

University of Cape Town

Faculty of Law



**Cape Town Clothing Workers' Attitudes Towards Key Aspects of
and Alternatives to Regulation by the Bargaining Council**

Wesley Maraire (MRRWES001)

Supervisor: **Dr Shane Godfrey**

Research dissertation presented for the approval of the Senate in partial fulfilment of the requirements for the Master of Philosophy degree in Labour Law in approved courses and a minor dissertation. The other part of the requirement for this qualification was the completion of a programme of courses.

16 February 2015

Word count: **26 145**

The copyright of this thesis vests in the author. No quotation from it or information derived from it is to be published without full acknowledgement of the source. The thesis is to be used for private study or non-commercial research purposes only.

Published by the University of Cape Town (UCT) in terms of the non-exclusive license granted to UCT by the author.

DECLARATION

This work has not been previously submitted in whole, or in part, for the award of any degree. It is my own work. Each significant contribution to, and quotation in, this dissertation from the work, or works of other people has been attributed, cited and referenced. I have used the Harvard convention method of referencing throughout the entire report.

I hereby declare that I have read and understood the regulations governing the submission of Master of Philosophy dissertations, including those relating to length and plagiarism, as contained in the rules of this University, and that this dissertation conforms to those regulations.

Signature:

Date: 16 February 2015

ACKNOWLEDGEMENTS

All the glory be to God, the shepherd, who guided me through uncertain times during this research journey.

Wellington and Ruramai Maraire, my beloved parents, who have supported me and are my biggest fans – thank you kindly.

To my brothers and sisters who always have something positive to say and who coped with my constant whining when things were not going the way I planned, I give my utmost gratitude. Thanks also go to my friends, who gave me the motivation I needed whenever I was running out of steam.

I am deeply indebted to the respondents who availed their time to talk to me when they were not under any obligation to do so. Thank you to the employers who allowed me into their factories to talk to their employees.

To my supervisor Dr Shane Godfrey, thank you for your patience and for taking me on as your student from my Honours degree to this current project. Thank you for finding polite ways to dismiss some of my ridiculous ideas and allowing me the freedom to find and then express myself using my own voice. To Professor Jeremy Seekings and the Centre for Social Science Research that funded the project, thank you, firstly, for the money. Secondly, thank you for putting your faith in me, as it was not the norm to fund a first-year Master's student. I trust the report is good enough to repay your faith in me.

ABSTRACT

The South African clothing industry has shed over 70 000 jobs in the last decade. This has given rise to huge debate in the industry and academia about the role of the bargaining council in regulating the industry as well as other factors such as trade liberalisation that are causing the industry to shrink. This study explores attitudes held by formal and informal clothing workers toward the regulatory environment and possible alternatives to current regulation by the bargaining council.

The research aimed to explore worker understanding of the regulatory environment, in particular the wages versus job-security trade-off; to find out whether workers are aware of alternatives to the current wage model, such as performance-based incentive pay; to explore the attitudes workers hold toward home-based informal factories; and to assess the attitudes of workers to worker co-operatives. Using semi-structured face-to-face interviews, 24 respondents (ten formal and 14 informal workers) were selected to participate in an attitude survey that explored their feelings across attitudinal classes – cognitive, affective, and behavioural, using the non-probability purposive sampling technique.

Research findings show that both sets of workers generally had a very poor understanding of the industry's regulatory environment. After receiving brief explanations of alternatives to regulation by the bargaining council, the workers understood them cognitively and attitudes varied between the two groups. All workers were generally against performance-based incentive pay because it requires them to place too much trust in employers. Informal work was viewed as a viable alternative although formal workers could not conceive joining informal firms.

Both sets of workers expressed favour towards worker co-operatives, which have the advantage of changing the working relationship from manager and worker to worker as owner, thus empowering workers. All workers, however, demonstrated overall awareness of the pressures facing the clothing industry, such as those caused by cheap Chinese imports. The evidence is however, not sufficient to arrive at a set of conclusions regarding alternatives to regulation by the bargaining council.

TABLE OF CONTENTS

DECLARATION	I
ACKNOWLEDGEMENTS	II
ABSTRACT	III
CHAPTER ONE	1
1.1 BACKGROUND TO THE STUDY	1
1.1.1 <i>Historical background and Trends in the clothing industry (South Africa and Cape Town)</i> .	2
1.1.2 <i>The industry</i>	4
1.1.3 <i>The bargaining council</i>	6
1.1.4 <i>The rigidity of the collective bargaining system</i>	8
1.1.5 <i>Escalating wages in recent years</i>	9
1.1.6 <i>Impact of the Chinese imports</i>	9
1.1.7 <i>Job losses in the industry</i>	11
1.2 SUMMARY OF CHAPTERS.....	13
CHAPTER TWO	14
2.1 INTRODUCTION	14
2.2 RESEARCH AIMS AND OBJECTIVES	14
2.2.1 <i>Overall objectives</i>	14
2.2.2 <i>Specific objectives</i>	14
2.3 TRADE-OFF BETWEEN INCREASED WAGES AND JOB SECURITY.....	15
2.4 PERFORMANCE-BASED INCENTIVE PAY	17
2.5 INFORMAL HOME-BASED OPERATIONS.....	18
2.6 WORKER CO-OPERATIVES.....	21
2.7 CHAPTER OVERVIEW	23
CHAPTER THREE	24
3.1 INTRODUCTION	24
3.2 RESEARCH PLAN	24
3.3 RESEARCH METHODOLOGY.....	26
3.3.1 <i>Qualitative versus quantitative</i>	26
3.3.2 <i>Sampling framework</i>	27
3.4 METHODS OF GATHERING DATA.....	31
3.4.1 <i>Face-to-face interviews</i>	31
3.4.2 <i>Attitude survey</i>	31
3.4.3 <i>Feminist approach</i>	33

3.5 DATA ANALYSIS STRATEGY.....	34
3.5.1 <i>Ethical considerations</i>	34
3.5.2 <i>Consent</i>	34
3.5.3 <i>Anonymity</i>	34
3.6 LIMITATIONS OF THE STUDY.....	35
3.6.1 <i>Limitations of the design and methodology</i>	35
3.6.2 <i>Limitations of the sample</i>	36
3.7 REFLECTIONS ON THE STUDY.....	36
3.8 CHAPTER OVERVIEW.....	37
CHAPTER FOUR.....	38
4.1 INTRODUCTION.....	38
4.1.1 <i>Number of years in the clothing industry</i>	38
4.1.2 <i>Race and gender</i>	39
4.2 UNDERSTANDING OF THE REGULATORY FRAMEWORK.....	39
4.2.1 <i>Formal workers</i>	40
4.2.1.1 Level of understanding of the regulatory environment.....	40
4.2.1.2 Formal workers: attitudes towards SACTWU.....	41
4.2.1.3 Formal workers: attitudes to accepting a lower wage versus factory closure.....	43
4.2.1.4 Formal workers: attitude to possessing power over their wages.....	43
4.3 WAGES VERSUS JOB SECURITY TRADE-OFF.....	44
4.3.1 <i>Formal workers: attitudes towards factory closures</i>	44
4.3.2 <i>Formal workers: attitudes towards sub-contractors evading the law</i>	45
4.3.3 <i>Formal workers: home-based operations undercutting formal factories</i>	46
4.4 INFORMAL WORKERS.....	47
4.4.1 <i>Level of understanding of the regulatory environment</i>	47
4.4.2 <i>Informal workers: SACTWU involvement in informal sector</i>	48
4.5 WAGES VERSUS JOB SECURITY TRADE-OFF.....	49
4.5.1 <i>Informal workers: the union is to blame for factory closures</i>	49
4.5.2 <i>Informal workers: the bargaining council is to blame for factory closures</i>	50
4.5.3 <i>Formal and informal workers: import tariffs/Chinese imports to blame for factory closures</i>	51
4.6 ALTERNATIVES TO THE CURRENT WAGE MODEL AND SYSTEM OF COLLECTIVE BARGAINING.....	53
4.6.1 <i>Current pay model versus performance-based incentive scheme</i>	53
4.6.1.1 Formal workers: positive attitudes towards performance-based incentive pay.....	53
4.6.1.2 Formal workers: negative attitude towards performance-based incentive pay.....	55
4.6.1.3 Informal workers: attitude towards current pay model versus performance-based incentive pay.....	56
4.6.1.4 Informal workers: attitude to SACTWU involvement in performance-based incentive pay.....	57

4.7 UNREGULATED HOME-BASED FACTORIES AS AN ALTERNATIVE TO FORMAL WORK	58
4.7.1 <i>Attitude towards home-based factories</i>	58
4.7.1.1 Formal workers: attitude towards unregulated firms.....	58
4.7.1.2 Informal workers: attitudes towards unregulated firms.....	59
4.7.1.3 Informal workers: positive attitude to SACTWU involvement in informal sector	61
4.7.1.4 Informal workers: negative attitude to SACTWU involvement in informal sector.....	62
4.7.1.5 Outlying findings: Compliant home-based factories	62
4.8 WORKER CO-OPERATIVES.....	63
4.8.1 <i>Formal and informal workers: attitude towards worker co-operatives</i>	64
4.8.2 <i>Positive attitudes towards worker co-operatives</i>	64
4.8.3 <i>Negative attitudes towards worker co-operatives</i>	65
4.8.4 <i>Challenges of setting-up a co-operative</i>	66
4.8.5 <i>Attitude towards SACTWU involvement in the worker co-operatives</i>	67
4.9 WORKER-SUGGESTED ALTERNATIVES TO THE CURRENT SYSTEM	68
4.10 THE CONTENTIOUS SOCIOLOGICAL STANDPOINT ON ATTITUDES.....	69
4.11 REFLECTION ON RESEARCH METHODS AND FINDINGS	70
CHAPTER FIVE	71
5.1 OVERALL CONCLUSIONS	71
5.2 WAGE-JOB SECURITY TRADE OFF	72
5.3 PERFORMANCE-BASED INCENTIVE PAY	72
5.4 HOME-BASED WORK	73
5.5 WORKER CO-OPERATIVES.....	74
LIST OF REFERENCES.....	76
APPENDICES	81
APPENDIX A: FORMAL WORKERS INTERVIEW SCHEDULE	81
APPENDIX B: INFORMAL WORKERS INTERVIEW SCHEDULE	87
APPENDIX C: RESEARCH CONCESSION LETTER	92
APPENDIX D: PARTICIPANTS CONSENT FORM	93

LIST OF TABLES

TABLE 1: PROFILE OF RESPONDENTS – FORMAL WORKERS	29
TABLE 2: PROFILE OF RESPONDENTS – INFORMAL HOME-BASED WORKERS.....	30
TABLE 3: NUMBER OF YEARS IN THE CLOTHING INDUSTRY	39
TABLE 4: UNDERSTANDING OF THE REGULATORY FRAMEWORK.....	39

CHAPTER ONE

1.1 Background to the Study

The clothing industry in South Africa has a long history and it remains an important source of employment due to its status as a labour-intensive sector. Nevertheless, the industry has been consistently shrinking for over a decade. Commentators and stakeholders hold varying views on the extent to which the industry is shedding jobs, with some arguing that more than 70 000 jobs have been lost in the past decade.¹ At the beginning of 2002, there were 120 000 formal jobs in the industry; however, by 2011 there were only 52 400 jobs recorded.² The Southern African Clothing & Textile Workers' Union (from here on referred to as SACTWU) put a more positive spin on job losses. Noting that job losses have slowed- with the industry losing half as many jobs in 2011 as it had in 2010 and 64 per cent fewer jobs when compared to 2009- SACTWU concluded that the industry was recovering.³

Despite efforts from both government as well as SACTWU to curb job losses, the industry remains vulnerable to retrenchments. Initiatives such as the tax break scheme of 2011, launched simultaneously with the wage agreement hailed as a hallmark by SACTWU and clothing firms that were party to the National Bargaining Council⁴ for Clothing Manufacturing (from hereafter referred to as the NBC) have failed to stop job cuts.⁵ The wage agreement allowed employers to employ young and new workers at a reduced wage of 70 per cent of the normal wage, on the condition that factories could grow the number of jobs by 15 per cent. Nevertheless, the 700 compliant⁶ factories only created 350 jobs nationally, which led to the non-renewal of the agreement.

Subsequently, another wage scheme was introduced that allowed compliant factories to pay new workers 20 per cent less than the normal wage, although it

¹ Heidi Vicentio, *Investigating Growth Potential of the Clothing Industry and Identifying the Constrains of Growth* (Cape Town: Mthente Research & Consulting Services, 2008), 7.

² Teigue Payne, "Clothing Industry Sheds Jobs," *Mail & Guardian*, 17 February 2012, <http://mg.co.za/article/2012-02-17-clothing-industry-sheds-jobs>.

³ Ibid.

⁴ Organisation that is in theory, designed to be a joint venture between SACTWU and employer organisations.

⁵ 'The overarching collective bargaining body national agreements are set by the six employer organisations as well as SACTWU' as prescribed in section 29 of the LRA (1995).

⁶ Factories following and abiding by the bargaining council regulations, such as minimum wage.

included a compulsory productivity incentive that would allow workers to earn the full wage provided they met productivity targets. Both compliant and non-compliant⁷ employers resisted this, as did workers who were unhappy about receiving less money when compared to their co-workers on the same production line. Employers faced the challenge of talented machinists outperforming their colleagues but only receiving the entry-level rate. The new employees soon demanded a wage increase or threatened to leave the factory, thereby proving failure of the wage model.

There is a crux in the clothing industry due to the experienced job losses, which has led to huge debate within the industry and academia. In addition to the trade union view that the future looks bright for the industry, there are schools of thought that completely blame the bargaining council and current collective bargaining system for the job losses, due to its rigidity. Another school of thought believes the liberalisation policies that started under former South African President Thabo Mbeki and primarily the reduced trade tariffs have led to the shrinking of the industry as they allow cheap imports into the country. The key issue in the Cape Town clothing industry is job losses despite stagnant real wages over the years. This provided the premise for undertaking the exploratory study to find out the attitudes of the workers previously ignored, thereby filling an empirical gap in knowledge for both the industry and academia.

1.1.1 Historical background and Trends in the clothing industry (South Africa and Cape Town)

The South African clothing sector was almost non-existent in the 1920s,⁸ with Johannesburg being the main area accommodating the industry and Cape Town the second largest.⁹ The workforce comprised mostly of coloured women (80 per cent of the workforce)¹⁰ in Cape Town and this trend continues today.¹¹ Bennet reported that women comprised 86 per cent of the workforce nationally.¹² The

⁷ Employers abstaining from set bargaining council collective agreements.

⁸ Boladale Abiola, *Knowledge, Technology and Growth* (Washington D.C.: World Bank Institute, 2006), 2.

⁹ Ibid.

¹⁰ Vicentio, *Investigating Growth Potential of the Clothing Industry and Identifying the Constrains of Growth*, 8.

¹¹ Ibid.

¹² Mark Bennet, *Organising in the Informal Economy* (Geneva: International Labour Office, 2003), 10.

apartheid practice of limiting the employment of African workers to urban areas forced the industry to move to peripheral areas, leading Cape Town to become the single largest centre for the South African clothing sector.¹³ The most significant period in the Western Cape clothing sector was between 1950 and 1980 because it generated unprecedented employment (60 000 workers),¹⁴ as it benefitted from the National Party's import-substitution policies.¹⁵ This would, however, change in contemporary times where import tariffs were reduced, and notably in 2002 the rand appreciated- making a very rapid and sustained surge in imports possible, which contributed to job losses because local firms could not compete.¹⁶

The clothing and textile industry is one of the largest economic sectors in the Western Cape and 37 per cent of all manufacturing workers are in Cape Town alone.¹⁷ The Province had more than 1 000 clothing firms by 2004 and 827 met the bargaining council compliance standards- Cape Town hosted 327 of the compliant firms.¹⁸ Nevertheless, the number of bargaining council registered firms has reduced to 248 and only 150 firms comply with the bargaining council standards.

SACTWU, in a bid to protect job cuts and factory closures has maintained caution regarding increased real wages over years, however, the industry has continued to shrink. There has been massive skills drainage in Cape Town because of retrenchments and resignations.¹⁹ Other factors contributing to the skills drainage are an ageing workforce not adequately replaced because youth look down on the sector.²⁰ The Cosatu Regional General Secretary Tony Ehrenreich was reported in the press in 2008 to have attested to rumours regarding workers not receiving their provident to account for ten per cent of resignations in the Western Cape. Rumours about the government freezing the workers' money until they reached retirement age exacerbated the situation and Vicentio quotes Salie Semaar (Manager at Bonwit- a clothing firm in Cape Town) who agrees that these rumours have massively

¹³ Boladale, *Knowledge, Technology and Growth*, 2.

¹⁴ Ibid., 3.

¹⁵ Christi van der Westhuizen, *Trade and Poverty*, (Cape Town: Southern Africa Labour and Development Research Unit, 2006), 4.

¹⁶ Ibid.

¹⁷ Vicentio, *Investigating Growth Potential of the Clothing Industry and Identifying the Constrains of Growth*, 8.

¹⁸ Ibid, 9.

¹⁹ Ibid, 10.

²⁰ Ibid, 11.

contributed to the natural attrition of the industry.²¹ Noteworthy are firms exiting the Western Cape economy firstly, in response to the availability of cheaper labour in other regions and countries. Secondly, Vicentio found that some employers complain that the South African legislative framework is too restrictive²² and this rigidity is highlighted further below.

1.1.2 The industry

The Cape Town clothing industry, and South Africa at large displays a dualistic structure, containing simultaneously both formal and informal forms of production.²³ The growing number of retrenched workers has led to the informalisation of the clothing industry and the growth of home-based operations. The Clothing Federation of South Africa reported that the informal clothing industry engaged 60 000 workers in 1998²⁴ and the estimated 70 000 jobs lost in the last decade may have been absorbed by informal firms- bringing the number of informal workers to 130 000 presently. This informalisation trend is the reason why it was relevant to explore home-based informal firms as an alternative to the bargaining council regulated firms.

Terms such as Cut, Make and Trim (CMT) and home-based work are synonymous within the industry to describe informal firms. The yardstick, however, between formal and informal in the clothing industry is registration with the bargaining council regardless of the size of the operation. In other words, a formal firm would be one registered with the bargaining council, whereas an informal firm would be one that should be registered with the council but is not (and presumably not complying with the wages and conditions stipulated in the bargaining council's agreement).²⁵

The sewing machine dictates the structure of the clothing industry because, through its simplicity, longevity and relatively cheap cost, it facilitates entry into the

²¹ Ibid, 16.

²² Ibid, 15.

²³ Christian M. Rogerson, "Successful SMEs in South Africa", *Development Southern Africa* (01 July 2010): 692.

²⁴ Clothing Federation of South Africa, Overview of the South African clothing industry, (Unpublished mimeographed report, Johannesburg, 1998), 1

²⁵ There are also firms that are registered with the bargaining council, meaning they are part of the formal (regulated) industry however do not comply with bargaining council collective agreements, which makes them non-compliant registered firms.

industry in the first place and therefore dominates it.²⁶ The cost of the sewing machine makes it affordable to most, which is why there is a preponderance of small home-based operations in Cape Town. Cooklin (1991) found the same in the European Economic Community (EEC) in a 1971 survey, where 44 per cent of the total number of factories employed 25 people or less.²⁷ The structure found by Cooklin in the EEC represents most parts of the world, and has remained consistent throughout; wherein two types of organisations, namely manufacturer or sub-contractor, carry out production.²⁸ The manufacturer is responsible for every stage in the production of garments and bears the cost of the expensive material such as cloth and associated production costs.²⁹ The high cost of material needed to produce clothing limits the number of manufacturers and accounts for the emergence of sub-contractors in South Africa.

The role of a sub-contractor in the South African clothing industry can be further sub-divided into design houses, smaller factories, as well as home-based operations that may or may not be regulated by the bargaining council. The sub-contractor as an individual typically performs all the management and administrative functions³⁰ and, like the Far East, South Africa has large factories employing more than 100 people that are sub-contracted, producing high volumes. Work is usually sub-contracted in five ways:

- i. **Cutting:** the manufacturer supplies cut garments, or raw materials and cutting markers.
- ii. **Making-up:** the most basic service offered by the sub-contractor.
- iii. **Trimmings:** the manufacturer may supply all the trimmings required for garments.
- iv. **Finishing:** pressing, final inspection and packaging, which may be done by either the manufacturer or the sub-contractor.
- v. **Quality control:** typically done by the manufacturer to ensure garments meet their specifications.

