativity outside of the five regional industrial councils?

B. The Structure of the Union

7. Describe the structure of the union in the Western Cape as well as the national structure, and how the two relate to each other.

* Specifically does the union have a regional or sectoral structure?
8. Describe the shop steward structures in the Western Cape and how these relate to the union structure and the national shop steward structures.
9. Describe the process of getting a mandate from members prior to and during negotiations.
10. How are the union representatives to the Council decided upon? How many are officials and how many are workers?

C. The Industrial Council

11. Is the union satisfied with the present area of coverage of the Cape Council's agreement? Do you have any proposals in this regard?
12. The Cape Industrial Council has 3 agreements (and the Clothing agreement has a 'patchy' coverage). What is the reason for this and is it satisfactory as far as the union is concerned?
13. Has the union got any proposals regarding the structure and functioning of the existing Council?

14. The union has proposed to bring the Millinery sector into the Clothing Council. What is the reason for this, what progress has been made, and how do you propose to restructure the Council to accommodate this sector?
15. How have employers in the Millinery and Clothing sectors responded to this proposal?
16. Do you think that the existing wage table in the agreement for the clothing industry could be replaced by a simpler system comprising just 6 to 8 broad grades?
- * Is this an important strategy for the further centralisation of bargaining across sectors and regions?
17. Do you think that the existing Council benefit funds are adequate (i.e. the Sick Pay Fund, Sick Benefit Fund and the Provident Fund)?
- * What are the union's proposals with regard to these funds?
18. Are many exemptions applied for and what is the union's policy in this regard?
19. A few years ago the union entered a 'Side Agreement' with the employers. Could you give the background to this agreement?
20. What factors led to the union deciding to remain in the Council?
21. Has there been opposition to participation in the Council from members in the clothing industry? What are the reasons for the opposition and does it still exist?
22. How has the GWU(WP) tradition and experience influenced collective bargaining, particularly in the Council?
23. What is the union's policy on plant level bargaining in the Clothing industry? What is its policy on this issue in the Textile and Leather industries?
24. What is the extent of plant level bargaining in the clothing industry in the Western Cape, and what are the issues being bargained at this level?
25. Has the union found that firms with an IR manager are more in favour of plant level bargaining than firms without an IR manager?
26. What is the extent of wage drift in the industry across all the categories of work? What are the main reasons for this?
27. What is the union's policy on across-the-board wage increases being negotiated at the Council?

D. The Demand for a National Industrial Council

28. The union has demanded the formation of a national industrial council. What are the reasons for this demand?

29. What is the union's strategy to achieve this?
30. To what extent has this demand been debated by members and reflects their aims?
31. Do you believe that a national council is financially viable?
32. What is the proposed structure for the national council:
- * Will the council allow for some regional/sectoral differentiation?
 - * What sectors will be included in the council?
 - * Will the council cover the entire country including the decentralised areas?
 - * Will there be scope for some regional autonomy to deal with certain issues?
 - * What issues do you propose to bargain at the council (i.e. what issues do you see the national council dealing with that are not currently being dealt with)?
33. SACTWU has stated that at a national industrial council the following issues could be dealt with:

Employment creation
 Inflation
 Economic growth
 Investment
 Incomes policy
 Training
 Productivity

34. The above issues have not traditionally been negotiated at industrial councils, and at present some of these issues are being dealt with at the National Forum:
- * Do you think that employers will agree to bargain these issues, most of which have been exclusively the concern of employers historically? Or will they claim that these are consultative issues only and refuse to deal with them outside of the National Forum?
 - * Will the national industrial council require a particular structure to deal with these issues?
 - * Do you envisage any problems when engaging with industrial councils over these sorts of issues?
 - * To what extent will workers continue to have a say in such negotiations? Give details of the mechanisms that the union will rely on to ensure such control.
 - * Are some of these issues not better dealt with at an economy-wide forum (e.g. the COSATU/NACTU/SACCOLA forum) or do you see such a forum as just another stage to the national industrial council?

- * If the union is forced to bargain only wages, conditions of employment and the standard benefits at the national council would it still continue to support such a demand?
 - * What is the union's policy on productivity bargaining, and if this were to take place at what level would such negotiations be situated?
35. What has been the employers' response in the various regions to the demand for a national industrial council?
 36. Where are the discussions at present regarding the national council?
 37. If the employers reject the demand for a national council will you be prepared to pursue the demand with a national strike?
 - * If so, are you not concerned that a national strike could result in the existing regional councils collapsing?

E. The State and Industrial Councils

38. How would the union respond to a refusal by the Minister to extend the Council's agreement? What do you think the effect on the Council would be?
39. Do you think that the Minister should have an absolute discretion with regard to the publication and extension of agreements?
- * What other criteria could be used?
40. What is the union's thinking on the clause in the LRA which prohibits strikes during the currency of an industrial council agreement?
41. What do you think the state's intentions are with regard to industrial councils? Can you give any examples from your experience on the Council?
42. In what ways has the state's policy of deregulation affected the clothing industry?
43. In SACTWU's opposition to the NMW it indicates that it would support legislation compelling firms to bargain with representative trade unions in industrial councils. Could you expand on this proposal.
44. The NMC has proposed that legislation be introduced to create a duty to bargain and the Industrial Court will be able to decide on the level at which that bargaining should take place. What is the union's policy on this proposal?

Questionnaire for the Secretary of the Industrial Council

A. The Area, Scope, Structure and Agreements of the Council

1. Why is the area of coverage and scope of the clothing agreement so 'patchy', i.e. paragraph (b)(i), (ii) and (iii) of the "Scope of Application of Agreement".
2. Have there been any changes in the area of coverage or scope of the Council in the last ten years. If so, give the reasons for these changes.
3. Do you think that the area of coverage or scope of the Council could be extended in any way.
4. What are your views on the incorporation of the Millinery sector into the Council, and how would the Council be structured to accommodate this sector if it were to be incorporated.
5. There are at present three separate Main Agreements. What are the reasons, and what are the chances of them being combined into a single Main Agreement.
6. How is the Council structured to accommodate three bargaining forums.
7. Do you think that it would be possible to introduce a wage table that had just 6 or 8 broad grades, i.e. all the existing categories would be fitted into these 6 or 8 grades.
8. Do you think such a wage table could facilitate the consolidation of the existing agreements into a single agreement with one wage table.
9. The Council introduced a "Side Agreement" a few years ago. Could you briefly describe the background to this agreement and explain why it has not been gazetted.
10. Have any of the parties expressed dissatisfaction with the existing area, scope or structure of the Council. If so, what proposals have they made.
11. The Council has a number of Management Committees, Investigating Committees, etc. Could you briefly describe their functions.
12. How do the various committees relate to the Council and to each other, and how often do they meet.
13. Do you believe that this structure is adequate and is functioning efficiently.
14. The Council administers certain benefit funds. Describe these briefly and indicate if they could be expanded or improved in any way.
15. Do you think there is scope for any other funds (e.g. a Wage Slack Fund).
16. How is the Council financed and what are its main expenses.

17. What are the main reasons for some employers not participating in the Council and what is their attitude to being covered by the agreement.
18. Do you find that most contraventions of the agreement are by non-party employers.
19. Are any employers exempted from the Council's agreement and what is the Council's policy on exemptions.
20. Is there any overlap between the agents' functions and those of shop stewards.

B. Centralised Bargaining and Level of Bargaining

21. What do you think the main reasons are for employers supporting centralised bargaining in the form of an industrial council in the clothing industry.
22. What are the reasons for the trade union supporting this form of bargaining.
23. Why do you think that employers have historically supported centralised bargaining at a regional level and continue to support this level of bargaining.
24. Why did the trade union historically support this level of bargaining.
25. What do you think the reasons are for SACTWU's call for a national industrial council.
26. What is your thinking on a national industrial council for the clothing industry.
27. Do you think that a national industrial council would be financially and administratively feasible.
28. How do you think such a council should be structured.
29. Do you think that an appropriate bargaining structure could be one where there is a national council at which certain issues are negotiated, together with regional councils at which certain issues are negotiated. This would be a coordinated structure and the same issues would not be bargained at both levels.
30. SACTWU states that at a national industrial council a wide range of issues could be dealt with :

Policies on employment creation
 Inflation
 Economic growth
 Investment
 Incomes policy
 Training
 Productivity

- * Do you think that such issues can be negotiated in a national industrial council.

31. Do you think the national structure should be a council or do you think an alternative forum would be more appropriate.
32. Do you think that the Council could, given its present structure, deal with the issues listed above.
33. Certain unions argue that industrial councils set minimum wages and conditions of employment, and actual wages should be negotiated at plant or company level according to the firms ability to pay. What is your thinking in this regard with reference to the clothing industry.
34. Do you think many employers would leave the Council if they were in addition forced to bargain at plant level.
35. Do you know what the extent of wage drift is across all categories of worker covered by the three Main Agreements.
36. What is your thinking on across-the-board wage increases.
37. Do you think that it would be possible to link productivity bargaining with wage bargaining. If so, how would such bargaining be structured, i.e. could it be dealt with by the Council, or would it have to be a combination of bargaining at the Council and at company level.

C. The State and the Council

38. Do you agree with the extension of agreements to non-parties. Give reasons.
39. Do you believe that the Minister should have an absolute discretion to extend agreements. Or do you think that this question could be determined according to other criteria.
40. What would be the effect on the Council of a refusal by the Minister to extend an agreement.
41. Have you experienced any difficulties with the Minister with regard to the Council's representativity, the publication and extension of agreements, etc.
42. Has the Council been affected in any way by the state's policy of deregulation.
43. What do you think the state's intentions are with regard to the industrial council system.
44. In SACTWU's opposition to the National Minimum Wage it indicates that it would support legislation compelling firms to bargain with representative trade unions in industrial councils. What would your attitude be to such legislation.
45. The NMC has proposed that legislation introduce a duty to bargain and the Industrial Court will be able to decide on the level at which that bargaining should take place. What is your thinking on this proposal.

46. What do you think the future holds for the Clothing Council in the Western Cape.

* And what does the future hold for the industrial council system in general.

APPENDIX C

1995 QUESTIONNAIRES

Questionnaire for Employer (Member)

A. Profile of the firm: Basic features

1. Is the firm (primarily) a clothing, knitwear or CMT operation?
2. Does the firm specialise in producing particular lines of clothing/knitwear? Describe briefly.
3. Is the firm independently owned or is it a subsidiary of another firm? Briefly outline the ownership structure.
4. Does the firm itself have subsidiary firms or plants in the clothing/knitting industry other than this one? If so, what are their names and/or where are they situated?
5. What is the size of your weekly-paid workforce at this factory (and at each of the subsidiaries/plants)?
6. Approximately how many of these workers (at this factory and at each of the subsidiaries/plants) are members of the trade union (i.e. SACTWU)?