²⁶ Gerry Cooklin, *Introduction to Clothing Manufacture* (Oxford: BSP Professional Books, 1991), 3.

²⁷ Ibid.

²⁸ Ibid.

²⁹ Ibid.

³⁰ Ibid., 6.

1.1.3 The bargaining council

The bargaining council is a forum designed for collective bargaining between registered trade unions and registered employer associations in order to settle matters of joint interest through negotiations.³¹ Section 28 of the Labour Relations Act 66 of 1995 (LRA (1995)) lays out the functions of the bargaining council that include but are not limited to making and enforcing collective agreements,³² prevent and resolve labour disputes among other functions. Five bargaining councils namely; Northern Areas, Natal, Eastern Cape, Western Cape, Free State and Northern Cape regulate formally employed clothing workers.³³

The bargaining council has to register with the Department of Labour and any agreed conditions by it bind only the parties³⁴ to the NBC who are parties to the collective agreement, subject to the provisions outlined in section 32 of the LRA (1995).³⁵ Parties to the NBC engage in negotiations that typically culminate in a Main Collective Agreement covering wages and conditions of employment, including social benefits. Bargaining council agreements also address exclusively wage and conditions of employment for metro areas such as the Magisterial Districts of Bellville in the Western Cape Province and non-metro areas such as Newcastle in KwaZulu-Natal Province.

The most critical feature of the collective bargaining system is enshrined in Section 32 of the LRA (1995).³⁶ It prescribes that parties to the negotiations may ask the Minister of Labour in writing to extend a collective agreement concluded in the bargaining council to any non-parties³⁷ that are within its registered scope/jurisdiction. Importantly, parties to the bargaining council have to be sufficiently representative.³⁸ The Minister is obliged to extend the collective

³¹ Labour Relations Act, 66 of 1995, s 28.

³² A negotiated written agreement on workers' terms and conditions of employment or matter of mutual interest.

³³ The five bargaining councils typically only have jurisdiction over major metropolitan areas and larger towns within certain provinces.

³⁴ Employers and employer organisations that are registered with the bargaining council and sign bargaining council agreements.

³⁵ Labour Relations Act, 66 of 1995, s 31

³⁶ Ibid, s 32.

³⁷ Employers who do not or refuse to sign bargaining council agreements. Such employers may or may not belong to associations in the NBC or may not be registered with the bargaining council.

³⁸ A vague term interpreted to refer to parties having the majority of workers signed up as members to their organisation.

agreement to non-parties within 60 days of receiving the request by publishing a notice in the Government Gazette specifying the timeframe the collective agreement will be binding to non-parties.³⁹ The Minister has to be satisfied by several conditions set out in section 32(3) before extending the collective agreement to non-parties.⁴⁰ It becomes illegal for any employer within the bargaining council scope to offer employees wages, working conditions and benefits that are less favourable than those set out in the extended collective agreement. Enterprises that wish to deviate from set minimum conditions are able to apply for and may be granted exemptions by the bargaining council. This mechanism of extending bargaining council collective agreement to non-parties has been utilised before in the South African clothing industry as will be discussed below.

The 2012 to 2013 collective bargaining agreement was an innovation in the clothing industry and introduced the productivity incentive scheme that was extended to non-parties in April 2013. Previously, minimum wages were set without provision for workers to share in productivity increases. The extension was at the request of the bargaining council to the Minister of Labour in terms of section 32 of the LRA (1995).⁴¹ The agreement set out the minimum wage at R784 for a qualified machinist in the Western Cape and other metropolitan areas⁴² on the 0.5 per cent productivity incentive scheme, with new machinists earning R627 per week.⁴³ The new entry rate provisions guarantee that all new employees earn 80 per cent of the normal gazetted rate, which is supplemented with an incentivised wage component that allows new employees to earn up to 100 per cent or more of the qualified rate.⁴⁴ The agreement also protects employees from retrenchments where the employer intends to re-employ the workers at the new entry rate in sub-clause 4.1.

The constitution of the NBC lays out that the council is funded by levies raised through collective bargaining upon employers and employees who fall within its

³⁹ Ibid., s32(2)

⁴⁰ Ibid., s32(3)

⁴¹ Labour Relations Act, 66 of 1995, s 32.

⁴² Large cities with multiple jurisdictions and municipalities.

⁴³ National Bargaining Council (NBC) for the Clothing Manufacturing Industry, Extension to non-parties of the National Main Collective Amending Agreement (*Government Gazette*, 12 April 2013), No 279.

⁴⁴ Ibid.

scope as well as fees from regional chambers'⁴⁵ administration of social and related funds such as the provident fund. Deductions for benefit funds add considerably to labour costs, which strains employers and affects their ability to operate, thus cut costs through retrenchments. Additionally, these deductions reduce formal workers' take home pay, which possibly leaves them worse off than informal workers, thereby making an exploratory attitude survey of workers' thoughts and feelings towards the current wage model relevant.

1.1.4 The rigidity of the collective bargaining system

The LRA (1995) transformed industrial councils into bargaining councils that would facilitate the extension of collective agreements to non-parties.⁴⁶ SACTWU drove moves to establish a NBC for the clothing manufacturing sector that would set minimum wages across the country, replacing the regional bargaining councils that did not cover the entire country.⁴⁷ Although SACTWU negotiates a single wage deal for the country, inter-regional differentials exist and the various regions have authority to caucus and decide how to spread this over time, although with limited authority. The first closed shop agreement established in 2002 was extended to non-parties in 2003. The Wage Board, which was replaced by the Employment Conditions Commission (ECC) increased wages beyond the jurisdiction of the bargaining council.

The bargaining council retains potential rigidity because of the strong union voice and the fact that collective agreements may cover all employers in the same geographic area whether they like it or not, and regardless of whether they can afford it or not. The Minister of Labour has routinely extended collective agreements to cover all employers in South Africa. The NBC also confers unfettered authority to SACTWU to implement industrial action on any employer who fails to implement the terms of the collective agreement, whether they are party to the negotiations or not. This may be perceived as infringing on the employers' freedom of association because participation on a bargaining council remains voluntary as the LRA (1995) removed the duty to bargain.

⁴⁵ National Bargaining Council Constitution, 2010.

⁴⁶ Labour Relations Act, 66 of 1995.

⁴⁷ Ibid., s29.

1.1.5 Escalating wages in recent years

Nattrass and Seekings (2013) contend that both nominal and real minimum wages have increased in some regions since the first minimum wage agreement in 2003.⁴⁸ When the ECC, established in terms of section 59(1) of the Basic Conditions of Employment Act 1997 (BCEA), was still setting the minimum wage in 2000, minimum wages in metro areas were double those of non-metro areas. By 2011, wages in non-metro areas such as Newcastle were two-thirds that of Cape Town.⁴⁹ This, according to Nattrass and Seekings (2013) can be attributed to the fact that the majority of employers represented in the NBC from metro areas are not affected heavily by the wage increases because they charge more to produce garments or are more productive and can therefore afford higher wages. However, this was proven fallible in the last decade because large factories like Seardel shed over 1 900 jobs in 2011 and closed down several factories in South Africa, whilst opening and maintaining factories in Lesotho where it has a smaller wage bill. Seardel as well as other large and small factories shut down operations in Cape Town; as a result, thousands of workers lost their jobs.

1.1.6 Impact of the Chinese imports

There was very little incentive for South African retailers to import clothing in the 1960s due to the strict tariff barriers that protected the local clothing industry.⁵⁰ In the 1990s tariffs were on average 90 per cent, which led retailers to source 93 per cent of their goods from local manufacturers.⁵¹ The result of import tariffs was a boost in employment. For example, the greater Durban area boasted approximately 450 clothing firms that employed between 45 000 and 49 000 workers and Cape Town had 60 000 workers.⁵²

The 1990s also marked the period when the South African government embarked on a shift in policy (reduced tariffs), aiming to re-engage with the global economic community. The government offered the WTO an eight-year tariff phase-

⁴⁸ Nattrass and Seekings, *Job Destruction in the South African Clothing Industry* (Johannesburg: The Centre for Development and Enterprise, 2013), 4.

⁴⁹ Ibid.

⁵⁰ Caroline Skinner and Imraan Valodia, "Labour Market Policy, and the Future of Labour Relations," *Transformation* (2002): 58.

⁵¹ Ibid.

⁵² Boladale, *Knowledge and Growth*, 2.

down period for the clothing industry. The initial benefit was the lowered cost of imported material, which was soon outweighed by the fall of imported clothing.⁵³

Skinner and Valodia (2002) refer to tariff levels failing to portray a complete picture of the levels of import competition, especially in light of illegal imports that enter South Africa because of lax customs controls.⁵⁴ In 2001, for example, South African retailers imported between 45 per cent and 47 per cent of their goods. On the one hand, the reduction in locally sourced goods was a result of several factors, including China joining the WTO in 2001 and then rapidly expanding its export production.⁵⁵ On the other hand, South African clothing manufacturers reneged on their contracts to local retailers when the rand depreciated, which forced retailers to look elsewhere, and China provided a cost-effective alternative.

Nattrass and Seekings (2012) found that when the rand strengthened after 2002, South African clothing exports fell, whilst imports rose despite a tariff level of 45 per cent as well as the temporary restrictions on Chinese imports in 2007 and 2008.⁵⁶ Clothing imports from China flooded the South African market and comprised 61 per cent of total clothing imports by 2008 and 74 per cent by 2010.⁵⁷ Noteworthy, the liberal policies did not only leave the clothing industry vulnerable to Chinese imports, but also crippled the industry to the extent that it could not compete with imports from neighbouring Lesotho that experienced a twenty-fold increase in exports to South Africa between 2006 and 2010.

Local clothing manufacturers had to try and compete with imports in order to increase locally sourced goods from 53 per cent back to the 90 per cent experienced in the 1990s. It was this need to compete that put downward pressure on the price of clothing and this pressure, according to Skinner and Valodia (2002),⁵⁸ negatively impacted on labour given that a high proportion (estimated at 30 per cent in 2001) of total inputs was remuneration.

⁵³ Nattrass and Seekings, *Differentiation with the South African Clothing Industry*, 6.

⁵⁴ Skinner and Valodia, "Labour Market Policy, and the Future of Labour Relations," 59.

⁵⁵ Nattrass and Seekings, *Differentiation with the South African Clothing Industry*, 7.

⁵⁶ *Ibid.*

⁵⁷ *Ibid.*

⁵⁸ Skinner and Valodia, "Labour Market Policy, and the Future of Labour Relations," 60.

1.1.7 Job losses in the industry

The formal component of the clothing industry is governed by institutionalised bargaining council arrangements, and is largely concentrated in South Africa's three largest metro areas.⁵⁹ In the Western Cape, the majority of factories are located in the Cape Town metro area.⁶⁰ Employment in the Western Cape declined by 2,9 per cent between 1990 and 1995, and by 4,9 per cent between 1995 and 2001.⁶¹ In 2003, there were at least 283 formal establishments employing over 30,050 workers within the Province. However, in November 2013, 35 firms had closed down and only 125 factories were complying with the bargaining council. Furthermore, the 248 registered firms published by the NBC in 2013 were employing only 16 500 workers, a reduction from 23 416 recorded in 2010.⁶²

Effectively, the Cape Town clothing industry lost a conservative 13 000 jobs between 2003 and 2013 and there are signs of further job losses as factories continue to close. These numbers feed into the debate within the industry as well as academia, whereby Natrass and Seekings (2013) blame the bargaining council, trade union and especially the Minister of Labour (for extending collective agreements to non-parties) for the closure of clothing establishments and the loss of livelihood for workers. Godfrey, Clarke, Theron and Greenburg (2005) hold trade liberalisation policies and especially the reduction of import tariffs as the chief culprit for the shrinking of the industry.

In order to mitigate the decline of the industry, employers have suggested performance-based incentive pay that they argue will maintain high productivity because the incentivised wage makes up the majority of the wage, whilst the base wage will only be a small component. On the other hand, workers have begun setting up unregulated home-based operations in response to retrenchments and low wages in the formal factories. As a third method, worker co-operatives were introduced to try and empower workers by changing the working relationship to workers as

⁵⁹ Rogerson, "Successful SMEs in South Africa".

⁶⁰ Bennet, "Organising in the Informal Economy", 2.

⁶¹ Mike Morris, Justin Barnes, Jeanne Esselaar, 'An identification of strategic interventions at the Provincial Government level to secure the growth and development of the Western Cape Clothing and Textiles Industries' Available from: http://www.westerncape.gov.za/other/2005/10/final_paper_most_updated_printing_clothing_and_textiles.pdf. Accessed 15 February 2015.

⁶² Johan Baard, CCA Annual Report 2013, 15-16.

owners. These are all efforts aimed at finding flexibility in the clothing industry regulatory environment. The failure to find a complete solution to the shedding of jobs thus far presents room for this current study to explore four areas:

- i. Maintain the status quo as advocated by SACTWU and some employers, which may lead the industry to continue shedding jobs;
- ii. Fully implement the performance-based incentive pay suggested by some employers as a means to stay in business because production output is directly proportional to labour costs;
- iii. Facilitation of informal firms to accommodate retrenched workers through formal, regulated channels; and
- iv. Fully establish worker co-operatives in order to create future employment opportunities

Having laid out the background and context of the research, chapter two will discuss each objective in more detail.

1.2 Summary of Chapters

This first chapter contains an introduction to the study. It described the South African clothing industry collective bargaining structure, the bargaining council, and the collective agreements extended to non-parties both historically and in recent years. It laid the foundation and overall context of the Cape Town clothing industry in which the research study was undertaken.

In the second chapter, related studies conducted by several researchers will be examined, revealing the nature of the clothing industry in Cape Town, South Africa, Africa, as well as in other continents in order to contextualise the current study. The chapter will be divided into different sections, with the first providing the objectives of the study. The second part discusses the trade-off between increased wages and job security. The third section addresses issues of performance-based incentive pay, whilst making use of international studies that reveal similar successful models.

Fourth, the chapter will review research conducted on informal firms (mostly home-based), focusing on workers' reasons for leaving formal employment. The workers were asked about the viability of home-based work as an alternative to the current bargaining council regulated system. Lastly, the chapter will outline work conducted on worker co-operatives, citing relevant legislation as well as case studies such as Mondragon in Spain where worker co-operatives have been successful and well documented.

The third chapter provides a layout of the research design and methodology, including aspects such as methods of gathering and analysing data, the sampling framework, as well as limitations to the study. This chapter highlights the planning that took place to operationalise the study.

A presentation and analysis of the findings based on the four focus areas is presented in the fourth chapter. The chapter provides answers to all the research questions, aims and objectives; outlining the attitudes held by clothing industry workers towards alternatives to bargaining council regulation as well as new findings that were not anticipated. Based on the research questions, the final chapter will offer conclusions.

CHAPTER TWO

2.1 Introduction

Previous enquiries into the clothing industry informed this research study.⁶³ Past enquiries have however been limited by their broad scope, as studies researched the entire manufacturing sector including footwear and textiles, therefore pertinent issues were glossed over such as the attitudes of Cape Town clothing workers who are affected the most by factory closures. Exploring workers' attitudes toward regulation by the bargaining council fills an empirical knowledge gap, thereby providing a major contribution to the South African clothing industry as well as academia.

2.2 Research Aims and Objectives

2.2.1 Overall objectives

The study was undertaken from a socio-legal perspective, which led to a range of policy questions regarding labour regulations and (more broadly) work. The focus of the research was on conducting an attitude survey around four areas, including the trade-off between increased wages and job security – one of the causes of factory closures and continued job losses. The second focus area was included in the study because some employers have suggested the industry should adopt performance-based incentive pay as an alternative to the flat rate wage that will keep them in business, and thus save jobs. The third area was included in the study due to the increasing number of retrenched workers who have taken up informal (mostly home-based) employment because they have few alternatives after retrenchment. The last focus area emerged from the worker co-operatives established in KwaZulu-Natal and the study sought to assess whether workers in Cape Town felt it was a viable alternative.

2.2.2 Specific objectives

- i. The first objective was to find out if workers had knowledge of the regulatory environment, which would shed light on the type of relationship that exists between the regulatory bodies like SACTWU, the bargaining council, and the

⁶³ Etienne Vlok; Shane Godfrey, et al; and Jeremy Seekings & Nicoli Nattrass.

workers. Ascertaining the level of workers' understanding of the regulatory framework would also reveal if any of the resolutions established at the bargaining council reflect the demands/wishes of the workers.

- ii. The study sought to find out from formal and informal workers if they were aware of alternative wage models such as productivity-related pay. Such an inquiry demanded finding out if workers would welcome such developments in light of risks such as lower wages because bargaining council agreements would not cover them. It was important to look into productivity-related pay because employers have been pushing for such a model as a legitimate alternative to the current flat rate wage model.
- iii. The research explored the attitudes of the workers towards unregulated home-based operations, analysing whether the workers felt such operations had benefits that outweighed the disadvantages associated with the formal factories. It also explored the relevance of SACTWU in the informal clothing industry and the role it could play. It was important to assess the informal sector because of the influx of retrenched workers who are out of options.
- iv. Lastly, the study assessed attitudes around the worker co-operatives; which change the employment relationship from manager and worker to worker as owner; thus giving labour decision-making powers in the workplace. This serves as a second worker option to regulation by the bargaining council. The background of this objective is built on the co-operatives in Durban, of which many have been reported in the press as bogus because previous employers are taking advantage of the loophole in the Co-operatives Act (2005) that does not define members as employees, thus are not covered by the LRA (1995).

The four focus areas are discussed below and, while doing so, draw on studies covering similar topics.

2.3 Trade-off between Increased Wages and Job Security

The study surveyed worker attitudes towards South African labour standards and regulation of the clothing industry by the bargaining council. The chief aim was to map the best way to proceed in the industry from a worker perspective in order to save existing jobs and create employment opportunities. Natrass (2001) in her study

of the Phuthaditjhaba case found that workers favoured having jobs ahead of higher wages.⁶⁴ It did not seem rational for workers to demand higher wages with the full knowledge that they could lose their jobs,⁶⁵ leading to questions of whether SACTWU was acting independently during bargaining council negotiations, uninformed by the workers. With this in mind, and no studies available, it was imperative to close the empirical knowledge gap in the Cape Town clothing industry.

Nattrass and Seekings (2013) found that in Newcastle, where unemployment stood at 60 per cent, workers were willing to settle for less money if it meant keeping their jobs.⁶⁶ Noteworthy, higher labour standards tend to make hiring unattractive, leading to unemployment and, in the case of the South African clothing industry, retrenchments and relocations have resulted in the loss of more than 70 000 jobs- with Cape Town accounting for 13 000 of jobs lost between 2003 and 2013.⁶⁷

Nattrass and Seekings (2013) hold the view that for ten years (2003-2013) SACTWU has used the NBC, and particularly Cape Town based employers, to impose high wages in non-metro areas.⁶⁸ This is because these larger factories in metro areas benefit from capital subsidies under the DTI Industrial Policy Action Plan (IPAP), for example, Seardel (owned by SACTWU) received tax incentives worth R14.9 million in 2010, R37.7 million in 2011 and R46 million in 2012.⁶⁹ These larger factories also stand to benefit from the employment tax incentive⁷⁰ programme⁷¹ that was launched in 2014. Nonetheless, despite these capital subsidies, the big factories, including Seardel, had to close some of their factories in South Africa including Cape Town, while opening and maintaining those in low-wage countries such as Lesotho. What is evident is the clear trade-off that exists between increasing wages and job losses, especially in the context of cheap imports that are gaining market share. It was imperative to investigate how the people affected most

⁶⁴ Nicoli Nattrass, *Wage Strategies and Minimum Wages in Decentralised Regions* (Oxford: Blackwell Publishers, 2001), 874.

⁶⁵ Ibid.

⁶⁶ Nattrass and Seekings, *Job Destruction in the South African Clothing Industry*.

⁶⁷ Vicentio, *Investigating Growth Potential of the Clothing Industry and Identifying the Constrains of Growth*, 7.

⁶⁸ Nattrass and Seekings, *Job Destruction in the South African Clothing Industry*, 3.

⁶⁹ Payne, "Clothing Industry Sheds Jobs".

⁷⁰ Explanatory Memorandum on the Draft Employment Tax Incentive Bill, 2013.