B. Profile of the firm: The production process

7. Has your firm reorganised its production process significantly over the last 3 years or introduced any new technology or technological innovations in this period? If so, describe these changes.
8. Do you engage in productivity bargaining (with the union or shop stewards), or have any productivity incentive schemes in place? If so, briefly outline.

C. Profile of the firm: The labour market

9. From which localities is your weekly-paid workforce mainly drawn?
10. Roughly what proportion of your weekly-paid workforce is Coloured, African, Asian, and white?
11. Do you find that there is a ready supply of workers for all the categories of work, or are certain categories in short supply? If so, specify which categories are in short supply and indicate the seriousness of the shortage.
12. Do you have a policy about setting wages at the minimum rate set down in the IC agreement or do you pay certain workers/categories above the minimum rates? If so, specify which workers or categories are paid above the minimum rates and give the reasons.

D. Profile of the firm: The product market

13. Is the market that you compete in local, regional or national (i.e. are the buyers of your products also buying similar products from manufacturers in the other regions in the country)?
14. Is the market you compete in distinct from the rest of the clothing/knitwear market in any way? If so, specify in what way this market is distinct and indicate whether the profit margins or unit labour costs in this market are lower or higher than in the rest of the clothing market.
15. Is the market that you produce for subject to significant variations in demand?
16. If you had to rank the market that you compete in in terms of the intensity of competition on a scale of 1-5 where would you place it:
 1. No competition - i.e. we have a monopoly?
 2. Limited competition but not very relevant?
 3. Competitive but some room to manoeuvre?
 4. Very competitive with tight conditions?
 5. Highly competitive with cut-throat conditions?
17. Do you have a significant market share? If so, indicate the proportion.
18. Does your firm export clothing/knitwear? If so, when did the firm start exporting and roughly what proportion of your annual output is exported?
19. Can you identify any significant trends in the market over the last 3 years (e.g. has it moved in a higher quality, value-added direction, or a cheaper, mass-produced direction)?

E. Profile of the firm: IR management

20. Does the firm have an IR manager?
21. If the firm has an IR manager, who does he/she have to report to on matters of IR policy and practice, or is he/she authorised to make all such decisions autonomously (i.e. what is the IR management structure at the firm)?

OR

If the firm does not have an IR manager, who deals with the IR functions, e.g. who meets with the union organiser and shop stewards, etc. (i.e. what is the IR management structure at the firm)?

F. The preferred level of bargaining and reasons

22. Collective bargaining normally takes place at one of three levels - the firm level, the regional level (e.g. the Western Cape), or at a national level. Which level of bargaining would your firm most prefer?

* Give your reasons in detail for this preference.

23. Are there any specific factors associated with bargaining at either of the other levels that you reject that you would like to mention or highlight?

24. Can you identify any positive factors associated with bargaining at the other levels?

25. If you favour firm level bargaining can you comment on the importance of the following factors for your preference:

- (a) If all firms bargained at this level with the trade union its resources would be stretched and its power would be diluted;
- (b) The firm has a specialist IR manager and therefore believes that it could negotiate more effectively with the trade union at firm level;
- (c) The firm would prefer to negotiate with the union on the basis of its own ability to pay; ✓
- (d) The IC wage levels favour the bigger firms and restrict our ability to compete with them;
- (e) Decentralised bargaining would lead to lower wage levels throughout the industry;
- (f) The IC agreement restricts the firm's ability to utilise labour flexibly and cost-effectively;
- (g) Wage increases should be linked to increases in productivity and this can only be done if negotiations are conducted at plant level;
- (h) A better relationship can be established with the trade union through firm level negotiations; ✓

* The trust factor - has the lack of trust of the trade union changed and, if so, why?

- (i) The firm has a strong free market philosophy that opposes labour market regulation by industrial council bargaining, particularly the extension of agreements to non-parties.

26. If you favour regional level bargaining can you comment on the importance of the following factors for your preference:

- (a) It is the level that maximises the power of employers and most effectively balances the power of the trade union, i.e. the firm is not strong enough to face the union on its own in firm level bargaining and the union is more powerful than the employers' associations at the national level, so employers are stronger or at least equal in power to the union at the regional level;

- (b) It is convenient for negotiations to be handled by an employers' association (i.e. the firm does not have the resources, skills or personpower to negotiate with the union directly), but the logistics of organising on a national level, the difficulty of obtaining an acceptable mandate from all the regions, and the possible lengthening of the negotiations, make national negotiations very problematic;
- (c) An individual firm can participate effectively in a regional employers' association (and regional negotiations), as opposed to the national level (i.e. as an individual firm we have no voice at the national level);
- (d) Every region has its own economic circumstances and regional bargaining is the most appropriate level to accommodate these circumstances and facilitate regional development;
- (e) The clothing industry is extremely competitive and the product market would be disrupted if firms had differing wage agreements, but the firm competes in a regional product market (i.e. the Western Cape) and wages should therefore be bargained at the regional level;
- (f) The clothing industry is labour intensive and the labour market would become chaotic if firms had differing wage agreements, but the labour market is regional (i.e. the Western Cape) and wages should therefore be bargained at the regional level;
- * If the interviewee agrees with the latter statement, why does he/she see the labour market as regional (given the wage rates in the major regions are now almost equal);
- (g) The firm prefers regional bargaining as this means that negotiations are removed from its own shopfloor and from direct worker participation, but it is wary of national bargaining as this could involve employers in the Western Cape in disputes that arise in the other regions;
- (h) A better relationship can be established with the union at the regional level;
- * The trust factor - has the lack of trust of the trade union changed and, if so, why?
- (i) The firm could not on its own provide medical and provident funds for its workers and a centralised forum is a convenient way of providing these benefits, but the funds can be more efficiently administered at the regional level than the national level;
- (j) There was always regional level centralised bargaining in the clothing/knitwear industry until three years ago and it worked without any problems so we would prefer it to stay that way, i.e. at the regional level;
- (k) The firm's unit labour costs are lower than the industry's and it is therefore profitable to be part of an industry-wide forum, either at the regional or national level;
- (l) Workers in the various regions are not all equally productive and therefore national wage rates will prejudice those regions with less productive workers.