⁷¹ The ETI is an incentive aimed at encouraging employers to hire young and less experienced work seekers. It was implemented with effect from 1 January 2014. Read more at <http://www.sars.gov.za/TaxTypes/PAYE/Pages/Employment-Tax-Incentive.aspx>.

by the decisions made at the bargaining council feel about this trade-off and the possibility of adopting other alternatives that may save their jobs.

2.4 Performance-Based Incentive Pay

Godfrey and Theron (2012) found that the industry is in crisis, having the lowest wages in the manufacturing sector, and shrinking at an alarming rate.⁷² The extended collective agreement presently in effect (2014) increased the minimum weekly wage to R784 for qualified machinists in Cape Town. Approximately 500 factories nationally and 150 in Cape Town have disregarded collective agreements reached by unions and some employer organisations at the bargaining council aimed to drive up wages. Some employers have relocated to low-cost labour areas because of the compliance drive by the bargaining council and the courts. There is thus a tightly knit relationship between employment and labour laws.

From the standpoint of workers, it might be fiscally responsible to adopt the performance-based incentive pay that will consequently boost productivity and raise wages. Godfrey, et al. (2005) found that manufacturers in South Africa have suggested a similar pay system that ensures the larger proportion of the wage was incentivised, whilst the minimum wage remained in place as a smaller proportion of the wage.⁷³

Performance-based incentive pay is used around the world (China, New Zealand, Malawi and Mauritius) and it is possible for it to work in South Africa. Billikopf (2004) attested to individual incentive plans offering the clearest link between the workers' effort and the reward.⁷⁴ Billikopf's work spanned over two decades and concluded that the piecework system is the best-known individual incentive pay plan.⁷⁵ Although his work was primarily in agriculture, he noted that the principles could easily be adapted to other types of work.

There are sharp lessons to be learnt from Mauritius and Malawi that unlike South Africa allow the piece rate system, which is similar to performance-based incentive pay that some of the South African manufacturers have suggested. These

⁷² Godfrey and Theron, *The Crisis in Clothing*.

⁷³ Godfrey, et al., "On the Outskirts but still in Fashion," *Development and Labour Monograph*, (2005): 7.

⁷⁴ Gregorio Billikopf, *Designing an Effective Piece Rate*, (USA: University of California, 2004), 1.

⁷⁵ Ibid.

neighbouring countries have seen major growth in their clothing industries, in turn are supplying the South African clothing market that is in steep decline. Mauritius, for example, is now the second largest clothing exporter to South Africa after China.⁷⁶ In order to keep employers within South African borders and avoid migration to neighbouring countries, policy makers need to pay attention to alternatives that may be adopted for the South African clothing industry.

Rogerson (2010) identified low productivity as the crux of the weakness of the South African clothing industry.⁷⁷ Findings by Billikopf (2004) point to the possible effectiveness of a new performance-based incentive pay system in South Africa that motivates individual workers while increasing productivity. For performance-based incentive pay to work well, it requires trust and confidence on the part of the workers that their interests are protected.⁷⁸ For Billikopf, employers can reduce costs while increasing productivity, allowing workers to earn substantially greater amounts.⁷⁹

Rogerson (2010) holds the view that static strategies like labour displacement and initiatives that emphasise reducing labour costs through relocating production facilities from metro areas to peripheral labour markets with cheaper wages, and even outside of South Africa are not effective.⁸⁰ The relocation of production facilities is a static strategy because it offers only a short-term respite to competitive pressures because firms that depend on low wages must constantly relocate production with all its attendant costs.⁸¹ Costs associated with relocating production remove the seemingly permanent cost advantage usually enjoyed by firms in low wage areas. In addition, relocation of firms adversely affects entire societies where the firms were located through job losses. This indicates a need for useful alternatives to simultaneously improve production and wages.

⁷⁶ Baard, CCA Annual Report 2013, 8.

⁷⁷ Rogerson, "Successful SMEs in South Africa," 694.

⁷⁸ Billikopf, Designing an Effective Piece Rate.

⁷⁹ Ibid.

⁸⁰ Ibid.

⁸¹ Ibid.

2.5 Informal Home-Based Operations

Homeworking is not an easy concept to define. These authors⁸² define it as:

‘[Homeworking] involves an employment relationship and in the case of the owner of the enterprise, involves a relationship of economic dependence on a supplier or intermediary that is akin to an employment relationship’

Godfrey, et al. (2005) confirmed that there is very little research conducted on homeworking in South Africa.⁸³ However, as noted above, regulation with the bargaining council is the key to differentiating between formal and informal clothing establishments in South Africa.

The crisis in the clothing industry has caused the rise of home-based operations across South Africa. These are typically informal factories employing less than six employees on short-term contract.⁸⁴ Homeworking operations with more than six employees are obliged to register with the Clothing Bargaining Council (CBC) and bound by collective agreements.⁸⁵ However, even those with more than six employees are difficult to police. This is, firstly, because it is very difficult to find their place of work. Secondly, due to the precarious nature of informal employment, it is common practice for employers to call workers only when needed, depending on the size of the order – meaning workers do not work on a daily basis. The majority of these home-based operations are nonetheless unregulated by the laws governing the clothing industry and do not abide by the terms of collective agreements, which makes them illegal.

For Godfrey, et al. (2005), non-compliance with the bargaining council agreements usually means poor working conditions and job insecurity.⁸⁶ Godfrey, et al., found that workers held negative attitudes towards prospects in the formal clothing industry⁸⁷ and noted that, *‘Although the views of the workers on the union varied, the general tone of their comments was often very negative’*.⁸⁸ Many of the 31 workers interviewed in both Cape Town and Durban in 2002 by the authors held

⁸² Godfrey, et al., Development and Labour Monograph, 12.

⁸³ Godfrey, et al., Development and Labour Monograph, 7.

⁸⁴ Vicentio, Investigating Growth Potential of the Clothing Industry and Identifying the Constrains of Growth, 11.

⁸⁵ Ibid.

⁸⁶ Godfrey, et al., Development and Labour Monograph, 13.

⁸⁷ Ibid., 27.

⁸⁸ Ibid., 33.

the union partly or fully responsible for their current situation.⁸⁹ Furthermore, they blamed the union for retrenchments, the poor financial situation and the current vulnerability within the clothing industry.⁹⁰

Vicentio (2008) found that a significant portion of workers resigned from factory jobs in pursuit of homeworking opportunities that they viewed as a better alternative.⁹¹ Some workers opted to work for themselves or for a small business in their neighbourhood instead of at a regulated factory that offers numerous employee benefits. Both owners of home-based operations and workers have said that it is more attractive to work at an informal firm because they do not have to comply with bargaining council regulations.⁹² For example, they have the potential to earn more in the informal sector because they do not have to pay the SACTWU membership levy, among other deductions, nor do they have to pay exorbitant transport costs due to the proximity of their employers' residence and place of work.⁹³ The absence of these additional expenses and deductions has the potential to allow informal workers to have a better take-home pay.

As previously mentioned, alongside the formal clothing industry the informal production of clothing across the major urban centres of South Africa has been increasing.⁹⁴ Sub-contractors are predominantly home-based firms that mostly receive already cut material to make garments.⁹⁵ Clothing industry participants typically refer to home-based operations as Cut, Make and Trim (CMT), which is another form of sub-contractor that is normally registered with the bargaining council, meaning that its activities comply with the set standards. The commercial contract is the key mechanism that enables formal enterprises to effectively employ homeworkers but avoid the obligations of employers in terms of labour regulations.⁹⁶

Godfrey, et al. (2005) noted that home-based work is not a result of an individual choice and problems associated with it far outweigh any positive aspects.⁹⁷ The

⁸⁹ Ibid.

⁹⁰ Ibid.

⁹¹ Vicentio, *Investigating Growth Potential of the Clothing Industry and Identifying the Constraints of Growth*, 13.

⁹² Ibid.

⁹³ Ibid., 39.

⁹⁴ Rogerson, "Successful SMEs in South Africa," 693.

⁹⁵ Cooklin, *Introduction to Clothing Manufacture*, 6.

⁹⁶ Godfrey, et al., *Development and Labour Monograph*, 14.

⁹⁷ Cooklin, *Introduction to Clothing Manufacture*, 6.

majority of workers they interviewed said they became homeworkers after retrenchment because of the closure of a factory.⁹⁸

2.6 Worker Co-operatives

There are five basic types of co-operatives, namely consumer/supplier co-operatives, savings and credit co-operatives, marketing/producer co-operatives, service co-operatives and, lastly, worker co-operatives.⁹⁹ This study focuses on the worker co-operative, which is a primary co-operative whose main aim is to provide employment to its members.¹⁰⁰ In such an enterprise, workers have complete control over their working environment and the members are worker-owners.¹⁰¹

Noteworthy are the co-operative values and international principles that have remained consistent through time, regardless of geographical location. The most successful known worker co-operative is Mondragon in Spain, and its founding fathers laid down the values adopted by the South African Co-operatives Act of 2005. These are the values of self-help, self-reliance, self-responsibility, democracy, equality and social responsibility.¹⁰² Further, Ramadiro, Mavundla and Seohatse (2003) found that the recent interest in co-operatives or common ownership amongst poor and unemployed people in South Africa is a direct and often spontaneous response to unemployment.¹⁰³

The Co-operatives Act of 2005¹⁰⁴ was in fulfilment of the Department of Trade and Industry's (DTI) quest to ensure a dynamic industrial, globally competitive South African economy. The main objective was inclusive growth and development as well as decent employment and equity. The statute was designed to promote and regulate co-operatives in South Africa. However, a gap has emerged since the traditional way of employment has become inadequate because it relies on the employment relationship as the focus of protective labour legislation. This is seen

⁹⁸ Ibid.

⁹⁹ Brian Ramadiro, Zandile Mavundla and Lerato Seohatse, *Research Report: Youth Participation in Co-operatives in South Africa*, (South Africa: Umsobomvu Youth Fund, 2003), 9.

¹⁰⁰ Co-operatives Act, 14 of 2005, Chapter 1 ss 30.

¹⁰¹ Ramadiro, Mavundla and Seohatse, *Research Report: Youth Participation in Co-operatives in South Africa*, 10.

¹⁰² Co-operatives Act, 14 of 2005. William Whyte and King Whyte, *Making Mondragon*, (New York: ILR Press, 1998), 273-274.

¹⁰³ Ramadiro, Mavundla and Seohatse, *Research Report: Youth Participation in Co-operatives in South Africa*, 11.

¹⁰⁴ Godfrey, et al., *Development and Labour Monograph*, 14.

in the way worker co-operatives are not protected in the LRA (1995). The amendment to the Act has not been implemented in two years despite having been sent to the office of the President of South Africa Jacob Zuma in 2012.

SACTWU has accused private consultants of helping clothing employers to evade labour laws by masquerading as worker co-operatives and subsequently avoiding the bargaining council agreements, which gains the force of the law in terms of the LRA (1995).¹⁰⁵ Amendments to the Co-operatives Act will limit the exemption of worker co-operatives excluded in terms of the LRA (1995) to worker co-operatives with fewer than 50 members.¹⁰⁶ A loophole remains even after the amendments have been enacted in that bogus worker co-operatives can be established by CMTs that split operations into two or more worker co-operatives with fewer members.

Worker co-operatives have succeeded elsewhere (e.g. Mondragon and Zimbabwe agricultural sector) and it is worth exploring the possibility of such successes in the South African context. The DTI has been pouring money into worker co-operatives and using them as a planned programme for job creation across many industries. Ramadiro, et al. (2003) found that the National Union of Mineworkers of South Africa also began promoting worker co-operatives in the early 1990s to address retrenchments.¹⁰⁷ This all speaks to the potential success of worker co-operatives as a tool in South Africa to respond to high unemployment in the clothing industry, in particular through employing retrenched workers.

In Zimbabwe there has not been a lot written on co-operatives, however the government has used them with some success to mobilise the population and capital and to increase agricultural productivity. In South Africa, worker co-operatives have been seen as agents of economic development, with the African National Congress Youth League (ANCYL) arguing that worker co-operatives materialise the notion of bottom-up development.¹⁰⁸ Other commentators see the sector as making it possible to envision small businesses outside of conventional small and medium enterprises

¹⁰⁵ Payne, "Clothing Industry Sheds Jobs".

¹⁰⁶ Co-operatives Act Amendment Bill, 2012.

¹⁰⁷ Ramadiro, Mavundla and Seohatse, Research Report: Youth Participation in Co-operatives in South Africa, 12.

¹⁰⁸ Ibid.

(SMEs), providing an alternative income-generation stream.¹⁰⁹ Workers at a co-operative that has existed from 2011 prefer a low wage that is 75 per cent of the bargaining council minimum wage.¹¹⁰ Natrass and Seekings as well as other scholars in line with this argument propound that a low wage is better than no wage.

Payne (2012) found that worker co-operatives theoretically have potential to compete with regular companies and save many jobs.¹¹¹ Historically, worker co-operatives have not been very successful because they were inwardly focussed on the needs of their members instead of focussing on customers and competition.¹¹² Payne quotes Ramamurti, the director of the Centre for Emerging Markets at Northeastern University in the United States of America, who argues that there is an enhanced risk of failure if the worker co-operatives are governed democratically and members have to vote on major issues.¹¹³

2.7 Chapter Overview

In summary, this chapter discussed the objectives of the research. Importantly, it detailed the four key areas of the study, firstly examining the current system where SACTWU demands higher wages, which some employers cannot pay resulting in the bargaining council using the courts to shut them down. The chapter then outlined three alternatives to this model with the first being performance-based incentive pay that clothing employers argue will raise wages while improving the employers' competitiveness. The second key area was homeworking, a worker alternative that is mostly a spontaneous reaction to retrenchments. Lastly, the chapter addressed the worker co-operatives, intended to upgrade workers from a subordinate and manager relationship to worker as owner.

The following chapter provides a layout of the research design and the methods used to gather and analyse data.

¹⁰⁹ Ibid.

¹¹⁰ Payne, "Clothing Industry Sheds Jobs".

¹¹¹ Ibid.

¹¹² Ibid.

¹¹³ Ibid.

CHAPTER THREE

3.1 Introduction

This chapter focuses on the research design used to fulfil the objectives of the research and address the research topic. The section also discusses the methodology followed when conducting the research, which includes the sampling technique, interviewing, as well as the ethical considerations that guided the study. This section also pays attention to the limitations of the study, both from a design perspective as well as personal reflections based on the research journey. Lastly, an overview is given of the chapter.

3.2 Research Plan

The study is exploratory, and focuses on the attitudes of workers in the clothing industry in Cape Town. Two sets of employees (formal and informal workers) form part of the respondent groups and are discussed as separate subjects, except in instances when they share similar attitudes. Babbie (1989) identifies three purposes of social science research, namely exploratory, descriptive and explanatory.¹¹⁴ The study is of a socio-legal nature because it is researching human subjects, and is exploratory because the attitudes of workers in the clothing industry have not been explored. Neuman (2006) and Babbie (1989) agree that such a study is essential when problems are in preliminary stages, and there is very little understanding of the issue.¹¹⁵ The focus herein, was to formulate precise questions that may be answered by future research, and there was no expectation to yield definitive results.

The research is use-inspired or applied because it provides practical or empirical findings, whereas pure research is informed by theoretical paradigms, which provide a foundation for knowledge and understanding. Nevertheless, these two research paradigms overlap because pure research in the human relations field

¹¹⁴ Earl Babbie, *The Practice of Social Science Research*, (Belmont, CA: Wadsworth, 1989).

¹¹⁵ Babbie, *The Practice of Social Science Research*, 1989; William L. Neuman, *Social Research Methods* (Boston: Pearson/Allyn and Bacon, 2006), 33.

has practical implications, and conversely, applied research often has implications for knowledge development.¹¹⁶

As alluded to in the sections above, one limitation of the available literature is workers' views on the status of the industry are neglected. This study aimed to be a medium for the workers' unexpressed attitudes towards the legislative framework governing their industry. This made qualitative research ideal because it places emphasis on respondents through in-depth interviews, allowing them to share their lived realities.

A sample of 24 workers was considered an ideal amount for in-depth interviews as it was thought to produce sufficiently manageable data. This is because the research did not seek representativity, and instead sought to explore the attitudes workers hold towards the current system of collective bargaining. Research, with the purpose of exploring feelings/attitudes in a complex real situation, does the following.¹¹⁷

- i. Provides a thick description
- ii. Establishes a firm understanding of the actor's attitude
- iii. Has a process orientation
- iv. Has a relative lack of control
- v. Should be inside-centred
- vi. Should be inductive

An exploratory study was considered appropriate in order to develop a practical understanding of the field as a means to then design and execute a second, more extensive study.¹¹⁸ Conducting an exploratory study was also advantageous because of the qualitative techniques for gathering data, and the fact that the research was less wedded to a specific theory. The study is founded on four initial research questions:

- i. Do workers understand the system of collective bargaining and trade-off that exists between regularly negotiated wages and job security?
- ii. Are workers aware of alternatives to bargaining council regulation and current wage model?

¹¹⁶ A. S. De Vos, *Research at Grass Roots*, (Pretoria: Van Schaik, 2002), 109.

¹¹⁷ Ran Greenstein, Benjamin Roberts and Ari Sitas, *Research Methods Training Manual*, 2003. http://www.academia.edu/3198713/Research_Methods_Training_Manual, 49-53.

¹¹⁸ Neuman, *Social Research Methods*, 33.

- iii. Do workers see homeworking as a viable alternative to formal factories?
- iv. Do workers perceive worker co-operatives to be a feasible alternative to formal employment?

3.3 Research Methodology

3.3.1 Qualitative versus quantitative

The study could have opted for a quantitative method through a survey questionnaire, as this would have produced findings that are more representative. However, the nature of the questions dictated a qualitative approach because the questions required at least a one-page explanation of concepts, such as performance-based incentive pay, before the workers were able to answer them. Furthermore, all four-focus areas needed explanations in case workers were not aware of them. This research followed a socio-legal framework and, although it addressed issues on minimum wages and productivity-related wages, both quantitatively measurable things, the real focus of the research was the four focus areas that required explanations that could only be achieved through interviews. A questionnaire would not have been able to provide informed answers and reflect the understanding and attitudes of the workers towards regulation by the bargaining council.

Qualitative research aims to look at something historically and comprehensively, to study it in its complexity, and to understand it in its context.¹¹⁹ For example, the questions started from the respondents' working history and continued up to their current state, exploring their plans and revealing their feelings about each subject in the process. A quantitative study is reductionist in its approach according to the study of behaviour; therefore, such a method would have lost sight of the whole picture.¹²⁰ This is because it oversimplifies social reality in its stress for measurement, and it is not context-free.¹²¹ This research was placed in the context of the existing interface between attitudes held by the workers towards the clothing industry legislative framework. A qualitative study enabled the research to reveal the full picture or 'thick' description of the situation facing workers in the clothing

¹¹⁹ Keith F. Punch, *Introduction to Research Methods in Education* (London: Sage Publications, 2005), 186.

¹²⁰ Ibid.

¹²¹ Ibid.

industry. Such flexibility allowed the researcher to include observations from the site and other asides.

3.3.2 Sampling framework

The research was conducted in the Cape Town Metropolis, and comprised of workers in formal and informal firms. The pre-sampling process meant that the researcher had to decide on the appropriate respondents to interview. Both sets of respondents were selected via a non-probability purposive sampling framework. *‘A purposive sample is comprised of features that contain the most representative or typical attribute of the population’.*¹²²

Consent to conduct the study was obtained from the owners of the formal and informal factories as well as from the workers. The owners and workers were provided with supporting documents such as the approach letter from the supervisor (refer to Appendix C) and the consent form prior to the interview.

The process of making initial contact and gaining access to participants has the potential to affect all stages of the interviewer-interviewee relationship and with that the quality, reliability and validity of interview data.¹²³ In light of this realisation, due attention was paid to approaching the formal employers through the existing list of compliant firms¹²⁴ on the bargaining council website. When approaching employers, and then respondents for data collection, the approach was both ethical and professional.¹²⁵

Factory owners were given explanations about the criteria for choosing respondents and they gave suggestions on those that were more comfortable speaking English. In every case where a respondent was selected to participate, they were given a brief explanation about the study and asked to volunteer and then sign the consent form. In most cases, the respondents were given the consent form in the days prior to the interview to allow them to read it over for a better understanding.

¹²² De Vos, *Research at Grass Roots*, 207.

¹²³ Punch, *Introduction to Research Methods in Education*, 174.

¹²⁴ Factories that abide by the collective agreements reached at the bargaining council, such as the minimum wage. The employers follow the regulations in terms of the LRA (1995), amongst other legislation.

¹²⁵ Punch, *Introduction to Research Methods in Education*, 186.

The research targeted respondents that were currently employed by formal factories (regulated) or had prior working experience in the formal clothing factories. The workers were required to have worked in a bargaining council-regulated environment for at least one year prior to the time of the interview. Twenty-five respondents with a prior history in the formal clothing industry were interviewed (i.e. ten formal workers and 14 informal workers – as one respondent withdrew). The respondents were chosen regardless of age and race; however males were preferred in some factories because they were not represented in the initial sample. The only other criterion for selection was willingness to share their experiences and feelings.

The research is exploratory in nature, and this made snowballing appropriate for sampling informal workers because they are very difficult to locate ordinarily since there is no database for home-based factories. Several respondents suggested homeworking operations that they felt would be relevant and willing to participate in the study, and these were approached. The process was relatively simple and cost-efficient.

Table 1: Profile of respondents – formal workers

Age	Gender	Race	Occupation	No. of years in industry	Retrenched	Date of interview
46	Female	Coloured	Quality controller	20	Once	28/01/2014
36	Female	Coloured	Sorter	14	N/A	12/12/2013
53	Female	African	Ironer	25	Once	11/12/2013
N/A	Female	Coloured	N/A	5	Factory closure	29/01/2014
34	Female	Coloured	Dispatch packer	15	N/A	13/02/2014
N/A	Female	Coloured	Time study	17	N/A	17/02/2014
N/A	Male	Coloured	Cutter	6	N/A	03/02/2014
N/A	Male	Coloured	Machine mechanic	13	N/A	09/12/2013
37	Male	African	Machinist	6 in South Africa. 17 including Malawi	Voluntary	18/02/2014
N/A	Male	Coloured	Machinist	5	N/A	30/01/2014

Table 2: Profile of respondents – informal home-based workers

Age	Gender	Race	Occupation	No. of years in industry	No. of years in informal factory	Date of interview
35	Female	Coloured	Machinist	10	1	20/03/2014
47	Female	Coloured	N/A	35	2	14/10/2013
59	Female	Coloured	Machinist	32	12	01/10/2013
53	Female	Coloured	Machinist	20+	N/A	01/10/2013
56	Female	Coloured	Machinist	39	18	01/10/2013
50	Female	Coloured	Machinist	30	N/A	01/10/2013
53	Female	Coloured	Machinist	30	6 months	27/08/2014
42	Female	Coloured	Machinist	15	5	08/08/2013
50	Female	Coloured	Sample machinist	17	N/A	08/08/2013
58	Female	Coloured	Ironer	14	6	08/08/2013
54	Female	Coloured	Machinist	20	N/A	25/07/2013
35	Female	African	Ironer	1.5	N/A	25/07/2013
33	Female	African	Machinist	8	5	25/07/2013
N/A	Female	Coloured	Machinist	N/A	N/A	08/08/2013

3.4 Methods of Gathering Data

3.4.1 Face-to-face interviews

Punch (2005) believes that interviews have the ability to access people's feelings, meanings, and definitions of situations as well as construction of reality.¹²⁶ Noteworthy, an interview is the most powerful way of understanding others. As Jones says:

*In order to understand other persons' construction of reality, we do well to ask them...and to ask them in such a way that they can tell us in their terms (rather than those imposed rigidly and a priori by ourselves) and in a depth, which addresses the rich context that is the substance of their meanings.*¹²⁷

Initial interview questions were general, semi-structured and open-ended, which started the interview and kept it moving forward.¹²⁸ The wording of each question depended on the direction of the specific interview and emerged as the interviews unfolded.¹²⁹ Interviews are a flexible data-collection tool, and it is because of this ability to adapt to a wide variety of research situations that it was the appropriate tool for this exploratory study, which sought to survey the attitudes of workers without imposing a prior classification that would have otherwise limited the field of inquiry.

The interviews were recorded digitally with a voice recorder (dictaphone) after the participants gave their consent. A back-up device (smartphone) was also utilised. The interviews were approximately 30 minutes long instead of the planned 60 minutes as lunchtime in the industry is only half an hour. This presented a challenge, as the focus areas required a longer interview time in order to carefully go through the research questions for each focus area. As a result of the time constraints, some research questions were prioritised over others.

3.4.2 Attitude survey

Prominent social psychology authors Eagly and Shelly (1998) define 'attitude' as 'a psychological tendency expressed by evaluating a particular entity with some

¹²⁶ Punch, Introduction to Research Methods in Education, 168.

¹²⁷ Sue Jones, Depth Interviewing, (Aldershot, 1985), 46.

¹²⁸ Punch, Introduction to Research Methods in Education, 170.

¹²⁹ Ibid.

degree of favour or disfavour'.¹³⁰ Responses elicited by attitude objects have been described as belonging to three classes:

- i. Cognitive category: contains thoughts and brings about understanding and evaluation of the issues
- ii. Affective category: consists of feelings or emotions – gives rise to favour or disfavour on the issues
- iii. Behavioural category: encompasses actions and intentions to act

These thoughts, feelings and behaviours are all directed at the entity that is the object of the attitude, and provide a convenient language for describing attitudinal phenomena.¹³¹ It is important to note that attitudes do not necessarily have all three aspects, either at the point of their formation or at the point of attitudinal responding.¹³² This research, following Eagly and Shelly (1998), defined an attitude survey as an evaluation of a person's feelings towards their environment. For this research, the object of the attitude was the clothing industry regulatory environment, including bodies such as SACTWU, the bargaining council, as well as employers. A face-to-face interview is the most efficient way of conducting such an evaluation because it is conducive for identifying emotions exhibited by respondents towards the objects of their attitudes.

The three attitudinal classes were used to measure the attitudes of the workers towards the key focus areas of the study. For example, the behavioural category was a yardstick for measuring the prospects of workers acting on the feelings or thoughts they held towards a particular focus area. The questions that were asked spanned all three attitudinal classes. The questions ranged from inquiring about the overall worker awareness and understanding of the four focus areas, to assessing the degree of favour or disfavour the workers had for each of the areas. Lastly, the questions addressed future plans the workers had in light of the state of the clothing industry, as well as suggestions on the route the industry should take in order to stop job losses through factory closures and to create more employment.

¹³⁰ Alice Eagly and Shelly Chaiken, *Attitude Structure and Function*, (Oxford University Press, 1998), 269.

¹³¹ *Ibid.*, 271.

¹³² *Ibid.*

3.4.3 Feminist approach

The clothing industry is a female-dominated sector and Cape Town is no exception.¹³³ For this reason, the research took on a feminist-based interview approach:

*The feminist perspective sees the traditional interviewing as a masculine paradigm, stressing masculine traits and excluding sensitivity, emotionality and other traits culturally viewed as feminine.*¹³⁴

This study was best suited to feminist interviewing because it required openness, emotional engagement and the development of trust, instead of the scientific positivity that requires objectivity and detachment.¹³⁵ Workers in the clothing industry are real people and the issues explored by the research go to the core of their livelihoods and so utmost sensitivity was necessary. It was initially difficult for the researcher to develop the level of emotional intelligence required, despite practicing. However, after three interviews it became easier to relate to, and empathise with, the workers. The result was that respondents who at first appeared shy or intimidated became increasingly relaxed and were thus more forthcoming with how they felt regarding any of the focus areas, depending on how well they understood the issue.

The research aimed to rid the study of the traditional hierarchical relationship between interviewer and interviewee because minimising status differences enables a greater range of responses and, therefore, richer data. Sensitivity and minimising status differences helped overcome impeding factors such as the researcher being a Zimbabwean, English-speaking male who was researching predominantly Afrikaans and/or Xhosa-speaking females. The interviewer and the respondents were, therefore, co-equals, effectively reducing the chances of the researcher manipulating data, and exerting undue influence when reporting. Despite efforts to seamlessly apply the feminist approach, there was one respondent who withdrew from the interview because she felt intimidated by the line of questioning and did not think she could adequately answer the questions.

¹³³ Etienne Vlok, *The Textile and Clothing Industry in South Africa*, 227.

¹³⁴ Punch, *Introduction to Research Methods in Education*, 172-173.

¹³⁵ *Ibid.*

3.5 Data Analysis Strategy

All the interviews were transcribed (ten by the researcher and fourteen by a professional transcriber who signed a non-disclosure agreement). This analysis followed open coding, which required the reading of transcripts several times. The interviews were topically focussed according to the four focus areas and every respondent in a respondent group was asked the same questions, which meant the themes, categories and sub-themes that emerged were aligned with the main research objectives. The information gathered from each respondent was then compared with similar answers from the similar respondent group and subsequently analysed.

3.5.1 Ethical considerations

In addition to the law faculty policy on research involving human subjects, De Vos (2002)¹³⁶ and Babbie (1989)¹³⁷ heavily influenced the ethical considerations that guided the process of the study. An ethical approach is imperative because qualitative research is inherently subjective due to personal involvement, and cannot be observed through experiments. However, due attention was paid to elements of bias, which effectively reduced subjectivity.

3.5.2 Consent

Consent was sought from the owners of the factories through an initial phone call, which was followed by a physical visit to the factory and a letter containing the purpose of the study. Once permission was granted to conduct the study, informed consent was sought from the individual respondents. In addition to the consent form, at the beginning of each interview the researcher reinforced that participation was voluntary and that respondents could withdraw at any point if they felt uncomfortable, without experiencing any consequences (one respondent requested to withdraw and her interview was not used for the study).

3.5.3 Anonymity

The professional transcriber signed a non-disclosure agreement that protected the names of all the respondents, owners, and names of factories or homeworking operations. The interviewees' details were kept anonymous so that their real

¹³⁶ De Vos, *Research at Grass Roots*, 62-63.

¹³⁷ Babbie, *The Practice of Social Science Research*, 62-69.

identities would not be compromised. The respondents are not referred to by their names in the study. The organisations' names have also been kept anonymous in order to protect their identities.

3.6 Limitations of the Study

3.6.1 Limitations of the design and methodology

The interpretation of data collected through qualitative methods is based on one's interpretation of the participants' words and actions. Qualitative research is therefore inherently subjective and/or biased because it is sometimes based on misunderstood or misinterpreted information or gestures from the interviewer to the respondent and/or vice versa.

Although open and flexible research strategies were followed, Babbie and Mouton (2001) point out that one of the pitfalls of an exploratory study is that it seldom produces satisfactory answers due to its subjective nature that contains bias.¹³⁸ In order to mitigate bias, sampling was dictated by the objective to understand the diversity of opinions and experiences among formal and informal workers. In terms of analysing the data, an objective system of open coding that required the reading of transcripts several times was used, which did not leave room for prioritising some attitudes ahead of others.

The research journey was a humbling experience, and the first lesson learnt was that things often do not go according to plan in research and a plan can amount to a mere guideline. It was difficult to accept that a dissertation follows its own course as more than twenty formal employers were contacted and only three were responsive at one point. The interviews were planned for an hour; however, these had to be cut down to 20-30 minutes in order to be accommodated by the respondents' lunch time. This meant that some questions had to be cut out of the interview schedule and the concept explanations had to be shortened, which may have impacted on the workers' understanding of the four key areas – ultimately affecting worker attitudes, since the level of understanding of a particular phenomenon and evaluation informs feelings towards the object of the attitude.

¹³⁸ Earl Babbie and Johann Mouton, *The Practice of Social Science Research*, (Oxford: Oxford University Press, 2001), 80.

3.6.2 Limitations of the sample

The informants were not diverse enough to get a holistic picture of the state of the clothing industry because only workers (formal and informal) were interviewed. It would have been beneficial to survey employers of the same workers who were interviewed, union representatives, the DTI, as well as the Ministry of Labour in order to cross check the information gathered. A survey of these stakeholders could have been undertaken using in-depth face-to-face interviews, because it would have produced richer data as interviews would feed off of the qualitative research strengths. Surveying all stakeholders would have provided an end-to-end understanding and analysis of the industry, which is essential for coming up with alternatives to the current dysfunctional system that is shedding jobs.

It was, nevertheless, impossible to interview all the stakeholders because of time constraints. This study is in part fulfilment of a Master's degree with a coursework component that needed to be completed in four academic semesters. Such deadlines made it unrealistic to generate a larger, more diverse sample size. Additionally, there were budget constraints because the research funding was not enough for a longer study. Further research should be conducted with the other stakeholders if a viable alternative to the current system of collective bargaining that has caused job losses is to be found and successfully implemented in South Africa.

It was anticipated that the majority of workers in the clothing industry in Cape Town would be coloured females; however, the impact of a male non-Afrikaans researcher was underestimated. This was, nevertheless, moderated by the feminist approach adopted in the research study (e.g. the researcher made sure to sit on a chair that was lower than the respondent, and dressed down).

3.7 Reflections on the Study

The study presented an opportunity to practically implement the academic knowledge amassed by the researcher over the previous six years and combine it with lived realities of the workers in the clothing industry. The research journey provided a useful learning curve that honed research skills and provided a good platform to further academic pursuits, while cementing a strong conviction for use-inspired research. Through the study lessons were learnt about research techniques,

such as the feminist approach, which helped the researcher to understand the nature of research; ultimately allowing for a better understanding of the clothing industry.

3.8 Chapter Overview

This section discussed the research design, laying out the research plan as well as the methodology that guided the research process, which included the sampling framework, data-collection technique and strategy for analysing the data gathered. The section delineated on the ethical considerations, limitations to the study, as well as some personal reflections of the researcher on the research journey. The following chapter is dedicated to the analysis of the findings from the interview responses, especially those aligned with the four focus areas of the study.

CHAPTER FOUR

4.1 Introduction

This section offers an analysis of the research findings in response to the main research objectives. The findings were analysed by reading the interview transcripts several times in order to make the relevant connections in line with the research objectives. The respondent groups were divided into formal and informal workers and their attitudes were analysed separately, except in instances where they shared similar sentiments. From the outset, some misconceptions were expected from workers about some of the focus areas; however, there was greater ignorance regarding the current wage structure and system of collective bargaining, to such an extent that they appeared to confuse the union and the bargaining council.

4.1.1 Number of years in the clothing industry

It is important to note the number of years respondents have worked in the clothing industry because it provides a contextual basis for the information they share. The number of years was also a screening mechanism during the sampling process because the starting hypothesis¹³⁹ was that longer serving workers have a greater knowledge and understanding of the industry and thus may be in a better position to share their feelings. There were ten respondents with more than 20 years experience, the youngest was 33 and the oldest was 58 years old. The age and number of years in the industry speaks to the skills drainage challenge in the Cape Town clothing industry because the bulk of the workers are approaching retirement age and are not adequately replaced with younger people. This helps explain additional factors perpetuating the decline of the industry. Vicentio (2008) found that the industry was in distress in Cape Town due to the skills gap left by retiring workers and the youth consider themselves ‘too fancy’ to work in the clothing industry, whereas historically youth followed their parents’ footsteps.¹⁴⁰

¹³⁹ The starting hypothesis was based on the fact that workers who have worked in the clothing industry for longer than 10-15 years are in a position to understand the changes that have occurred during the transition from the Industrial Conciliation Act (1956) and Industrial Councils to the Labour Relations Act 66 of 1995 and bargaining councils.

¹⁴⁰ Vicentio, Investigating Growth Potential of the Clothing Industry and Identifying the Constrains of Growth, 11.

Table 3: Number of years in the clothing industry

Years	1-5	6-10	11-15	16-20	21+
Formal	2	1	3	1	3
Informal	1	2	2	1	7

Two things emerged across the respondent groups, as explored below. Firstly, the longer-serving workers were divided into two, as one group had a good understanding of the industry and its history and the other group failed to remember how the industry functioned under the Industrial Conciliation Act (1956) and Industrial Councils more than 15 years ago.

4.1.2 Race and gender

Between the respondent groups, there were only four males who were employed at formal factories. The attitudes of the workers were generally uniform across the variables of race and gender, both of which did not seem to in any way influence the way in which different workers felt about the four focus areas. The majority of respondents were coloured females.

4.2 Understanding of the Regulatory Framework

The 24 workers interviewed (ten formal and 14 informal) were aware of the existence or had heard of SACTWU, which they referred to as '*the office in Salt River*'. The workers possibly refer to SACTWU in this manner because it is housed in the Cape Town suburb of Salt River, in the same building as the bargaining council, which may account for the seeming confusion regarding the purpose and functions of the organisations.

Table 4: Understanding of the regulatory framework

Level	No knowledge	Poor knowledge	Good understanding
Formal	6	2	2
Informal	11	3	0

Both worker groups had a remarkably poor understanding of the bargaining council and its purpose in the clothing industry. The majority of workers interviewed seemed to lack a clear understanding of the difference between the trade union and the bargaining council and appeared to confuse the functions of the two. The following quotation captures how the workers thought the union operated relative to the bargaining council, *'The union is mostly where we had a sick fund and we had a provident fund. And if you had complaints with your supervisor, it was there you can complain....'* It appears the workers were talking about the bargaining council instead of the union. Although they were not aware of it, the bargaining council rather than SACTWU manages the provident fund. On the other hand, SACTWU is the only worker party on the bargaining council, so it also makes sense that workers would take disputes regarding the provident fund to the union for assistance whenever they encountered problems.

The main findings from both groups of workers are discussed separately below in order to showcase their attitudes towards the clothing industry regulatory environment.

4.2.1 Formal workers

4.2.1.1 Level of understanding of the regulatory environment

All ten formal respondents were aware of the existence of SACTWU and the bargaining council however, understood very little about the functions of these organisations. Four formal workers demonstrated knowledge of, and understanding, of the purpose/function of each body.

Two of the ten workers complained that, *'[SACTWU] promise a lot when they come here, but when you go there, they tell you to go to that floor and that floor tell you I can't help you, go back to that floor....'* One of the possible reasons for such criticism is that workers may end up accidentally taking queries to the wrong office the first time because the two bodies are housed in the same building in Salt River. Since the workers are not fully aware of the different functions the two bodies fulfil, they are bound to be frustrated and, thus, hold negative attitudes towards both. Workers do not have a deep understanding of the regulatory environment, and this partly or wholly shapes their attitudes towards the governing bodies; meaning their cognitive attitude is formed from this lack of understanding. The poor understanding of the

regulatory environment may also influence the affective category and ultimately the behavioural category that leads to apathy and general removal from union activities.

On the other hand, in addition to confusing them with those of the union, some of the workers could not articulate the bargaining council functions, '*I don't really know what goes on at the bargaining council....*' This goes to show the general ignorance of the workers towards the regulatory environment. For almost all of the eight workers who had either no knowledge or a poor understanding of the regulatory framework, the interview presented the first time they were hearing about the bargaining council. The union is responsible for educating workers on the framework that governs their industry and deducts fees from their wages. From this standpoint, SACTWU may be seen as failing to fulfil its mandate and should champion programmes that acquaint workers with the functions of the regulatory bodies, which would then enable the workers to differentiate between bargaining council matters like the provident fund and union-related matters like dispute resolution. A good understanding of the regulatory framework is useful to workers as they can better utilise the services offered by each of the two bodies.

The fact that some of the workers interviewed did not have knowledge of the regulatory framework as well as the functions of the bodies that regulate that environment suggests a poor relationship between SACTWU and its members. The trade-union mandate is to represent its members' interests and central to this is the education of workers about their industry so that they are in a position to make informed decisions on issues such as wage demands or industrial action. The poor understanding exhibited by the workers brings further questions as to whether the union's fights for increased wages is really informed by the workers and represents their interests. It was out of the scope of this exploratory study however, it presents an opportunity for further studies that investigate worker understanding of the current and previous collective agreements and the amount of input they had in the negotiated agreements.