27. If you favour national level bargaining can you comment on the importance of the following factors for your preference:

- (a) Employers are more powerful at the national level than the trade union and can therefore negotiate more effectively at this level;
- (b) The clothing market is national and therefore all employers should be bound by the same wage rates, i.e. national negotiations should establish national minimum wage rates which would stop regions with lower wage levels from undercutting firms in the Western Cape;
- (c) The labour market is national and therefore all employers should be bound by the same wage rates, i.e. national negotiations should establish national minimum wage rates which would stop regions with lower wage levels from undercutting firms in the Western Cape;
- (d) A comprehensive national wage agreement will cover what were previously the TBVC states, the 'homelands', and the decentralised areas;
- (e) The stakes are much higher in national negotiations and they should therefore lead to more rational bargaining and less likelihood of industrial action;
- (f) Benefit funds set up at the national level will be able to provide better benefits for workers;
- (g) A national bargaining forum will provide a basis for developing a national training programme for the industry;
- (h) A national bargaining forum is the most appropriate and powerful institution within which employers and the trade union can develop policies on tariffs and other forms of protection to place before or negotiate with government;
- (i) The clothing industry needs to develop a national development plan or industrial strategy together with the trade union that will counter the threat of international competition and provide the basis for improved export performance. A national bargaining forum is the most appropriate institution within which to develop such a plan or strategy;
- (j) A better relationship can be established at the national level with the trade union (particularly if more consensual issues such as training, tariffs, and industrial policy are also dealt with at a national bargaining forum);
- * The trust factor - has the lack of trust of the trade union changed and, if so, why?
- (k) The firm's unit labour costs are lower than the industry's and it is therefore profitable to be part of an industry-wide forum, either at the regional or national level.

G. The effect of the legal framework

28. The agreements that result from centralised collective bargaining at the industrial council are usually extended to cover non-parties by the Minister of Labour which stops undercutting by competitors who are non-members of the employers' associations. Is this an important factor for supporting centralised bargaining in either a regional or national industrial council?
29. In terms of the Labour Relations Act strikes over issues covered by the industrial council agreement are illegal during the currency of the agreement so centralised bargaining within this framework brings stability to the industry from one year's negotiations to the next. Is this an important factor for supporting centralised bargaining in either a regional or national industrial council?
30. Is the closed shop clause in the industrial council agreement an important factor for supporting centralised bargaining in either a regional or national industrial council (i.e. is it an important reason for your membership of the CCMA or CKIA or the GMA, and/or does it restrict union rivalry and the instability that often results from such rivalry)? Or do you disagree with the principle of the closed shop?

H. The change from regional to national bargaining: The decision-making process, the reasons and the problems

31. Early in 1993 the CCMA and CKIA and the GMA agreed to negotiate at a national level with the trade union and agreed in principle to establish a national industrial council. Was your firm party to this decision?
32. If your firm was not a party to the above decision explain why not, e.g. was the firm simply not represented at the meeting or did you argue against and vote against this proposal at the meeting?
33. Which managers in the firm discussed and made the decision regarding bargaining at the national level?
34. Did the firm bring in any outside expertise or assistance to inform these discussions before making a decision?
35. What were the important factors or reasons that were raised at these discussions regarding this issue?
36. When you attended this meeting were you bound by the firm's mandate or were you free to make your own decision on the basis of the debate within the CCMA and CKIA (or the GMA)?
37. If your firm was a party to the above decision can you comment on the importance of the following factors for you or your firm when you agreed:
 - (a) The power of the union and their threat of a national strike over this issue;

- (b) The ANC was likely to win the election and once in power (under the influence of COSATU) it would probably compel or strongly encourage national centralised bargaining;
 - (c) The establishment of a national bargaining forum would allow employers and the trade union to formulate their own developmental strategies and policies for the industry and therefore pre-empt interference by the government.
 - (d) The constructive role that the union had played in 1991/2 in attempting to develop a strategy for restructuring the clothing and textile industries in the Hatty Committee and later the Panel and Task Group;
 - (e) Key employers in the CCMA and CKIA (or the GMA) argued in favour of national bargaining. Or was it because the Executive Committee had decided in favour of national bargaining and the rest of the membership followed this decision?
38. Describe the process through which this proposal was brought before members:
- * Over what period and how many meetings was this issue debated?
 - * Was it debated first within the Executive and then a decided position presented to the general membership for debate?
 - * Do you believe that the issue was adequately debated by all members?
39. Was the decision to engage in national negotiations made on the basis of a majority vote or was it a consensus decision?
40. National bargaining took place in 1993, 1994 and again this year. What do you think the major problems have been with national bargaining?
41. Can you comment on the importance of the following problems:
- (a) The logistics of organising on a national level, the difficulty of coordinating mandates from all the regions, and the drawing out of negotiations;
 - (b) The difficulty of individual firms participating in and controlling the national negotiating process.
42. Have the agreements reached at the national bargaining forum had a direct impact on the operations or profitability of your firm?

H. The employers' associations

43. What are the reasons for this firm being a member of the CCMA or CKIA (or the GMA)?
44. What is the extent of your participation in the CCMA or CKIA (or the GMA), e.g. do you never go to meetings, or only if there is a crisis, or on a regular basis, or is the firm represented on the Executive?

45. Who from the firm attends the CCMA or CKIA (or GMA) meetings?
46. Do you have any criticisms of the way the CCMA or CKIA (or the GMA) operates?
47. Do you believe that you have a meaningful say in the decisions of the CCMA or CKIA (or the GMA) through your membership? If not, give reasons.

H. The national industrial council

48. Do you think that a national industrial council will be formed for the clothing industry? If so, when will this take place?
49. If you do not believe that a national council will be formed, give your reasons.
50. If a national council is formed:
- (a) Do you believe that some of the problems that you have identified with national bargaining could be overcome by having longer-term agreements, e.g. 2 or 3 year agreements? Briefly give reasons.
 - (b) Should clothing/knitwear employers remain in regional organisations for national negotiations or should they organise themselves on a national basis? Briefly give reasons.
 - (c) Should the national council only negotiate over certain issues (e.g. wages, basic conditions of employment and the benefit funds) and regional bargaining continue over certain other issues (e.g. when the annual shutdown takes place and sick leave provisions)? Briefly give reasons.
 - (d) Should the knitting sector be included in the council (or should it have separate agreements)? Briefly give reasons.
 - (e) Should certain areas be allowed lower wage levels, e.g. rural areas? Briefly give reasons.
 - (f) Should special arrangements be made for small firms or CMT firms, e.g. a separate wage schedule? Briefly give reasons.
 - (g) Should productivity bargaining be linked to wage bargaining in the council? Or is this not possible at the national level?

Questionnaire for Employer (Non-Member)

A. Profile of the firm: Basic features

1. Is the firm (primarily) a clothing, knitwear or CMT operation?
2. Does the firm specialise in producing particular lines of clothing/knitwear? Describe briefly.
3. Is the firm independently owned or is it a subsidiary of another firm? Briefly outline the ownership structure.
4. Does the firm itself have subsidiary firms or plants in the clothing/knitwear industry other than this one? If so, what are their names and/or where are they situated?
5. What is the size of your weekly-paid workforce at this factory (and at each of the subsidiaries/plants)?
6. Approximately how many of these workers (at this factory and at each of the subsidiaries/plants) are members of the trade union (i.e. SACTWU)?

B. Profile of the firm: The production process

7. Has your firm reorganised its production process significantly over the last 3 years or introduced any new technology or technological innovations in this period? If so, describe these changes.
8. Do you engage in productivity bargaining (with the union or shop stewards), or have any productivity incentive schemes in place? If so, briefly outline.

C. Profile of the firm: The labour market

9. From which localities is your weekly-paid workforce mainly drawn?
10. Roughly what proportion of your weekly-paid workforce is Coloured, African, Asian, and white.
11. Do you find that there is a ready supply of workers for all the categories of work, or are certain categories in short supply? If so, specify which categories are in short supply and indicate the seriousness of the shortage.
12. Do you have a policy about setting wages at the minimum rate set down in the IC agreement or do you pay certain workers/categories above the minimum rates? If so, specify which workers or categories are paid above the minimum rates and give the reasons.

D. Profile of the firm: The product market

13. Is the market that you compete in local, regional or national (i.e. are the buyers of your products also buying similar products from manufacturers in the other regions in the country)?
14. Is the market you compete in distinct from the rest of the clothing/knitwear market in any way? If so, specify in what way this market is distinct and indicate whether the profit margins or unit labour costs in this market are lower or higher than in the rest of the clothing market.
15. Is the market that you produce for subject to significant variations in demand?
16. If you had to rank the market that you compete in in terms of the intensity of competition on a scale of 1-5 where would you place it:
 1. No competition - i.e. we have a monopoly?
 2. Limited competition but not very relevant?
 3. Competitive but some room to manoeuvre?
 4. Very competitive with tight conditions?
 5. Highly competitive with cut-throat conditions?
17. Do you have a significant market share? If so, indicate the proportion.
18. Does your firm export clothing/knitwear? If so, when did the firm start exporting and roughly what proportion of your annual output is exported?
19. Can you identify any significant trends in the market over the last 3 years (e.g. has it moved in a higher quality, value-added direction, or a cheaper, mass-produced direction)?

E. Profile of the firm: IR management

20. Does the firm have an IR manager?
21. If the firm has an IR manager, who does he/she have to report to on matters of IR policy and practice, or is he/she authorised to make all such decisions autonomously (i.e. what is the IR management structure at the firm)?

OR

If the firm does not have an IR manager, who deals with the IR functions, e.g. who meets with the union organiser and shop stewards, etc. (i.e. what is the IR management structure at the firm)?

F. The preferred level of bargaining and reasons

22. Collective bargaining normally takes place at one of three levels - the firm level, the regional level (e.g. the Western Cape), or at a national level. Which level of bargaining would your firm most prefer?

* Give your reasons in detail for this preference.

23. Are there any specific factors associated with bargaining at either of the other levels that you reject that you would like to mention or highlight.

24. Can you identify any positive factors associated with bargaining at the other levels.

25. If you favour firm level bargaining can you comment on the importance of the following factors for your preference:

- (a) If all firms bargained at this level with the trade union its resources would be stretched and its power would be diluted;
- (b) The firm has a specialist IR manager and therefore believes that it could negotiate more effectively with the trade union at firm level;
- (c) The firm would prefer to negotiate with the union on the basis of its own ability to pay;
- (d) The IC wage levels favour the bigger firms and restrict our ability to compete with them;
- (e) Decentralised bargaining would lead to lower wage levels throughout the industry;
- (f) The IC agreement restricts the firm's ability to utilise labour flexibly and cost-effectively;
- (g) Wage increases should be linked to increases in productivity and this can only be done if negotiations are conducted at plant level;
- (h) A better relationship can be established with the trade union through firm level negotiations;

* The trust factor - has the lack of trust of the trade union changed and, if so, why?