4.2.1.2 Formal workers: attitudes towards SACTWU

From the outset, it is important to note that six of the ten formal workers interviewed did not have a clear understanding of the union functions. Of the four that demonstrated an understanding of SACTWU's purpose, only two could

articulate these functions in detail. These differences in level of understanding may have affected the respondents' responses. Nevertheless, feelings towards the union were consistent among the respondents. The majority of workers felt that SACTWU was too aligned to the employers, and thus did not represent their own core interests. One respondent lamented the way union representatives regularly met with the employers at the factory more often than they met with the workers themselves. This respondent shared sentiments that are representative of the collective: *'There is a lot of good workers here but they don't want to talk, you know why? Because every time the union people come here, they go to the bosses. They don't confront us with how we feel, how is the work, is your moneys right?'* This respondent seemed to allude to workers being intimidated by the regular meetings between union representatives and the employers, to the extent that they feared expressing their opinions on critical issues such as wages and other conditions of work. It was not clear, however, whether workers were certain it was a trade union official that visited the factory because it could have been a bargaining council official coming to check the wage books for example and did not meet with workers after finding everything in order.

The findings echo Buhlungu (2010) in his interpretation of the changing nature of union leadership that projected images of an elevated social status through inter alia smart dress code and moving in the same social circle as [factory] managers.¹⁴¹ One respondent had this to say, *'I don't think they have my best interests at heart man, because if they get their full salary at the end of the month, they are happy, but what about us? Because from my point of view, we are working for their salaries, you see what I mean, it's the truth my bru....'*

A few of the formal workers were convinced the union was fulfilling its mandate and said, *'At the moment they are doing what they are supposed to do but as workers sometimes feel they can do more, they are supposed to do more...'* These workers felt that the union was championing their interests however, they felt there was room to do more for the betterment of workers.

¹⁴¹ Sakhela Buhlungu, *'A Paradox of Victory: COSATU and the Democratic Transformation in South Africa'*, (South Africa: KwaZulu- Natal Press, 2010), 117-118.

4.2.1.3 Formal workers: attitudes to accepting a lower wage versus factory closure

The majority of formal workers interviewed expressed that they would not take a lower wage even if it meant losing their jobs. Three respondents said that they would accept a pay cut in order to avoid retrenchment for operational requirements and of those none would accept anything beyond a R100 reduction. *'I would never take a lower wage...cost of living is already expensive, how can I go lower?'* In as much as workers could not exactly describe the regulatory framework, functions of the union and bargaining council, they demonstrated a good sense of the socio-economic challenges within South Africa. The Cape Town workers' attitude to lower wages diverge from what Natrass and Seekings (2013) found in Newcastle where there is 60 per cent unemployment and workers are willing to accept a low wage over no wage at all.¹⁴² The divergent findings may be explained by the fact that cost of living is higher in metro areas than non-metro areas and workers in metro-areas have more job options and can migrate to other sectors.

The refusal to accept lower wages in order to avoid job losses may be taken as sufficient justification of the union effort to demand higher wages. Nevertheless, the sticking point is the lack of information given to workers, evident in their poor understanding of the regulatory environment and system of collective bargaining, which leads to questions about the type of relationship between SACTWU and its members. It is then possible that SACTWU may not be completely transparent to workers about the consequences of higher labour standards employers cannot meet. The number of jobs lost in Cape Town, factories closed and the 150 non-compliant firms as well as the findings of this study render Kalula, et al.'s (2008) sentiments plausible that labour institutions lack the capacity to do the job assigned to them by law, as the bargaining council does not seem to fully resolve matters of mutual interest among the parties.¹⁴³

4.2.1.4 Formal workers: attitude to possessing power over their wages

The workers do not feel as though they have power over their wages; they feel the wages are imposed on them and are not a result of a collaborative effort between the workers and SACTWU. The workers felt that they were not involved in

¹⁴² Natrass and Seekings, *Job Destruction in the South African Clothing Industry*.

¹⁴³ Kalula, Ordor and Fenwick, *Labour Law Reforms that Support Decent Work*, 1.

decisions regarding the amount they were paid because no one asked them how much money they wanted to receive as weekly wages. The relationship between SACTWU and the workers once again seems to be one in which workers lack the necessary information so that they can make informed decisions regarding wages.

However, the more informed formal workers commented that they had control over their wages. Their view was that their demands and interests inform the union efforts. There was consistency in the attitudes among formal workers who understood the functions of the union and could distinguish between the functions of the union and those of the bargaining council. The following quote sums up how the more informed workers felt, *‘I have control over how much I get paid ... I know what an ironer is supposed to get paid now and I get more than the bargaining council wage here...’* The respondent did not want to share how much money she received weekly and this made it difficult to compare with the gazetted bargaining council wage. The workers may have confused the meaning of ‘control over wages’ to mean earning more money, and this was a methodological limitation of the interviews. Nevertheless, these workers were a minority as the majority of workers were not well informed about the union functions and could not adequately answer the question.

Having laid this foundation, the following sections pay attention to the possible alternatives to the current wage model and regulation by the bargaining council.

4.3 Wages Versus Job Security Trade-Off

4.3.1 Formal workers: attitudes towards factory closures

The majority of formal workers primarily blamed employers for factory closures and gave very little to no blame to SACTWU. Formal workers felt that the employers had cheated them and in turn blamed them for closing factories, for two reasons: either to pay off debt or avoid paying out their salaries among other benefits. The sentiments of the workers are echoed by the new sub-clause 34(8) in the 2012/2013 collective agreement that protects workers’ wages, job security as well as conditions of employment. One respondent lamented the treatment he received from his previous and continues to receive from his current employer when he said, *‘[The employers] don’t work right with [workers] ... factories are closing down*

because the bosses are skelem (Afrikaans for thief)...' The workers felt that employers were not honest in how they ran their businesses, citing that:

'...our provident fund money is not up to date. Our sick fund money is short from last year (2013) and it makes me frustration...when you deduct my money to put in my provident and sick fund, I expect it to be there, I don't want to receive letters from the union saying it's short....'

It was nonetheless interesting to find that resentment of employers did not transfer to positive attitudes towards SACTWU. Formal workers did not fault SACTWU for causing factory closures per se, but for not taking action to prevent retrenchments from occurring. The following two quotations sum up what the workers thought of the union's misgivings:

'We see a lot of factories closing down and when we ask the girls what the union did, they say they were there but nothing, and that's what they say....'

'I don't know of any instance where the union helped someone after factory shut down, all the girls I have spoken to have not been helped....'

As mentioned above, the majority of workers had a good sense of the pressures facing the clothing industry; however, they had a poor understanding of the regulatory environment and the collective bargaining system. The findings revealed that workers were not aware of the increased wages versus job security trade-off, causing the industry to shrink, and mostly blamed the import tariffs and Chinese imports for the jobs lost in the industry. It appears the union may not be sufficiently honest or open with workers regarding the impact of the Chinese imports and the necessity of taking them into account when they negotiate wages at the bargaining council.

4.3.2 Formal workers: attitudes towards sub-contractors evading the law

There were several factories, both registered and unregistered that were subcontracted to do work for larger firms. Upon further inquiry it was found that larger clothing factories opened up smaller factories or outsourced to smaller factories where they would pay less in salaries. Godfrey, et al. (2005) commented that the commercial contract was the key mechanism that enabled these formal factories to effectively employ CMTs without fulfilling the obligations of employers

in terms of the labour regulations.¹⁴⁴ The respondents have experienced the unscrupulous business practice of their employers first-hand, *'The bosses closes one factory and open another using another name and that's sad because we don't get our money that they deduct for years, for me that is the main factor with those closures....'* The fear of not receiving provident funds led to resignations in Cape Town, with one large manufacturer receiving over 100 resignations between January and July in 2008.¹⁴⁵ As the only worker party on the bargaining council, the union is obliged to act against unscrupulous employers cheating its members and findings from this research suggest that it is not adequately representing its members.

The union should exercise its unfettered authority to take industrial action against any firm that goes against collective agreements, in this case wage and job security as well as favourable working conditions. This obligation is inherent in trade union purpose and the authority was granted in sub-clause 34(8.9) of the 2012/2013 collective agreement.¹⁴⁶ The research scope limited it to only speaking to the workers and it was not possible to interview SACTWU leadership to find out if the organisation was aware of larger factories that were sub-contracting work to unregistered or non-compliant firms in order to pay less wages. Nevertheless, if this research could uncover these issues in a set of 30-minute interviews with workers, it is justifiable to think SACTWU, through continuous engagements with workers, would know about and be in a position to resolve this issue.

4.3.3 Formal workers: home-based operations undercutting formal factories

An outlying response came from one formal worker who showed awareness of home-based workers undercutting the formal factories, consequently resulting in fewer orders and leading to retrenchments. The small home-based operations typically charge less than formal factories because they often do not pay the stipulated bargaining council wage and mostly operate out of their home, which cuts down rental costs among other operational costs. The design houses and retail outlets prefer sending orders to the home-based firms in order to save on production costs,

¹⁴⁴ Godfrey, et al., *Development and Labour Monograph*, 33.

¹⁴⁵ Vicentio, *Investigating Growth Potential of the Clothing Industry and Identifying the Constrains of Growth*, 10.

¹⁴⁶ National Bargaining Council (NBC) for the Clothing Manufacturing Industry, *Extension to non-parties of the National Main Collective Amending Agreement (Government Gazette, 12 April 2013)*, No 279.

'...the small CMTs they open, so they kind of get production, the orders, they go to the small businesses and we get nothing, nothing at all....' Outsourcing to home-based firms adds additional pressure to the formal factories operating in an already struggling industry.

4.4 Informal Workers

4.4.1 Level of understanding of the regulatory environment

The informal or home-based workers (11 out of 14 interviewees) failed to articulate the duties SACTWU and the bargaining council. It was predicted that they would be able to state the role SACTWU played in their working lives during their time in the formal factory. The poor understanding of the bargaining council and the collective bargaining system, however, may be because ten of these informal workers have been out of formal employment in excess of ten years, and the bargaining council was only set-up in 2002. The union is a custodian of workers' rights, and failure to remember this primary role by workers problematises SACTWU's role in the clothing industry.

In addition, the majority of workers associated SACTWU with salary deductions through membership fees, thus what they remember of SACTWU is negative because for them it was an organisation that reduced their cash wage. Workers do not seem to have a good understanding of why these fees were deducted from their wages and how they benefited from it during and after they left the formal factory. The negative attitudes workers have towards the union are formed on this basis, especially those who were retrenched and, for one reason or another, did not receive pensions (lump sum) and in turn blame SACTWU, *'At blueberry, we worked the whole night through and he closed up the next day and he disappeared...we have heard nothing from him and he didn't pay us....'* However, the provident fund is instead a responsibility of the bargaining council and not of SACTWU, which means these attitudes stem from a poor understanding of the regulatory environment governing the clothing industry. Nevertheless, it is SACTWU's responsibility to educate workers about all facets of the industry and failure to do so may have contributed to the seeming confusion among workers. Additionally, SACTWU, as the only worker party at the bargaining council, should have helped the workers to receive their provident fund, even if the union itself was not responsible for the fund. The following statements summarise the attitudes of the majority of informal workers:

I was a member of the union, but the union do nothing for you, I am finished with the union ... they are there to help the people mos but when you go there, they tell you another story, they don't give you what you want ... when I was in the factory, the union only came to talk about wages but never came back to us...

All of these feelings culminated in an almost spontaneous move to home-based work because they felt SACTWU was not able to assist them after being retrenched and they did not have any other choice. The union has a duty to protect the interests of workers in the clothing industry and with that duty comes an obligation to assist workers with problems they may encounter.

On the other hand, there were three informal workers who understood union activities and expressed appreciation that the union performed its duties diligently. The three workers previously held shop steward and supervisory positions during their time in the formal factory prior to their factories closing down. Their previous roles in the formal factory exposed them more to union activities and put them in a position to acknowledge the union functions. The fact that only workers who previously held positions within union ranks understood the purpose of SACTWU exposed the poor relationship between SACTWU and formal workers. This means the union may not be engaging workers adequately- leading to a huge communication gap with the workers.

4.4.2 Informal workers: SACTWU involvement in informal sector

In as much as the informal workers felt that SACTWU could have done more for them while they were still formally employed in the factories, at least half of them felt that the union was necessary in the informal sector, *'I know the union because when I leave here I will have nothing, I will have nothing, only my weekly wages....'* This informal worker lamented SACTWU's absence in the informal sector because the provident fund is non-existent, as her employer is not registered and non-compliant with bargaining council collective agreements. The lack of benefits and worker protection is one of the major challenges faced by informal workers who are vulnerable to their employers. Such comments from some of the respondents demonstrated the need for union presence in the clothing industry despite its shortcomings.

4.5 Wages Versus Job Security Trade-Off

4.5.1 Informal workers: the union is to blame for factory closures

An informal worker articulated the wage-job security trade-off well and spoke with much passion about this trade-off that has left many workers jobless. She believed that wage increases were the root cause of the factory closures and blamed the union for putting pressure on the employers to increase wages every year. She felt that the employers were not able to handle higher wage bills, particularly those with a large workforce. The respondent had this to say, *'I can't say I blame the bosses and with the wage increases every time, they can't handle it ... and it's major big factories, with lots of people, so there are a lot of people unemployed....'* Wage increases over the past fifteen years have coincided with job losses, which may justify why workers claim that higher wage demands have eroded jobs in the industry. These findings resonate with Natrass (2001) who found that it did not seem rational that workers would demand higher wages if they were fully aware of the consequences and understood the trade-off.¹⁴⁷

With regards to factory closures, the informal workers felt that the union should have intervened to keep the factories from closing. One worker said, *'I think the union has a role to play in the closures because they must help the employers and tell them not to close ... my boss tried to go to the bank, to the union but they wouldn't help him. He tried to save the company for the girls but he couldn't....'* The workers felt betrayed by the union that they entrusted with the authority to represent their interests, most importantly keeping their jobs. Out of the 14 workers, nine blamed the union for the lack of action to prevent the retrenchments from taking place. Barry Cline, owner of Barry Cline Design House is quoted as saying:

'Both the Bargaining Council and the union are tough. Legislation is killing the industry. By putting all this red tape around something that should be simple-starting a business in order to earn living- they are forcing people into the informal sector. The industry can make so many jobs if they stop being self-serving in their outlook'.¹⁴⁸

¹⁴⁷ Nicoli Natrass, *Wage Strategies and Minimum Wages in Decentralised Regions* (Oxford: Blackwell Publishers, 2001), 874.

¹⁴⁸ Vicentio, *Investigating Growth Potential of the Clothing Industry and Identifying the Constrains of Growth*, 39-40.

Although it was not established if any of the workers were retrenched as a result of the 2012/2013 collective agreement, the deadlines¹⁴⁹ given to employers to comply and factories served with writs of execution reported in the press, demonstrate the rigidity of the legislative framework. The union could have advocated for the pardoning of this particular employer or demanded moratorium from the bargaining council in the form of an exemption in order to ensure the workers remained employed. In as much as exemptions are granted to some employers, they appear to be part of the rigid clothing industry legislative framework because only employers who have applied are considered, leaving those that may need exemptions but not able to apply vulnerable to closure. A living wage is a priority for the workers in the clothing industry, however, this has to be balanced with preservation of employment, and it appears this balance will only be achieved through increased flexibility in the regulatory framework. Further studies to explore the effectiveness of ‘flexicurity’ such as in Denmark may be mandatory in order for the South African clothing industry to be progressive.

4.5.2 Informal workers: the bargaining council is to blame for factory closures

One respondent felt that the bargaining council was responsible for the closures. She was the only one to pinpoint the bargaining council as the responsible body when she said, *‘it’s very sad but I think it’s because of this new thing about this bargaining council, and it’s because the government freely let other countries come in you see ... it’s a struggle nowadays...’* There was no probing due to time constraints, which would have revealed why and how she was certain the bargaining council was responsible for the factory closures. The reference to the changing times may be inferred to the transition from the Industrial Conciliation Act (1956) and the Industrial Councils to the LRA (1995) and a bargaining council that paved the way for parties to the bargaining council to request the Minister of Labour to extend collective agreements to non-parties. The respondent most likely read in the newspaper about the writs of execution by the bargaining council on non-compliant firms. The same respondent commented that the current closures were a political story and explained as such:

¹⁴⁹ National Bargaining Council (NBC) for the Clothing Manufacturing Industry, Extension to non-parties of the National Main Collective Amending Agreement (*Government Gazette*, 12 April 2013), No 279., clause 6 sub-clause (5) (ii).

My opinion is, they are just messing up this whole system, there are too many people that get money, paid for doing just nonsense, just upsetting the market and all those things. There are norms that you follow, that you are supposed to earn that amount and that but the way they are doing it, there is too much strikes and stuff. And I mean they are not doing the work, their monies don't get pulled out when you strike ...I don't feel that[s] right, you talk things over and you come to a conclusion and then you settle that way, that is my opinion, not being so rowdy and going on and breaking people's stuff.

This respondent is part of the group of home-based workers that used to hold shop steward and supervisory positions during their employment in formal factories. This respondent, as well as two others who understood the union functions, shared the same sentiments and demonstrated a deeper understanding of the pressures facing the industry such as the continued strikes. In as much as they did not mention the wage demands being the lead cause of strikes, their responses suggest they comprehend the consequences of demanding higher wages year-on-year.

4.5.3 Formal and informal workers: import tariffs/Chinese imports to blame for factory closures

Of the 24 workers interviewed, 23 felt that the Chinese are playing a direct role in the decline of the industry. One informal worker said, *'If you think back, the years they came in are the years we start struggling. Before the imports it was fine, from the time I started working 30 years ago. We had the occasional ups and downs but not like now. Not the amount of factories shutting now....'* Both groups felt the government allowed these cheap imports into the country and, as a result, their employers lost the price war, leading them to close down factories. A formal factory worker said, *'I blame our own government for that because for the imports and you know, stuff, that's why factories close because there is no work. Because everything they import is here in the shops. Our factories don't have work because they are importing stuff....'*

The workers' attitudes are shaped by their thoughts on the role of the government as well as clothing industry governing bodies like SACTWU. Both respondent groups felt that the government, SACTWU, and the bargaining council are not doing enough to keep foreign clothing from entering South Africa, because once imports enter the country, they are sold cheaper than South African clothing because South Africa has higher production costs than countries like China and Bangladesh. It is worse for South African clothing employers that cannot compete with clothing imports because SACTWU pushes wages higher annually and the

bargaining council embarks on compliance drives to force employers to comply with collective agreements regardless of whether they can afford or not.

The direct consequence of these imports is the loss of a livelihood for the workers. This is especially dangerous in households where the mother is the sole breadwinner. The situation gets bleaker when one takes into account the quotation above, where a home-based worker talked about her existence in the informal clothing industry being under threat from the same Chinese clothing that got her retrenched, '*Chinese people selling their goods so cheap ... there is no way an ordinary person on the street can make something and live on it....*' It is interesting to see that the attitude held by the workers towards the Chinese imports are formed from the personal experiences they have had with reduced import tariffs that are the root cause of the increased clothing imports into South Africa post-1994.

It was not clear where or how the workers had learnt of the impact of trade liberalisation, nevertheless it showed that they had a good understanding of the pressures facing the industry. Potentially, there is an issue of SACTWU blaming the retrenchments on cheap Chinese imports and failing to inform workers that, in as much as cheap imports are a problem in the industry; they are creating a context in which increased wages may lead to further job losses. What this might mean is that SACTWU may not be sufficiently open to workers about the impact of the cheap Chinese imports and how they should take them into account when negotiating wages at the bargaining council.

In summary, both formal and informal workers demonstrated a poor understanding of the clothing industry regulatory environment. The workers typically ranged from either never having heard of SACTWU or the bargaining council, to knowing of its existence because of the various deductions on their wages, however, with very minimal understanding of its functions. The workers generally confused SACTWU with the bargaining council, which may be attributed to the lack of education by the union regarding the bodies that govern the regulatory framework of the industry. Nevertheless, despite lacking a good understanding of their regulatory environment, the workers demonstrated a solid understanding of the pressures facing the industry in the form of Chinese imports that according to them have crippled the industry.

4.6 Alternatives to the Current Wage Model and System of Collective Bargaining

The majority of workers had never heard of the performance-based incentive pay, which would mean the bigger component of the wage would be incentivised, while the base wage was negotiated at the bargaining council. Worker unawareness of alternatives to the current wage structure broadly suggests that SACTWU, in an attempt to ensure regulation of the labour market, may have potentially withheld information from workers regarding these alternatives, or perhaps the workers just did not remember if SACTWU had explained these alternatives. Nevertheless, after the explanation of alternatives highlighted in this research, the workers generally showcased negative attitudes towards the performance-based incentive pay but retained interesting alternatives themselves, with some that were well thought out and clearly demonstrated the behavioural category of attitudes and willingness to change the status quo.

4.6.1 Current pay model versus performance-based incentive scheme

4.6.1.1 *Formal workers: positive attitudes towards performance-based incentive pay*

Almost all the workers had never heard of this system before except for two. One worked under the system in Malawi, whilst the other worked under the system in Cape Town.

I worked under that system in Malawi ... ten people can produce production done by twenty people and so the Chinese would tell the supervisor to bring the top machinists and then measure everyone else and come up with a grading scale according to how many operations you could do and if you can reach your targets, so we were paid a different wage although we were all machinists...but when I come here the bosses follow what the union says and we get the same amount ... I complain though because my type is hard to find and I get paid the same as someone who put a label on a shirt because they are called a machinist...the bosses should make grades to know who is performing and give them more money...I hit my targets every day and some people are playing, but we get the same.

Noteworthy is the importance of high order output to the employers in Malawi highlighted by the respondent. This respondent seems to have understood that, in order to earn more, he had to produce optimally because his wage was directly proportional to what he produced while he was in Malawi.

Such findings challenge the union view on wages, where SACTWU has consistently pushed for higher wages annually despite the decreasing clothing orders because of international competition from countries like China or Mauritius, among other pressures facing employers. Taken from this perspective, SACTWU ought to consider the employers' bottom lines when they enter into wage negotiations and the increase they demand should be in harmony with what the employer is producing. This might not be possible all the time with continued negotiations; however it is a first step towards matching production output (how much employers make per order) with labour costs among other operational costs.

There was a correlation between workers who regarded themselves as efficient and hardworking, and an acceptance of performance-based incentive wage pay. The following quotation captures how the group of hard-working formal workers felt about the system, '*...no, I have never heard of that system...I would want such a system and scrap the flat rate ... I am fast, I am very fast I want that system...*' This resonates with the first cited respondent who worked under the system in Malawi and who would like his wages to reflect the amount of work he completes. These workers felt that it was a fair way of receiving their wages and would motivate them to work extra hard in order to receive a higher wage. It seems workers are not completely united regarding remuneration, meaning there is merit in trialling the employer-suggested performance-based incentive model at the very least. This wage model has more merit than the union backed and failed 2011-wage agreement hailed as a hallmark that saw new job entrants receiving lower wages even when they were more talented and more efficient than existing workers.

It is only logical for wages to reflect or be closely linked to productivity as every working moment is accounted for through what the worker produces, reducing 'wasted' hours. SACTWU will therefore only negotiate the base wage, whilst workers assume responsibility for their wages through productivity-related incentive pay.

Billikopf (2004) emphasised the importance of high production matched with the correct wage for keeping both employers and workers happy. Billikopf found that this incentive system offers the best and clearest link between the worker's effort and

the reward.¹⁵⁰ Rogerson (2010)¹⁵¹ found that the low production rate was among the greatest weaknesses of the clothing industry, which may explain why in 2005 the sector had the lowest wages in the textile industry at R217 per week in non-metro areas and R574 in metro areas.¹⁵² Godfrey and Theron (2012) attest to the industry facing a crisis and highlight low wages as one factor of the crisis.¹⁵³ The proposed alternative wage structure allows workers the chance to raise their wages through hard work because the largest portion of the wage is incentivised.

Despite SACTWU's fight for higher wages, the clothing workers remain lowly paid compared to other textile workers in South Africa. It certainly presents a good case for the productivity-related incentive pay because workers will be guaranteed of a base wage and can then determine their final wage based on their level of effort during the week. This pay model aims for fairness since workers on the same production line may receive different wages based on the effort they put in. The wage model also has the potential to solve the challenges facing employers of paying non-performing workers, which discontents exceptional workers.

4.6.1.2 Formal workers: negative attitude towards performance-based incentive pay

Out of the ten formal workers interviewed, eight were vehemently against performance-based incentive pay. With regards to these attitudes, the respondents' feelings were informed mainly by evaluating periods when they would not be able to meet set targets due to several factors, some of which are beyond their control. One of the workers stated the following: *'I don't like it because what about the days I don't produce, say if I work on a new style, so for 4-5 days a week I don't produce my normal, what happens then? What am I gonna earn for the week? Rather leave it like that....'* These workers preferred the current pay model because it was more predictable and they knew exactly how much they would be receiving at the end of the month. Should performance-based incentive pay be introduced in the clothing industry, it should ensure that these fears are addressed as they are genuine concerns that would affect the workers' wages.

¹⁵⁰ Billikopf, *Designing an Effective Piece Rate*, 1.

¹⁵¹ Rogerson, "Successful SMEs in South Africa," 694.

¹⁵² Etienne Vlok, *The Textile and Clothing Industry in South Africa*, 230.

¹⁵³ Godfrey and Theron, *The Crisis in Clothing*, 1.

4.6.1.3 Informal workers: attitude towards current pay model versus performance-based incentive pay

The informal workers understood the principles behind the performance-based incentive pay once it was explained and generally expressed negative feelings. All 14 workers pointed out that it would be a demanding system to work under and contrary to the benefit of working in a more relaxed environment that they enjoy far more than the formal factory, *'We are here now; it's not too much pressure for me because we've only four people, maybe in a big factory...'* The relaxed environment unregulated workers described is appealing to them because some were retrenched due to ill-health and most are advanced in age, and so believe they would not meet the required targets in order to receive a decent wage, *'[The] system would not work in CMT ... for my age it wouldn't work but maybe for a younger person can have energy ... it is not a fair way of paying people....'*

It is difficult to see how the system would work in the context of home-based work because the majority of workers are not permanently employed, *'I have never worked under the system and we don't use it here because sometimes we have big orders and sometimes we've got small orders....'* These workers are only called in when there is a huge order or when there is pressure to complete an order on time.

The informal workers were against the system, citing that they would not have agreed to work under the system even during their factory days, *'[I've] never worked under such a system and will never work under such a system ... I would not have taken it in the factory as well ... I don't know if they would have closed down or not with this system but no...'* The workers' attitude gave a new view to the way the payment model needs to be looked at. One respondent felt that the alternative wage structure would have saved her job because of the way it is designed, *'I think the system would have saved my job because I would go home with less money every week. I have a family to feed...'* These workers would have preferred to lose their formal jobs instead of adopting the performance-based incentive pay. Such strong negative attitudes towards an alternative wage model may go some way to explain the stance taken by SACTWU in the last ten years regarding productivity-related pay and the fear that employers will set impossible incentivised targets.¹⁵⁴ There appears to be great

¹⁵⁴ Payne, "Clothing Industry Sheds Jobs".

solidarity among workers against differential pay through incentives in the factory on the same production line.

The respondents felt they would not trust employers to implement the system fairly and pay them accordingly should they exceed targets. One worker's comment was representative of the majority voice, '*...no, I will not trust my boss to pay me if we use the system, no way, it's not gonna happen*'. These workers perceive employers as crooks (*skelem*) and some have been victims of retrenchments wherein the employer disappeared without compensating them.

4.6.1.4 Informal workers: attitude to SACTWU involvement in performance-based incentive pay

Regarding union involvement in the event that the clothing industry adopted performance-based incentive pay, the respondents' attitudes were almost evenly divided. There were some who, although favouring the system, would not trust the employers to fulfil their end but still did not see a role for the union. It was not ascertained why distrust of employers did not turn into confidence in SACTWU. However, it is possible that the poor relationship between workers and SACTWU as well as the lack of knowledge and understanding of union functions is an impediment to gaining confidence in the organisation.

On the other hand, another set of respondents advocated for union involvement, citing that, '*...you can do that if you have a problem, you can go to the trade union, you go speak about all this and you will be helped*'. This goes to show that, among the workers who understand the union functions, there are some who hold positive attitudes because they understand how SACTWU can help them. The union appears to be necessary in the performance-based incentive pay structure as workers still need representation at the bargaining council to negotiate the base wage, incentive rate, the weekly target and how to calculate the target or the measures to be taken if materials like zips are late and workers are not able to work. Absence of the union in such a scheme may lead to employers determining targets and wage rates that are impossible for workers to reach, leading to unfair labour practice. Under the performance-based incentive scheme, the union will assume the role of custodian of the rights of workers, and ensure employers stay true to the system and pay workers fairly.

In summary, what is clear based on worker attitudes is that performance-based incentive pay is not a feasible alternative mainly because of the trust it requires to be placed on employers that they do not already trust. Both formal and informal workers are wary of the weeks during which they are learning a new pattern and slow to reach their targets or when materials needed are delivered late, and how this will affect their weekly wage. Applying such a pay model in the Cape Town clothing industry would see particularly formal workers starving in the low production seasons. The pay model also disadvantages informal workers who only come to work whenever there is an order that requires more labour.

4.7 Unregulated Home-Based Factories as an Alternative to Formal Work

This category addressed the objective of the worker alternative of working in, or starting, a home-based factory after retrenchment, and sought to gauge the number of workers who viewed this as a viable option to earn a sustainable income outside of regulation by the bargaining council. Both respondent groups were aware of the existence of home-based workers, although a few had no knowledge of such operations in their neighbourhoods. Formal workers thought it was a good way to earn money but did not think that it was a viable alternative to the factory for them. The majority of the informal workers felt that it was a viable alternative based on the reduced transport costs, less stressful environment and a cash wage comparable to formal workers. There were a few informal workers who expressed concern for the lack of protection in the informal sector, and said they would welcome union intervention and the subsequent benefits that come with union representation.

4.7.1 Attitude towards home-based factories

4.7.1.1 Formal workers: attitude towards unregulated firms

Almost all the formal workers were aware of the existence of home-based workers in their residential areas although the majority said they had never worked in this manner themselves. The formal workers felt it was not a viable alternative for them, but welcomed it for other people whom they felt stood a chance at making a living outside of the factory, ‘... *Not really, I would not consider doing homework, I would rather find some other type of work*’. It seems the workers enjoyed the stability that comes with formal factories despite the shortcomings. The workers seemed to look down on home-based work as beneath them and as something done only by

those who have failed in the formal factory. This type of thinking is similar to Vicentio's findings regarding the youth that refuse to work in the clothing industry because it is beneath them, which has caused a skills shortage in the industry.

The formal workers who felt that it was a legitimate means of making a living still preferred bargaining council regulation, '*No, I don't think I will go work there ... no circumstance will make me leave the factory*'. The fact that it is inconceivable for formal workers to leave the formal factory for unregulated firms means they see more advantages than disadvantages in regulation by the bargaining council. These attitudes towards home-based work holds true what Godfrey, et al. (2005)¹⁵⁵ found in their study, where workers expressed that home-based work was never a choice but was a consequence of circumstances beyond an individual's control, and the challenges associated with it far outweigh any positives. Almost all formal workers interviewed said that there were no advantages of working in a home-based operation when compared to the formal factory. This could be because none of the formal workers interviewed have had personal work experience in a home-based operation.

When asked why some people were leaving formal factories to go and work in an unregulated environment, formal workers said, '*... people are leaving because they can't survive on that salary and sometimes you are the breadwinner in the family so you have to do what you have to do*'. This was an interesting finding because home-based clothing operations have been known to pay workers less than the bargaining council wage. Although the majority of people working in home-based operations are the formal workers who left after retrenchments, a few are formally employed workers who left voluntarily. It could not be established whether these workers left formal employment in pursuit of better wages, better conditions of work or due to rumours regarding not receiving their provident funds. A large Cape Town manufacturer who participated in Vicentio's (2008) study confirmed receiving over 100 resignations between January and July 2008 due in large part to the rumours regarding the provident fund.

4.7.1.2 Informal workers: attitudes towards unregulated firms

Respondents from the informal workers group demonstrated a much better understanding of the informal clothing industry in Cape Town. They were able to

¹⁵⁵ Eagly and Shelly Chaiken, *Attitude Structure and Function*, 13.

articulate the advantages and disadvantages better than the formal factory workers and their experience of both environments weighed in heavily on their evaluation of each environment. It appears that home-based workers have a more holistic picture of the clothing industry, and are thus in a better position to express feelings towards the union, factory closures and retrenchments in the industry.

When asked to compare a home-based factory to a formal factory, they had a clear point of reference and expressed affectively that they wanted nothing to do with formal employment, *'I would never go back to factory because from the time I have been working here, I feel like working'*. For the home-based workers, the formal factory inhibited them from fully expressing themselves because of the strict rules and hierarchy that exists and this is why they enjoy the informal factory more. The informal factory has upskilled them since they had to learn how to make a full dress for example, and not only a part of it. From the home-based worker perspective, the informal factory holds more advantages than the formal factory, *'CMT you do different operations and factory you do same operation ... CMT you have to learn how to make a full garment ... different operations are nice'*. Informal workers felt that home-based factories, though unregulated, offered them something better than the formal factory and took away the monotony of performing a single task all week or until the order was completed.

The older informal workers held a negative attitude towards the formal factory because they did not believe they could still hold up the demanding workload and pace required in the formal factories. However, there were some younger workers who had left the factory as a result of a bad relationship with the supervisors and factory owners due to unpaid wages. Both the older and younger informal workers felt that the informal factory provided a more flexible work routine that suited the amount of money they were receiving, which according to them was very similar to their formal factory wages. This is in line with Vicentio's study where she found that workers felt informal factories are more rewarding workplaces even though they do not comply with all labour regulations.¹⁵⁶

¹⁵⁶ Vicentio, Investigating Growth Potential of the Clothing Industry and Identifying the Constrains of Growth, 39.

Home-based machinists mentioned that they were receiving approximately R750 per week in wages and the formally employed machinists reported that they were receiving approximately R880 per week before the deductions and transport costs. The 2012/2013 collective agreement stipulated that a qualified machinist should receive R784 in a metro area like Cape Town. In the light of these wages reported by the two groups of workers, home-based workers seem to have a better arrangement than formally employed workers, ‘[The] bargaining council wage rate for a qualified machinist is R800 and they take off and you get about R700 and then more deductions and take home even less...my wage now is almost the same as the factory after they deductions...’ With some home-based workers having expressed how they left the formal factory without their pensions, it becomes easy to understand why home-based factories have mushroomed over the past fifteen years.

4.7.1.3 Informal workers: positive attitude to SACTWU involvement in informal sector

The unregulated workers brought to light the importance of the union, bargaining council and, more broadly, a legislative framework in the clothing industry that will protect their interests. A statement from an informal respondent sums up their attitude towards the union: ‘*there is stuff that you want from the union and they are prepared to give it to you ... sick book, pension you can withdraw when you get retired, many things you will never get now...*’ These workers have a yearning for a better life that is protected by the union and the legislative framework at large, another worker said, ‘*I know SACTWU because when I leave here, I will have nothing, I will have nothing, only my week’s wages*’. This worker outlined the lack of benefits like the provident fund challenge facing unregulated workers who do not make contributions to these funds during their employment. Such a situation presence SACTWU with an obligation to find ways of incorporating home-based workers into the regulatory environment so that they may reap benefits enjoyed by formal workers.

There were six home-based workers who lamented the lack of regulation in the informal factories. These informal workers appear to have been saddened by the lack of benefits they used to enjoy in the regulated clothing factories that complied with collective agreements.

'To tell you the truth, CMTs are not good, not all of them, sometimes there is not even holiday pay at the end of the year. They only pay out your weekly wages. But in the formal factory, that's where you get something out, you've got your holiday pay, you've got your bonus ... so there is something you get out of a big factory ... you get sick by the big factory, you get a book you can go to the doctor, not by a small factory'

Several informal workers, although having been retrenched, appreciated the protection and other social benefits they received while in the formal factory that they do not have anymore. *'[There are] more benefits in the big factory, none in the CMT...when you register with the bargaining council, when you leave, you can go and claim that money ... I picked up R5000 after working for two years, so you work more years, you get more money'*. It appears the consequence of receiving wages that are comparable to the bargaining council gazetted wage comes with its own pitfalls that the informal workers are not happy with.

These respondents contradicted their fellow home-based workers who saw no benefit from their union membership. This presents a dichotomy of views amongst the informal workers themselves that is difficult to resolve nevertheless, there are strong undertones demanding union involvement within the informal clothing industry, particularly for the benefits mentioned above.

4.7.1.4 Informal workers: negative attitude to SACTWU involvement in informal sector

All the workers who had a negative attitude towards formal factories did not think that there was a role for the union in the informal establishments. One of the respondents commented that, *'...there is no need for the bargaining council in CMT, the different CMTs pay differently and that's fine...'* The negative attitudes towards the union persisted because these workers held the union responsible for either the factory closures or for not doing enough to limit the retrenchments. These negative attitudes are exacerbated by the fact that some blame the union for their current positions. It is interesting how, although mentioning that they feel better working in home-based factories, some workers still hold negative attitudes towards the union.

4.7.1.5 Outlying findings: Compliant home-based factories

There were a few home-based factories that were registered with the bargaining council and deducted money for inter alia the sick fund, while issuing sick books that the employees could use at designated clinics. Workers at these

factories nevertheless felt that the deductions were not fair and wanted their full wage because they did not trust the employer to consistently pay the bargaining council and suspected that the same thing that had occurred previously, where they did not receive their packages when they were retrenched, would take place again. It is this distrust that made these workers think that the productivity-based incentive pay would not work for them. The views of the regulated home-based workers receiving the bargaining council and union benefits are in direct contrast to those in unregulated home-based operations that are not receiving such benefits. Further inquiry into both regulated and unregulated home-based operations is essential to establish a working solution to the problem of compliance with bargaining council regulations.

In summary, home-based workers possess the most holistic view of the clothing industry because they have been in the industry longer and have experienced both the informal and formal environments. The majority of these workers left the formal factory as a result of retrenchment, with some of them not receiving their pensions, which partly explains the negative attitudes they have towards the union. Although the bargaining council administers pensions, the union is held responsible because both formal and informal workers often confuse the two bodies and are not able to adequately explain their functions. Homeworking is a mainly spontaneous reaction to retrenchments for most workers because they are breadwinners in the family and need to make a living. The formal workers understood that it was a good way to make money; however, none of them viewed it as a viable option for themselves. This meant that the security of employment that came with a large establishment and the regulation of the law were more important for the formal workers than the advantages of zero transport costs that came with home-based factories.

4.8 Worker Co-operatives

The DTI defines a primary co-operative, which encompasses a worker co-operative as, '*...an autonomous group of persons united voluntarily to meet their common economic, social and cultural needs and aspirations, through a jointly owned and democratically controlled enterprise*'. As mentioned in chapter two, the Co-operatives Act (2005) regulates co-operatives in South Africa; however, the asynchronous relationship that exists with labour legislation excludes co-operatives from the ambit

of the LRA (1995). Co-operatives are worker-owned and offer the potential of a less exploitative work situation than one might find in an informal home-based factory.

Co-operatives aim to equip workers with necessities such as aptitude to start and run a clothing business outside of the formal factory. The worker co-operatives are also a measure towards curbing or consuming the retrenched workers and taking them out of unemployment because those who cannot acquire jobs in the home-based factories mostly sit at home as part of the unemployed.

4.8.1 Formal and informal workers: attitude towards worker co-operatives

All of the 24 formal and informal respondents except for one had never heard of a co-operative prior to the explanation given during the interviews. The workers were evenly divided regarding interest in taking up the scheme and becoming part of a worker co-operative. The workers appreciated that the worker co-operatives would equip them with more decision-making authority and the working relationship would change from employee to owner. Workers thought that worker co-operatives would improve their standards of living, thereby overcome some of the socio-economic challenges they are facing. The uniformity of attitudes shows that worker co-operatives appeal to the formal and informal workers and are a legitimate alternative to unemployment after retrenchments.

4.8.2 Positive attitudes towards worker co-operatives

The majority of workers, both formal and informal, expressed a positive attitude towards changing the working relationship from that of owner/manager and worker to one of co-ownership among workers, *'I would like to do something like this but you have to have money. If the government gave me money, I would do it...I can make a better living for myself...it's better than working in a factory....'* The formal and informal workers felt that they needed more decision-making powers, particularly because they felt that their opinions were not considered, thus changing the working relationship was a big incentive for workers.

The explanation of the worker co-operatives during the interviews only gave insight into what and how the organisation functions and did not address the merits and demerits, which was a methodological limitation of the study because such a discussion would have enlightened the workers of the inherent risks, such as the possibility of earning less than their current wage. Payne found that workers in the

co-operatives in Newcastle were earning up to 75 per cent less than the bargaining council wage but preferred this to unemployment however; it was not clear whether the workers preferred a co-operative to formal employment.¹⁵⁷ On the other hand, Cape Town workers vehemently objected to any alternative that reduces their wages beyond R100 per week, which problematises the successful introduction and uptake of worker co-operatives in Cape Town.