- (i) The firm has a strong free market philosophy the opposes labour market regulation by industrial council bargaining, particularly the extension of agreements to non-parties.

26. If you favour regional level bargaining can you comment on the importance of the following factors for your preference:

- (a) It is the level that maximises the power of employers and most effectively balances the power of the trade union, i.e. the firm is not strong enough to face the union on its own in firm level bargaining and the union is more powerful than the employers' associations at the national level, so the employers are stronger or at least equal in power to the union at the regional level;

- (b) It is convenient for negotiations to be handled by an employers' association (i.e. the firm does not have the resources, skills or personpower to negotiate with the union directly), but the logistics of organising on a national level, the difficulty of obtaining an acceptable mandate from all the regions, and the possible lengthening of the negotiations, make national negotiations very problematic;
 - (c) Every region has its own economic circumstances and regional bargaining is the most appropriate level to accommodate these circumstances and facilitate regional development;
 - (d) The clothing industry is extremely competitive and the product market would be disrupted if firms had differing wage agreements, but the firm competes in a regional product market (i.e. the Western Cape) and wages should therefore be bargained at the regional level;
 - (e) The clothing industry is labour intensive and the labour market would become chaotic if firms had differing wage agreements, but the labour market is regional (i.e. the Western Cape) and wages should therefore be bargained at the regional level;
 - * If the interviewee agrees with the latter statement, why does he/she see the labour market as regional (given the wage rates in the major regions are now almost equal);
 - (f) The firm prefers regional bargaining as this means that negotiations are removed from its own shopfloor and from direct worker participation, but it is wary of national bargaining as this could involve employers in the Western Cape in disputes that arise in the other regions;
 - (g) A better relationship can be established with the union at the regional level;
 - * The trust factor - has the lack of trust of the trade union changed and, if so, why?
 - (h) The firm could not on its own provide medical and provident funds for its workers and a centralised forum is a convenient way of providing these benefits, but the funds can be more efficiently administered at the regional level than the national level;
 - (i) There was always regional level centralised bargaining in the clothing/knitwear industry until three years ago and it worked without any problems so we would prefer it to stay that way, i.e. at the regional level;
 - (j) The firm's unit labour costs are lower than the industry's and it is therefore profitable to be part of an industry-wide forum, either at the regional or national level;
 - (k) Workers in the various regions are not all equally productive and therefore national wage rates will prejudice those regions with less productive workers.
27. If you favour national level bargaining can you comment on the importance of the following factors for your preference:

- (a) Employers are more powerful at the national level than the trade union and can therefore negotiate more effectively at this level;
- (b) The clothing market is national and therefore all employers should be bound by the same wage rates, i.e. national negotiations should establish national minimum wage rates which would stop regions with lower wage levels from undercutting firms in the Western Cape;
- (c) The labour market is national and therefore all employers should be bound by the same wage rates, i.e. national negotiations should establish national minimum wage rates which would stop regions with lower wage levels from undercutting firms in the Western Cape;
- (d) A comprehensive national wage agreement will cover what were previously the TBVC states, the 'homelands', and the decentralised areas;
- (e) The stakes are much higher in national negotiations and they should therefore lead to more rational bargaining and less likelihood of industrial action;
- (f) Benefit funds set up at the national level will be able to provide better benefits for workers;
- (g) A national bargaining forum will provide a basis for developing a national training programme for the industry;
- (h) A national bargaining forum is the most appropriate and powerful institution within which employers and the trade union can develop policies on tariffs and other forms of protection to place before or negotiate with government;
- (i) The clothing industry needs to develop a national development plan or industrial strategy together with the trade union that will counter the threat of international competition and provide the basis for improved export performance. A national bargaining forum is the most appropriate institution within which to develop such a plan or strategy;
- (j) A better relationship can be established at the national level with the trade union (particularly if more consensual issues such as training, tariffs, and industrial policy are also dealt with at a national bargaining forum);
- * The trust factor - has the lack of trust of the trade union changed and, if so, why?
- (k) The firm's unit labour costs are lower than the industry's and it is therefore profitable to be part of an industry-wide forum, either at the regional or national level.

G. The legal framework

28. The agreements that result from centralised collective bargaining at the industrial council are usually extended to cover non-parties by the Minister of Labour, i.e. competitors who are non-members of the employers' associations. Do you agree with such extensions?

29. If you do not agree, would you prefer to bargain with the trade union at the firm level and not be protected by the restriction on striking during the currency of the industrial council agreement?
30. Do you agree with the closed shop provision in the industrial council agreement?
31. Does the closed shop provision restrict your firm's ability to employ the labour that it needs?

H. The employers' associations

32. What are your reasons (in detail) for not joining either the CCMA or CKIA or the GMA?
33. To what extent is your non-membership a rejection of the industrial council and centralised bargaining?
34. Which manager(s) made the decision not to join either of these associations?
35. Was this decision made on the basis of a systematic analysis of what these associations could offer and what membership entailed?

I. National bargaining

36. National bargaining has taken place since 1993. Has the substance of any of the agreements that have resulted from national bargaining had a direct impact on the operations or profitability of your firm?