Worker co-operatives present a good case for absorbing retrenched workers. SACTWU has often criticised the co-operatives mainly in the KwaZulu-Natal region as being bogus and evading the law because the Co-operatives Act (2005) does not regard co-operative members as employees and therefore do not fall under the LRA (1995). Once the loophole that exists in the Co-operatives Act (2005) is resolved by the amendments to the Act and worker co-operatives are covered by the LRA (1995), it is reasonable to suggest that the issue of the bogus co-operatives reported in the press to be prevalent in KwaZulu-Natal will be curbed. The amendments also have to address the issue of further bogus co-operatives that may evade the law by artificially breaking up firms employing more than 50 people into two in order to fit the classification of a co-operative.

4.8.3 Negative attitudes towards worker co-operatives

The respondent who had the most knowledge about the clothing industry, starting from the role of the union, to performance-based incentive pay that he had worked under in Malawi, was the only one to out-rightly reject the scheme. In his view, it is not enough to be given capital to set up a co-operative and the individuals should be willing and able to run the business. The respondent showed a lot of insight and perspective, which shed light on how else to assess the scheme. He said that:

'No, I would not be open to starting my own co-operative ... the government might give you capital but if you don't know what to do, you will fail ... how I see it myself is if I don't work and sweat for that money, I am not gonna use it properly, I will not know how to control that money ... you can't just give people money because they have not planned, they should earn their own money and have a plan first because they will end up buying beers ... there are opportunities yes.'

This respondent opened a new debate with his comments about the worker co-operatives, however due to time constraints, this line of inquiry could not be

¹⁵⁷ Payne, "Clothing Industry Sheds Jobs".

pursued with other respondents. He inadvertently questioned the policy implementation process where he cited the need for all-encompassing support like training on basic business skills if co-operatives are to succeed in Cape Town. He noted that what will be more useful for clothing workers is an end-to-end scheme that provides capital, opens up trading channels, and assists with equipping workers with skills of running a sustainable business with a high lifetime value. SACTWU has worked with the Fibre Processing and Manufacturing Skills Education and Training Authority (FP&M SETA) to establish training programmes, with very limited success.

Workers felt that current factory owners have expertise to run a business, a skill they felt they did not possess. This is in line with the amendments to the Act that have been sitting in the office of the President of South Africa Jacob Zuma from 2012 to date. In addition to closing the loophole that will see co-operative members covered by the LRA (1995), the amendments will also set-up support agencies such as the co-operatives advisory council. The support agencies will assist the predominantly poorly educated clothing workers on running a business and acquainting them with knowledge of the clothing value chain. It is possible the workers are intimidated by the thought of running a business, perhaps due to low levels of education, and establishing training programmes specifically for building basic business skills may overcome this fear.

4.8.4 Challenges of setting-up a co-operative

The cognitive attitudinal category was informed by the initial rationalisation of the worker co-operative scheme and evoked feelings of fear in both the formal and informal workers, as they did not clearly understand the scheme. However, after a brief explanation of worker co-operatives during the interviews, the workers slightly comprehended the tenets of the scheme. The workers were apprehensive about starting a co-operative because they feared that they would not be able to raise the capital required, one respondent said, *‘I would like to do something like this but you have to have money. If the government gave me money, I would do it...I can make a better living for myself, it’s better than working in a factory’* and another respondent said, *‘... the help I will need to financial ...[a] co-operative will further develop my work...’* This respondent expressed how becoming a worker-owner would empower her because worker co-operatives equip her with decision-making authority and ability to determine how the

organisation operates since they are run democratically. On top of financial fears, the workers mentioned the difficulty of acquiring orders in order to keep up a constant flow of work.

Some of the workers commented that the government should help them acquire orders should they start a worker co-operative and alluded to stopping imports from China as another means of creating demand in the clothing industry, *‘They mustn’t make imports come. Like there’s lots of pattern makers and designers and so they can do their own work...’* On the one hand, this is not farfetched as strict import tariffs under the National Party ensured that 93 per cent of clothing was produced locally, thereby forcing South African retailers to purchase from local manufacturers. On the other hand, post-1994 South African government put in place temporary restrictions on Chinese clothing imports in 2007 and 2008 with limited success because Chinese imports still rose to 61 per cent, whilst illegal imports also rose during this period. What this means is the solution to the crisis facing the clothing industry does not lie with restricting Chinese imports alone and needs to be tackled from many angles, starting with Amendments to the Act that have been sitting with the President of South Africa Jacob Zuma for two years (2012-2014) that will see the LRA (1995) cover co-operative members.

4.8.5 Attitude towards SACTWU involvement in the worker co-operatives

Despite understanding very little about the functionality of the worker co-operatives, workers from both respondent groups felt there was no room for the union. The retrenched workers in home-based operations hold bitter feelings towards the union that they feel should have done more to help them in terms of ensuring the factories do not close or helping them receive their pensions, which they did not receive or felt short-changed by. There was a minority group from both formal and informal workers that felt the union would be useful in the scheme, however they could not expound why they felt this way. A further, more in-depth study is necessary in order to acquire more information on worker co-operatives and their effectiveness in curbing unemployment in the clothing industry, especially using comparative studies in other industries and regions where the scheme has been implemented with some success.

In summary, both respondent groups understood what the worker co-operatives are about but only on the surface and struggled to fully comprehend how the worker co-operatives would function in practice, especially the fact that the co-operatives have to be self-sustaining without much help from third parties. Therefore, except for the respondent who worked in Malawi, every other worker did not show any real cognitive, affective nor behavioural attitude towards this alternative. Both formal and informal workers need more information about the scheme in order to develop a good understanding of, and how they could benefit. SACTWU in conjunction with the DTI should take initiative in educating Cape Town clothing workers about worker co-operatives as an alternative to unemployment after retrenchment or for workers in formal factories who want to become owners. Mondragon in Spain is a case in point that proves the effectiveness of worker co-operatives and a good reason for initiating a conversation regarding institutionalising the worker co-operatives within the Cape Town clothing industry.

4.9 Worker-suggested alternatives to the current system

As mentioned elsewhere in this paper, workers demonstrated a good understanding of the pressures facing the clothing industry, however it was not clear how they came to know of these pressures- possibly through the press. Such findings are interesting because the majority of workers interviewed did not showcase a good understanding of the regulatory environment, nor did they show a full understanding of the regulating bodies such as SACTWU, but they were able to articulate the pressures. The most significant response was from an informal home-based worker who suggested the following as a viable alternative, ‘...you don’t want to retrench everybody, so you can work three days this week, you can work two days next week. So that everybody can have a fair chance to have money, even if not a lot, but you get something’. This respondent outlined a model similar to the Training Layoff Scheme (TLS) piloted in 2009 and run by the Commission for Conciliation, Mediation and Arbitration (CCMA).¹⁵⁸ The TLS provides employers in mainly financial distress an opportunity to recover by placing some of the workers on training programmes that will be combined with short time.¹⁵⁹ Workers avoid retrenchment by receiving 75 per

¹⁵⁸ Jeremy Daphne & Winnie Everett, “Training Layoff Scheme”, *Tackling Business Distress and job loss* (South African Labour Bulletin: 2011), 1-3

¹⁵⁹ Ibid.

cent of their basic wage, whilst the employer saves on the wage bill. The National Union of Metalworkers of South Africa explored this alternative and saved 143 jobs as 372 workers completed the training. The clothing industry is faced with a large skills shortage with the growth of informalisation and retirement of the ageing workforce that is not adequately replaced. Workers in Newcastle have already agreed to wages that are 75 per cent less than their basic wage, which means that TLS present a legitimate alternative to the current system.

When asked for an alternative to formal factory work, one respondent said, *‘start your own business, and if someone can help me with 2-3 machines I can start something. There is too much qualified people out there but no jobs for them. Some bosses don’t want to employ 45 years and above unless they know you’*. Despite working in an unregulated factory already, this respondent threw light on how informal workers may have come to the decision to work for a home-based factory after circumstances in the formal factory pushed them out. Such findings also point to the potential of worker co-operatives in the Cape Town clothing industry, which might avoid the potentially exploitative relationship mostly found in the informal factories that some of the workers highlighted.

The attitudes displayed by the workers on alternatives to factory closures belong to the behavioural category that encompasses actions and intentions to act, according to Eagly and Shelly (1998).¹⁶⁰ These actions or intentions to act are in reaction to the object of the attitude, which in this case is regulation by the bargaining council.

4.10 The Contentious Sociological Standpoint on Attitudes

The lack of understanding of SACTWU functions by six formal workers brings the sociological standpoint on cognitive behavioural attitude into question. Collective bargaining is a complex process that involves various facets, such as contentious wage negotiations. It is therefore essential for workers to have knowledge of the regulatory environment and a good understanding of the collective bargaining system if they are to hold cognitive behavioural attitudes to the subject of the attitude, which in this case are SACTWU and the bargaining council. This is however not possible if SACWTU makes contact with workers, *‘...once or twice a*

¹⁶⁰ Eagly and Chaiken, *Attitude Structure and Function*, 271.

year to check who is permanent...’ or *‘...when they want to order strikes around increase time....’* This information could not be corroborated as the only information found on the SACTWU website pertains to inter alia regional and branch meetings. Findings from this exploratory study suggest that worker apathy/absenteeism at union meetings and a poor understanding of the regulatory environment is a premise on which to challenge the sociological standpoint on cognitive behavioural attitudes of workers in the clothing industry.

This poor understanding of the legal framework might mean that workers are not in a position to contribute meaningfully to bargaining council negotiations. Additionally, only three workers said that they actively participated in union activities and the rest were apathetic and preferred taking their lunch break instead of attending union meetings.

The union address of workers takes place during lunch time and is likely to receive very little attention because workers only have 30-minute lunch breaks, which is not sufficient time for the workers to digest information as they are not able to probe and ask clarity-seeking questions should they have any. Furthermore, there is high pressure to finish the meeting so that workers may eat before going back to the factory line. Workers may also chant in agreement even when they do not fully understand the explanations on either wages or conditions of employment that the union takes up to the bargaining council.

4.11 Reflection on Research Methods and Findings

The interviews were very emotionally charged since the subject affected the workers’ livelihoods and addressed matters that were close to their hearts. In order to proceed with the interviews in instances where respondents became emotional, the feminist approach was helpful because it allowed sensitivity to their feelings. Traditional interviewing is commonly associated with a masculine paradigm and devoid of emotions, which could have impacted negatively on the manner in which respondents shared their true feelings. Reading, learning and adopting the feminist approach to interviewing thus helped get richer data from the respondents.

CHAPTER FIVE

5.1 Overall Conclusions

The scope of the study was to explore Cape Town clothing workers' attitudes towards regulation of the clothing industry by the bargaining council and possible alternatives that may mitigate further job losses and possibly create employment. The findings were not sufficient for the study to conclude definitively that any available alternative will help save jobs and thus better than the current wage model and system of collective bargaining.

The study found that Cape Town clothing workers have a remarkably poor understanding of the regulatory environment and demonstrated overall ignorance of the functions of both SACTWU and the bargaining council, to the extent that they confused the two bodies. This ignorance suggests a disconnect or poor relationship between workers and SACTWU, which is responsible for representing worker interests. The research found that workers do not think SACTWU is representing them adequately, however could not conceive of any alternative system that did not involve union representation.

In the case of Cape Town, it is not clear that any alternative wage model that attempts to match worker output with their wage is viable as most workers do not trust employers to implement such a model fairly. Cape Town workers are convinced such a wage structure would leave them worse off. This begs the question whether this is typical or atypical of the industry more widely and any alternative wage model.

Findings on the Chinese imports opened up a debate about the pressures facing not only the clothing industry, but also the broader South African market environment. This is a significant finding because it was not part of the initial scope of the study. It also opens up room for further research into other pressures that may be facing the clothing industry and setting up a context that affects other decisions, such as increased wages, leading to additional job losses. Workers reflected on pre-1994, hitherto trade liberalisation and the relaxation of import tariffs, and noted how the industry was more stable and very rarely experienced factory closures. The implications of the finding is that external pressures have played a massive role in the decline of the clothing industry and set a context in which increased wages in

addition to other pressures negatively impacted employers, resulting in retrenchments and factory closures.

5.2 Wage-Job Security Trade Off

Workers had a poor understanding of the system of collective bargaining, which meant both respondent groups did not have a good understanding of the trade-off that exists between increased wages and job losses prior to the explanation during the interviews. The findings showed that the union does not warn workers about the possibility of retrenchment or factory closures as an outcome of increased wage demands that employers cannot cope with, especially in the face of increased pressure from cheap Chinese imports. In turn, workers blame SACTWU for not doing enough to save their jobs or keep factories from closing. There is a need for flexibility if the industry is to preserve jobs whilst maintaining a living wage and SACTWU should champion the establishment of this regulatory flexibility, as it is the only worker party on the bargaining council. For example, collective agreement exemptions are only considered for a firm that has applied, which leaves those that have not applied vulnerable to closure if they are not able to meet the bargaining council deadlines.

5.3 Performance-Based Incentive Pay

The findings reflect diverse views regarding the performance-based incentive pay. The few workers who described themselves as hardworking wanted the wage structure introduced because they wanted their wage to reflect their effort and separate them from underperforming colleagues. These workers were strong advocates for the same wage for workers on the same production line, which shows solidarity among workers regarding wages and justifies the strong union stance on the introduction of performance-based incentive pay. The lack of trust in employers based on previous experiences when workers were cheated is the biggest impediment to favouring the alternative wage model. This means current solidarity and common acceptance of the bargaining council negotiated wage is driven by fear of being treated unfairly.

The findings show that SACTWU does not inform workers about alternative wage models, thereby not fulfilling its obligation to represent worker interests and complete transparency. It is possible that SACTWU does not fully engage workers

regarding alternatives to the current system because of fear that these alternatives will break the union. Nevertheless, as discussed above and echoed by some of the workers, the union remains necessary to negotiate the base wage, the incentivised rate, and production targets, among other terms and conditions of employment under such a pay model. Despite failing to clearly outline union functions and the overall negative attitude towards the union, it was striking how workers could not conceive the industry going forward without union representation. What this means is that any alternative to the current collective bargaining system and regulatory framework has to include SACTWU or at least attain its buy-in to stand a fighting chance in the Cape Town clothing industry.

5.4 Home-Based Work

Workers were aware of the existence of informal factories in their neighbourhoods. It was generally viewed as a viable alternative to the regulated factory and provided mostly retrenched workers with a source of income. The outlined advantages were reduced transport costs and the stress-free working environment of the workers as well as the take-home pay that was comparable to the bargaining council gazetted wage. From the findings, home-based factories have absorbed a large number of retrenched workers who would not want to return to the formal factory if given the chance. These workers enjoy working in the informal factory more, where a machinist on average receives approximately R750 per week, comparable to the bargaining council base wage of R784 on a 0.5 per cent productivity incentive scheme.¹⁶¹ Formal workers have the chance to earn more than unregulated workers on the productivity-related wage model, however, as deductions exist in the regulated factory, their take-home pay may be similar or less than that of unregulated workers. Interestingly, formal workers were not willing to receive wages that were lower than the bargaining council wage. This suggests that SACTWU may be engaging workers regarding annual wage increases and may be facing increased pressure from the workers for better wages because workers themselves understand both the pressures facing the industry as well as their own social and economic pressures.

¹⁶¹ National Bargaining Council (NBC) for the Clothing Manufacturing Industry, Extension to non-parties of the National Main Collective Amending Agreement (*Government Gazette*, 12 April 2013), No 279.

Home-based workers were aware of the inherent disadvantages of the unregulated factories that leave workers vulnerable in the event they become sick or leave the factory since they do not make fund contributions. SACTWU and the bargaining council should begin working with these factories, for example, through a policy of flexicurity adopted in Denmark, as opposed to shutting them down because they will continue to be difficult to locate should their existence be threatened and continue to undercut formal firms. The strength of these unregulated factories is shown in their working relationships with design houses that outsource to them without contracts, with the entire operation running on trust. Further research is necessary in order to determine the best way to deal with unregulated home-based factories, however what remains apparent is the need to institutionalise them into the Cape Town and more widely, the South African clothing industry formal economy.

5.5 Worker Co-operatives

Prior to the explanation of worker co-operatives during the interviews, both formal and informal workers were not aware of their existence. After the explanation, both respondent groups were very receptive to the initiative because they were interested in converting the working relationship from manager and worker to worker as owner, thereby showcasing the entrepreneurial spirit that is at the core of worker co-operatives. The formal and informal workers viewed finances as the biggest challenge to running a co-operative efficiently and expressed willingness to joining a co-operative should they receive adequate financial support. The two groups of workers were interested in gaining more decision-making powers; however, their attitudes were shaped from a lack of full understanding of the inherent risks of lower wages.

Some of the formal and informal workers were wary of the risks involved and for them these risks outweigh the advantages co-operatives may bring. It is possible that, given time for further explanations, workers may be even more receptive. It does not seem as though both worker groups would take up any alternative that involves them receiving wages that are lower than the bargaining council wages, which contradicts findings in Newcastle where workers accepted wages that were 75 per cent less of the bargaining council gazetted wage.

There certainly is a case for further research on alternatives to clothing industry regulation by the bargaining council. The industry is shrinking, despite the union holding positive views about the future. Home-based work now accounts for approximately 25-30 per cent of South African clothing. Design houses continue to outsource to home-based factories, all to the detriment of the industry as these unregulated factories undercut formal factories. The traction in home-based factories demonstrates that the industry is not dead, but only needs correct measures to rejuvenate it and these measures can be uncovered through further research. Worker training programmes will be at the heart of the rejuvenation exercise because, as seen in the randomly selected sample, the labour force is ageing and that is an additional pressure on this labour intensive industry. Further research that maps the future of the industry, both formal, informal and worker co-operatives is required that practically tests the effectiveness of existing and potential alternatives to bargaining council regulation of the clothing industry.

LIST OF REFERENCES

- Altman, M. 1994. *An Industrial Strategy for the Clothing Sector*. Cape Town: University of Cape Town Press.
- Babbie, E. R. 1989. *The Practice of Social Research*. 5th Ed. Belmont CA: Wadsworth.
- Babbie, E. R. 2004. *The Practice of Social Science Research*. 10th Ed. United States: Thompson Wadsworth.
- Babbie, E. & Mouton, J. 2001. *The Practice of Social Science Research*. Cape Town: Oxford University Press.
- Baard, J. 2013. *Cape Clothing Association Annual Report 2013*.
- Bennet, M. 2003. *Organising in The Informal Economy: A Case Study of the Clothing Industry in South Africa*. Seed Working Paper No. 37. Geneva: International Labour Office.
- Billikopf, G. 2004. *Designing an Effective Piece Rate*. University of California. Available from: <http://nature.berkeley.edu/ucce50/ag-labor/7research/7calag06.htm>. (Accessed: March 13 2013).
- Boladale, A. 2006. *Knowledge, Technology and Growth: The Case Study of Textile and Clothing Cluster in South Africa*. Washington: World Bank Institute, Knowledge for Development (K4D) Program.
- Budlender, D & Theron, J. 1995. *Working from home: the plight of home-based workers*. South African labour Bulletin, 19(3).
- Buhlungu, S. 2010. *A Paradox of Victory: COSATU and the Democratic Transformation in South Africa*. South Africa: KwaZulu-Natal Press.
- Cooklin, G. 1991. *Introduction to Clothing Manufacture*. Oxford: BSP Professional.