**Questionnaire for the Director of the Cape Clothing Mfrs' Association
and the Cape Knitting Industry Association**

A. Scope, membership and structure

1. Approximately how many members does the CCMA and CKIA have at present and how many employees do these members employ in total?
2. Does the CCMA and CKIA still have the same scope and area of organisation?
3. Does the CCMA and CKIA still have the same functions?
4. Have any changes taken place to the organisational structure of the CCMA or the CKIA.

B. The preferred level of bargaining and reasons

5. Collective bargaining normally takes place at one of three levels - the firm level, the regional level (e.g. the Western Cape), or at a national level. Which level would the CCMA and CKIA prefer to see collective bargaining taking place?

* Give the reasons in detail for this preference.

6. Are there any specific factors associated with bargaining at either of the other levels that the CCMA and CKIA rejects that you would like to mention or highlight?
7. Does the CCMA and CKIA recognise any positive factors associated with bargaining at the other levels?

C. The change from regional to national bargaining: The decision-making process, the reasons and the problems

8. Early in 1993 the CCMA and CKIA agreed to negotiate with SACTWU at a national bargaining forum and agreed in principle to establish a national industrial council by 1995. What were the main reasons for this agreement given that the CCMA and CKIA has previously been strongly opposed to national bargaining?
9. Describe the process through which this proposal was put before members (i.e. over what period and how many meetings was this issue debated) and comment on whether you thought it was adequately debated by all members (i.e. was all the necessary information provided to members and were all viewpoints canvassed).
10. Did the Core Negotiating Team debate the issue first and reach a decision and then present this to the Executive Committee which debated the issue and then presented its decision to the general membership, or was the issue debated in full by the general membership?
11. Were SACTWU or representatives from the other regions or 'experts' invited to address members on this issue?

12. Was the decision to engage in national bargaining made on the basis of a majority vote or was it a consensus decision?
- * What was the level of opposition to national bargaining and how did this change over time?
13. National bargaining took place in 1993, 1994 and again this year. What have been the major problems with national bargaining?

D. The national industrial council

14. What progress has been made with the establishment of a national industrial council for the clothing industry?
15. If a national council is formed, what would the position of the CCMA and CKIA be on the following aspects of its structure:
- (a) Do you believe that some of the problems that you have identified with national bargaining could be overcome by having longer-term agreements, e.g. 2 or 3 year agreements? Briefly give reasons.
 - (b) Should clothing/knitwear employers remain in regional organisations for national negotiations or should they organise themselves on a national basis? Briefly give reasons.
 - (c) Should the national council only negotiate over certain issues (e.g. wages, basic conditions of employment and the benefit funds) and regional bargaining continue over certain other issues (e.g. when the annual shutdown takes place and sick leave provisions)? Briefly give reasons.
 - (d) Should the knitting sector be included in the council (or should it have separate agreements)? Briefly give reasons.
 - (e) Should certain areas be allowed lower wage levels, e.g. rural areas? Briefly give reasons.
 - (f) Should special arrangements be made for small firms or CMT firms, e.g. a separate wage schedule? Briefly give reasons.
 - (g) Should productivity bargaining be linked to wage bargaining in the council? Or is this not possible at the national level?

Questionnaire for Garment Manufacturers' Association

A. Scope, membership and structure

1. Is the GMA still organising only CMT operators in the Western Cape region?
2. Approximately how many members does it have at present and how many employees do these members employ in total?
3. Briefly outline the organisational structure of the GMA.

B. The preferred level of bargaining and reasons

4. Collective bargaining normally takes place at one of three levels - the firm level, the regional level (e.g. the Western Cape), or at a national level. Which level would the GMA as an organisation prefer to see collective bargaining taking place?

* Give the reasons in detail for this preference.

5. Are there any specific factors associated with bargaining at either of the other levels that the GMA rejects which you would like to mention or highlight?
6. Does the GMA recognise any positive factors associated with bargaining at the other levels?

C. The change from regional to national bargaining: The decision-making process, the reasons and the problems

7. Early in 1993 the CCMA and CKIA agreed to negotiate with SACTWU at a national bargaining forum and agreed in principle to establish a national industrial council by 1995. Did the GMA also agree at about that time to participate in national bargaining?
8. If the GMA did agree to national bargaining, what were the main reasons for making this decision (given that in 1991 the organisation was strongly opposed to national bargaining)?

* Can you comment on the importance of the following factors for members in making this decision:

- (a) The power of the union and their threat of a national strike over this issue;
- (b) The ANC was likely to win the election and once in power (under the influence of COSATU) it would probably compel or strongly encourage national centralised bargaining;
- (c) The establishment of a national bargaining forum would allow employers and the trade union to formulate their own developmental strategies and policies for the industry and therefore pre-empt interference by the government.

- (d) The constructive role that the union had played in 1991/2 in attempting to develop a strategy for restructuring the clothing and textile industries in the Hatty Committee and later the Panel and Task Group;
 - (e) Key employers in the GMA argued in favour of national bargaining. Or was it because the Executive Committee had decided in favour of national bargaining and the rest of the membership followed this decision?
9. If the GMA did not agree, what were the reasons and what form has the organisation's opposition to national bargaining taken?
 10. Describe the process through which this proposal was put before members (i.e. over what period and how many meetings was this issue debated) and comment on whether you thought it was adequately debated by all members (i.e. was all the necessary information provided to members and were all viewpoints canvassed).
 11. Did the Executive Committee debate this issue and reach a decision first that was then presented to the general membership or was the issue debated in full by the general membership?
 12. Did the GMA bring in outside expertise to assist in making this decision (e.g. a consultant)?
 13. Was the decision to engage in national bargaining made on the basis of a majority vote or was it a consensus decision?
- * What was the level of opposition to national bargaining and how did this change over time?
14. National bargaining took place in 1993, 1994 and again this year. What do you think the major problems have been with national bargaining?

D. The national industrial council

15. What progress has been made with the establishment of a national industrial council for the clothing industry?
16. Is the GMA in agreement that such a council be formed?
17. If such a council is formed will the GMA consider merging with the CCMA or would it investigate mergers with other CMT organisations in the other regions?
18. If a national council is formed what would the position of the GMA be on the following aspects of its structure:
 - (a) Do you believe that some of the problems that you have identified with national bargaining could be overcome by having longer-term agreements, e.g. 2 or 3 year agreements? Briefly give reasons.

- (b) Should clothing employers remain in regional organisations for national negotiations or should they organise themselves on a national basis? Briefly give reasons.
- (c) Should the national council only negotiate over certain issues (e.g. wages, basic conditions of employment and the benefit funds) and regional bargaining continue over certain other issues (e.g. when the annual shutdown takes place and sick leave provisions)? Briefly give reasons.
- (d) Should the knitting sector be included in the council (or should it have separate agreements)? Briefly give reasons.
- (e) Should certain areas be allowed lower wage levels, e.g. rural areas? Briefly give reasons.
- (f) Should special arrangements be made for small firms or CMT firms, e.g. a separate wage schedule? Briefly give reasons.
- (g) Should productivity bargaining be linked to wage bargaining in the council? Or is this not possible at the national level?

Questionnaire for the South African Clothing and Textile Workers' Union

1. Briefly describe how the final agreement was arrived at to shift to national negotiations. Was the original agreement for a trial period only?
2. How far has the establishment of the National Industrial Council got?
3. When I interviewed Ronald Bernickow in 1991 he stated that the main reason for the union demanding national bargaining was to secure wage parity between the regions. Negotiations have taken place at the national level for three years now. What progress has been made in reducing wage differentials?
- * What will the union's policy be in the Wage Parity Sub-committee that has been formed by the national bargaining forum?
4. What progress has been made in getting uniformity in the other terms in the regional industrial council agreements?
5. What progress has been made in merging the regional provident and sick benefit funds into national funds?
6. A major complaint of many employers that I have interviewed is the illegal industrial action that takes place during the annual negotiations. They argue strongly that this industrial action either takes place with the knowledge and approval of the union or is actually organised by the union? Some go further and state that employers have incontrovertible proof that the union is behind this illegal action. What is the union's position on these allegation?
- * Could you comment on the following statement made in 1991 by one of the employers regarding this issue.
- * Many employers are disenchanted with national bargaining because they believed that their agreement to negotiate nationally would result in the ending of illegal industrial action during negotiations. Could you comment?
7. What are the union's intentions with regard to the knitting sector, i.e. will it continue to be part of the clothing industry negotiations or will it fall under the textile industry in future?
8. What has happened in regard to the involvement of the union in industrial policy formulation (i.e. the textile and clothing pipeline initiative), particularly around the issue of trade and tariff policy?
9. The following are some common perceptions by employers that are related to their attitudes on the question of the most appropriate level of bargaining. Could you comment on each of these perceptions:

- * Some employers allege that there is poor communication by the union to shop stewards and members, e.g. they don't know about agreements weeks after they have been struck or they misunderstand the terms of those agreements. This causes unnecessary tensions and disputes to arise at individual firms.
- * Some employers acknowledge the validity of the statements and arguments being made by the union's leadership about the need to jointly develop policies to improve productivity and make the industry internationally competitive, but they argue that workers at the level of the enterprise show no interest in raising productivity (e.g. there is still high absenteeism and abuse of sick leave, late coming and poor work discipline). These employers believe that the union should be focussing its attention on changing the attitudes of its members to work at the firm level.
- * Some employers allege that there are deep racial differences within the union that tend to follow regional lines. They therefore argue that national bargaining is going to prove problematic for the union.
- * What policy is the union adopting in the Affirmative action or Equal opportunity sub-committee that has been established by the National Bargaining Forum?

Questionnaire for the Secretary of the Industrial Council

1. Can you supply figures for the number of registered firms and the number of registered employees for the years from 1991 to 1994?
2. When did the blanket exemption for micro enterprises come into operation and does the industrial council still keep a record of and inspect these exempted firms?
3. What are the latest estimates of the size of the informal clothing manufacturing sector in the Western Cape in term of output and employment (as a percentage of the formal sector)?
4. A number of employers have mentioned that Mitchells Plain is no longer covered by the industrial council agreement. They also referred to a court case in this regard. Can you explain what the situation is at present?
5. Has there been a trend by employers to relocate outside the jurisdiction of the industrial council, e.g. to Worcester?
6. Some respondents have referred to another organisation of employers in the industry under the leadership of Frank Leighton (of Manco). Do you have any information about this initiative?
7. Is the closed shop enforced on the employer side?
8. When did the change take place to the Sick Pay rules, i.e. was it decided at the national bargaining forum or was it an issue decided in the Western Cape that happened to coincide with the shift to national bargaining?
9. I have been going through the industrial council agreements for the various regions and I find that most of them are being published in the Government Gazette a month or two before they are due to expire, i.e. they are being published almost a year after they came into force. How are the terms of agreements publicised in the interim and are non-party employers complying with these agreements?
10. Can you comment briefly on what the situation is with regard to wage differentials between the regions, as well as differences in other terms of employment.