- Clothing Federation of South Africa. 1998. *Overview of the South African clothing Industry*. Johannesburg: Unpublished mimeographed report.
- Daphne, J & Everett, W. 2011. *Training Layoff Scheme*. In *Tackling Business Distress and job loss*. South African Labour Bulletin. 35.2.
- Democratic Alliance, ND. *Textiles Sector Crisis*. The DA's 8 step solution.
Available from:
http://da.wwc.co.za/docs/591/textilesectorcrisis_document.pdf. (Accessed August 12, 2014).
- De Vos, A. S. 2002. *Research at Grass Roots Level: for the Social Science and Human Service Professional*. 2nd Ed. Paarl: Van Schaik Publishers.
- Eagly, A. H. & Shelly, C. 1998. *Attitude Structure and Function*. In *Handbook of Social Psychology*. 4th Ed. Edited by D. T. Gilbert, S. T & Fiske, G. Lindzey. New York: Oxford University Press.
- Godfrey, S. & Theron, J. 2012. *The Crisis in the Clothing: Winners and Losers*. Institute of Development and Labour Law. Available from
http://www.idll.uct.ac.za/usr/idll/resources/lep_opeds/LEP_Oped6_13Aug12.pdf. (Accessed April 15 2013).
- Godfrey, S., Clarke, M., Theron, J. & Greenburg, J. 2005. *On the Outskirts but still in Fashion*. In *Homeworking in the South African Clothing Industry: The Challenge to Organisation and Regulation*. Cape Town: Development and Labour Monograph: University of Cape Town.
- Greenstein, R., Roberts, B. & Sitas, A. 2003. *Research Methods Training Manual*. Edited by R. Greenstein. Available from:
http://academia.edu/3198713/Research_Methods_Training_Manual. (Accessed April 15 2013).
- Kalula, E., Odor, A. & Fenwick, C. 2008. *Labour Law Reforms that Support Decent Work: The Case of Southern Africa*. Harare: International Labour Organisation.

- Jones, S. 1985. *Depth Interviewing*. In *Applied Qualitative Research*. Aldershot: Gower.
- Morris, M., Barnes, J & Esselaar, J. *An identification of strategic interventions at the Provincial Government level to secure the growth and development of the Western Cape Clothing and Textiles Industries*. Available from: http://www.westerncape.gov.za/other/2005/10/final_paper_most_updated_printing_clothing_and_textiles.pdf. (Accessed 15 February 2015).
- Nattrass, N. 2001. *Wage Strategies and Minimum Wages in Decentralised Regions. The Case of the Clothing Industry in Phuthaditjhaba, South Africa*. International Journal of Urban and Regional Research. 24(4).
- Nattrass, N. & Seekings, J. 2013. *Job Destruction in the South African Clothing Industry*. Johannesburg: The Centre for Development and Enterprise.
- Nattrass, N. & Seekings, J. 2012. *Differentiation with the South African Clothing Industry: Implications for Wage Setting and Employment*. Cape Town: Centre for Social Science Research. Working Paper.
- Neuman, L. W. 2006. *Social Research Methods: Qualitative and Quantitative Approaches*. Boston: Pearson/Allyn and Bacon.
- Payne, T. 17 February 2012. "Clothing Industry Sheds Jobs". *Mail & Guardian*. Available from: <http://mg.co.za/article/2012-02-17-clothing-industry-sheds-jobs>. (Accessed February 13 2014).
- Punch, K. 2005. *Introduction to Research Methods in Education*. London: Sage Publications.
- Ramadiro, B., Mavundla, Z. & Seohatse, L. 2003. *Research Report: Youth Participation in Co-operatives in South Africa*. Port Elizabeth: Umsobomvu Youth Fund.

- Rogerson, C. M. 2010. *Successful SMEs in South Africa: The case of clothing producers in the Witwatersrand*. In *Development Southern Africa*. Available from: <http://dx.doi.org/10.1080/713661433>. (Accessed June 5 2013).
- Skinner, C. & Valodia, I. 2002. *Labour Market Policy, Flexibility, and the Future of Labour Relations: The Case of Kwa-Zulu Natal Clothing Industry. Transformation*. Vol. 50: 56-76.
- Smith, C. 7 November 2013. "Oliphant: collective bargaining must change". *fin24*. Available from: <http://www.fin24.com/Economy/Oliphant-Collective-bargaining-must-change-20131107>. (Accessed February 15 2015).
- South African Department of Trade and Industry. 2011. *DTI Co-operative Catalogue*. 1. Pretoria: Department of Trade and Industry.
- Theron, J., Godfrey, S. & Visser, M. 2011. *Keywords for a 21st Century Workplace*. Cape Town: University of Cape Town.
- Van der Westhuizen, C. 2006. *Trade and Poverty: A Case Study of the SA Clothing Industry*. Cape Town: University of Cape Town, South Africa Labour and Development Research Unit.
- Vicentio, H. 2008. *Investigating Growth Potential of the Clothing Industry and Identifying the Constrains of Growth*. Cape Town: Mthente Research and Consultancy (Pty) Ltd.
- Vlok, E. 2006. *The Textile and Clothing Industry in South Africa*. In *The Future of the Clothing and Textile Industry in Sub-Saharan Africa*. Eds. Jauch, H & Traub-Merz, R. Bonn: Friedrich-Ebert-Stiftung.
- Whyte, W.F. & Whyte, K.K. 1998. *Making Mondragon: The Growth and Dynamics of The Worker Co-operative Complex*. 2nd Ed. New York: ILR Press.

List of Acts and Statutes

Department of Labour. 1995. Labour Relations Act, No. 66 of 1995. Pretoria: Government Printers.

Department of Trade and Industry. 2005. Co-operatives Act, No. 14 of 2005. Pretoria: Government Printers.

Department of Trade and Industry. 2012. Co-operatives Act Amendment Bill. B17-2012. Pretoria: Government Printers.

National Bargaining Council. 2010. National Bargaining Council Constitution. South Africa: Government Printers.

National Bargaining Council for the Clothing Manufacturing Industry. 2013. Extension to non-parties of the National Main Collective Amending Agreement. *Government Gazette* (12 April 2013, No 297).

National Treasury. 2013. Explanatory Memorandum on the Draft Employment Tax Incentive Bill, 2013. South Africa: Government Printers.

APPENDICES

Appendix A: Formal workers interview schedule

Introductory section: demographics

Name of interviewee:

Position:

Contact number:

Company:

Date of interview:

Age:

Gender:

Race:

Highest level of education:

History in the clothing industry

- How long have you worked in the clothing industry?
- Were you employed elsewhere before entering the clothing industry?
- Have you worked for any other company other than your current employer in the clothing industry?
- Roughly how long did you stay at each firm?
- What were your reasons for leaving in each case?
- Do you intend on staying with your current employer until you retire?
- What does your job entail?

Trade-off between regularly negotiated wages and retrenchments

The wages are negotiated at the bargaining council and they have increased quite substantially over the years through the push by the trade union. The issue is that there has also been a lot of retrenchments as wages have gone up. The reality is

workers stand a chance to earn more, however, lose their jobs in the process. This is the issue that is out there and a topic of immense debate.

- Are you aware of the existence of SACTWU?
- Are you a member of SACTWU?
- To the best of your knowledge, what are the functions of SACTWU?
- To what extent is SACTWU fulfilling its mandate?
- How often do you make contact with union representatives?
- Do you feel the union represents your best interests?
- What are your thoughts on factory closures?
- Are you aware of the reasons why these factories shut down?
- Do you feel this will ever affect you personally?
- Do you think the union plays a role in the closing of factories?
- What alternatives are available to limit or stop factories from closing?
- How do you think the factory closure situation could best be addressed?
- Before my explanation, did you know what the bargaining council is? Did you have an understanding of what goes on at the bargaining council?
- How often, if at all, are you informed or do you receive feedback about the bargaining council activities by your union?
- What are your thoughts on these activities?
- Do you feel the agreements reached address the challenges you face at the workplace and outside the workplace?
- How do you feel about the bargaining council agreements being extended across the industry?
- What are the implications of such actions on people like you and the clothing industry at large?
- How does SACTWU consult you?
- Do you participate in union activities and attend meetings?
- Do you feel you have control over how much you get paid?
- What does SACTWU say about the dangers associated with having high wages in the meetings?

Wages

- Do you know what the bargaining council wage is currently?
- What is your wage compared to the bargaining council wage?
- Would you be prepared to take a lower wage to save your job?
- How much lower would you go?

Incentive pay/piecework

This is a system of payment in which a proportion of a worker's earnings is related to the level of output produced by the individual. In the clothing industry, a worker will be paid per unit (garment) produced regardless of time. A fair rate is an amount that equates to a living wage and allows an average worker to be paid the minimum wage per hour if they work at an average rate. Merits of this system are that it motivates people to work hard beyond the natural work ethic of that individual in order to earn more, although with a lower basic wage. This is an advantage for the factory because it guarantees the costs per unit produced, which is useful for planning and forecasting purposes. Workers could earn more and the factory can become more productive, saving jobs in the process.

- Before my explanation, did you know what incentive pay or piecework is?
- Have you ever worked under such a scheme?
- Does your current company use such a system?
- What pay model do you use at your company?
- Which pay model do you feel is the best to reward workers and why?
- Would you be open to an incentive pay? Why or why not?
- Do you feel it is fair to be paid depending on how much you work/produce?
- Do you think you can trust your superiors to remain faithful to such a system?
- Would you rather all workers doing the same work get paid the same amount?
- Do you think the bargaining council should regulate such a system? What is the reason for your answer?
- Do you see a role for the union in this pay model?

Informalisation

Informal employment is work that is unregulated and this process, by which work is increasingly unregulated with a large number of workers involved in such unregulated work, is called informalisation. These workers are involved in informal economic activities, which are, in law or practice, not covered by or sufficiently covered by formal arrangements such as the bargaining council or the LRA. An example of this in the clothing industry is homework. Homework is work undertaken for someone else for remuneration, whether in the worker's own home or the home of another, other than the home of the employer. In essence, homework results in a product specified by the employer who is someone who either directly or through an intermediary gives out homework in pursuit of his business activity. In the clothing industry, intermediaries typically supply materials and instructions to workers who make the product and are usually paid per piece produced. Thus, homework can be seen as a form of sub-contracting.

1. What attitudes do factory workers hold about operations not regulated with the bargaining council?
 - Have you ever worked at a home-based operation?
 - Are you aware of anyone in a homeworking operation?
 - What were the reasons for such a transition?
 - Are you aware that homeworkers undercut formal factory workers through accepting lower pay for orders?
 - What are your feelings towards this?
 - Would you consider home-based work ahead of your formal factory job? Why or why not?
 - Do you ever participate in part-time homework?
 - Do you consider it a legitimate alternative to a formal job in the factory?
 - Under what circumstances would you either be employed or establish your own homeworking operation?
 - What do you feel are the pros and cons of such operations?

Co-operatives

A co-operative is an autonomous group of people united voluntarily to meet their common economic, social and cultural needs and aspirations, through a jointly owned and democratically controlled enterprise. The main objective is inclusive growth and development as well as decent employment and equity. Co-operatives are associations of people, who agree to be the owners, the makers of democratic decisions and the users of their joint enterprise. The main purpose as an economic unit is to promote their members by rendering services rather than maximising profits. These worker co-operatives primarily focus on providing employment to members. The co-operatives are bound by certain universal values such as self-help, self-reliance, self-responsibility, democracy, equality and social responsibility. Each member has one vote unlike a private company where whoever has the majority share-holding calls the shots. And each co-operative member contributes to the capital of the co-operative or through his or her labour. The Co-operatives Act provides for the registration of co-operatives that have adopted a constitution that complies with co-operatives principles and values. A minimum of five members is required to form a co-operative and there is no maximum number.

The advantage of such worker co-operatives is that workers have complete control over their working environment since the members are worker-owners. However, some disadvantages include the lack of protection by the Labour Relations Act of 1995 although the bargaining council covers them. There are also bogus co-operatives reported in the press as mushrooming, particularly in the Newcastle area, which are run by the former employers utilising the loopholes of the Act.

- Before my explanation, did you have any knowledge of co-operatives?
- Are you aware of any co-operatives?
- Would you be open to establishing your own co-operative? Why or why not?
- What opportunities do you believe exist in this sector?
- What challenges do you believe exist in this sector?
- What help do you envisage needing in order to develop a co-operative?
- To what extent do you think such a scheme can further develop the work you are already involved in?

- Do you think a co-operative is a viable alternative means to generate employment and wealth?
- What are your views on the bogus co-operatives that are said to have been established?

Appendix B: Informal workers interview schedule

Introductory section: demographics

Name of interviewee:

Contact number:

Company:

Position:

Date of interview:

Age:

Gender:

Race:

History in the Clothing industry

- How long have you been working in the clothing industry?
- Which firms have you worked at before your current firm?
- How long did you stay at each firm?
- At which point did you move to the informal factory?
- What were the reasons for leaving your formal job?

Trade-off between regularly negotiated wages and retrenchments – SACTWU representation

The wages are negotiated at the bargaining council and they have increased quite substantially over the years through the push by the trade union. The issue is there have also been a lot of retrenchments as the wages have gone up. The reality is workers stand a chance to earn more, however, lose their jobs in the process. This is the issue that is out there and a topic of immense debate.

- Are you aware of the existence of SACTWU?
- Were you a member of SACTWU during your time in the formal factory?
- Are you currently a member of SACTWU?
- To your understanding, what are the functions of SACTWU?
- Did SACTWU fulfil its mandate as far as you can remember?
- To what extent do you think SACTWU represented your core interests?

- Do you feel you had control over how much you get paid?
- Do you know what the bargaining council is?
- Do you have an understanding of what goes on at the bargaining council?
- How often, if at all did you get informed or get feedback about the bargaining council by your union?
- What are your thoughts on factory closures?
- Are you aware of the reasons why these factories shut down?
- Do you think the union had a role to play in the closing of factories?
- What alternatives are available to limit or stop factories from closing?
- How do you think the factory closure situation could best be addressed?

Wages

- Do you know what the bargaining council wage is?
- What is your wage compared to the bargaining council wage?
- Would you have preferred a lower wage if it meant saving your formal job?
- How much lower would you have accepted?

Piecework

A system of payment in which a proportion of a worker's earnings is related to the level of output produced by the individual. In the clothing industry, a worker will be paid per unit (garment) produced regardless of time. A fair rate is an amount that equates to a living wage and allows an average worker to be paid the minimum wage per hour if they work at an average rate. Merits of this system are that it motivates people to work hard beyond the natural work ethic of that individual in order to earn more although with a lower basic wage. This is an advantage for the factory because it guarantees the costs per unit produced, which is useful for planning and forecasting purposes. Workers could earn more and the factory can become more productive, saving jobs in the process.

- Before my explanation of this concept, what do you understand by piece rate or incentive pay?
- Have you ever worked under the incentive pay system?
- Is this a system you would have preferred during your factory working days?

- Do you think such a system could have saved your job or your other jobs?
- Are you currently working under a piece rate system?
- Do you think this pay system could work in the homeworking operations?
- Is it a fair way of rewarding employees?
- Do you see a role for the union in such a system?

Informalisation

Informal employment is work that is unregulated and the process by which work is increasingly unregulated with a large number of workers involved in such unregulated work is called informalisation. These workers are involved in informal economic activities, which are, in law or practice, not covered by or sufficiently covered by formal arrangements, such as the bargaining council or the LRA. An example of this in the clothing industry is homework. Homework is work undertaken for someone else for remuneration, whether in the worker's own home or the home of another, other than the home of the employer. In essence, homework results in a product specified by the employer who either directly or through an intermediary gives out homework in pursuance of his/her business activity. In the clothing industry, intermediaries typically supply materials and instructions to workers who make the product and are usually paid per piece produced. Thus, homework can be seen as a form of sub-contracting.

- In your experience, what are the major differences between the formal factory and the homeworking operation?
- Is this better than a formal factory; if so, in what way is it better?
- What are the pros and cons of homeworking?
- With the experience you have, do you consider home-based work a valid alternative to formal factory jobs?
- Would you consider going back to the formal factory? If so why or why not?
- Would you re-join/join the union if you went back to the formal factory? If yes, why and if not, why not?
- Do you feel you need protection from the union and bargaining council in the informal operations? If yes, what kind of protection?

Co-operatives

A co-operative is an autonomous group of people united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise. The main objective is inclusive growth and development as well as decent employment and equity. Co-operatives are associations of people, who agree to be the owners, the makers of democratic decisions and the users of their joint enterprise. The main purpose as an economic unit is to promote their members by rendering services rather than maximising profits. These worker co-operatives primarily focus on providing employment to its members. The co-operatives are bound by certain universal values such as self-help, self-reliance, self-responsibility, democracy, equality and social responsibility. Each member has one vote unlike a private company where whoever has the majority share-holding calls the shots. Each co-operative member also contributes either to the capital of the co-operative or through his or her labour. The Co-operatives Act provides for the registration of co-operatives that have adopted a constitution that complies with co-operatives principles and values. A minimum of five members is required to form a co-operative and there is no maximum number.

The advantage of such worker co-operatives is that workers have complete control over their working environment since the members are worker-owners. However, some disadvantages include the lack of protection by the Labour Relations Act of 1995 although the bargaining council does cover them. There are also bogus co-operatives mushrooming, particularly in the Newcastle area, which are run by former employers utilising the loopholes of the Act.

- Before my explanation of this scheme, did you have any knowledge on co-operatives?
- Are you aware of any co-operatives in your area?
- Would you be open to establishing your own co-operative? Why or why not?
- What are your views on the bogus co-operatives being established by employers where workers have no say in the working environment?
- What opportunities do you believe exist in this co-operative sector?
- What challenges do you believe exist in this co-operative sector?

- What help do you envisage needing in order to develop a co-operative?
- To what extent do you think such a scheme can further develop the work you are already involved in?
- Do you think a co-operative is a viable alternative means to generate employment and wealth?

Appendix C: Research Concession Letter

18 July 2013

TO WHOM IT MAY CONCERN

This is to confirm that Wesley Maraire (Student Number MRRWES001) is registered for a Master of Philosophy degree in Labour Law within the Department of Commercial Law at the University of Cape Town. One of the requirements for the degree is that the student conducts research for a dissertation that is submitted for examination. I am the supervisor of Mr Maraire's dissertation.

Mr Maraire is researching the attitudes held by both formal and informal workers in the clothing industry around four issues, namely, the trade-off between higher wages and job security, incentive pay systems, informal homeworking, and co-operatives. For the purposes of this research Mr Maraire will be compiling a list of some formal and informal employers in the clothing industry. He will be contacting employers on the list with a view to arranging interviews with their employees. The interviews will be arranged at the convenience of employers and workers. We would greatly appreciate your cooperation with Mr Maraire when he conducts this research, both in terms of an interview with yourself and other workers in the clothing industry. Of course, you are not obliged to participate in the research.

The research is for academic purposes but will probably result in a publication, either a working paper or journal article. However, we do not believe that there will be any harm to anybody as a result of their participation. All interviews will be conducted on the basis of anonymity and the information that is obtained will be treated as confidential and will be seen only by Mr Maraire and myself.

Should you have any queries or concerns about the research please do not hesitate to contact me by email: shane.godfrey@uct.ac.za or telephone: 021-650 3504.

Yours sincerely

Dr Shane Godfrey

Appendix D: Participants consent form

Title of study: Cape Town clothing industry workers' attitudes to the consequences of and alternatives to regulations by the bargaining council.

Principal researcher: Wesley Maraire **Institution:** University of Cape Town

Background: You are being invited to take part in a research study. Before you decide to participate in this study, please take the time to read the following information carefully. Please ask the researcher if there is anything that is not clear and you need more information.

Purpose of this study: The research is for academic purposes in part fulfilment of the requirements for a Master of Philosophy degree in Labour Law but will likely result in a publication either as a working paper or a journal article.

The research will seek to establish the attitudes held by workers in the formal and informal clothing industry around issues of:

- i. Trade-offs between regularly negotiated wage increases and job security*
- ii. Production incentive systems*
- iii. Informal homeworking*
- iv. Co-operatives*

Voluntary Participation: Your participation in this study is voluntary. It is up to you to decide whether or not to take part. If you do decide to take part, you will be asked to sign a consent form. If you decide to take part in this study, you are still free to withdraw at any time and without giving a reason. You are free to not answer any question or questions if you choose. This will not affect the relationship you have with the researcher. An audio device will digitally record the interviews and if you do not feel comfortable being recorded, the researcher will respect your wish and use a field diary.

Anonymity and confidentiality: Every effort will be made by the researcher to preserve your anonymity. Neither your name nor the name of your employer will be divulged in the dissertation and anything published resulting from this. Furthermore, interview transcripts and notes will be kept confidential and will only be seen by the researcher and his supervisor.

Risks: The risks of this study are minimal. These risks are similar to those you

experience when disclosing work-related information to others. You may decline to answer any or all questions and you may terminate your involvement at any time if you so choose.

Benefits: There will be no direct benefit to you for your participation in this study. However, we hope that the information obtained from this study may inform policy makers, trade unions and other relevant institutions about alternatives that exist regarding the payment system. Furthermore, the information generated affords workers a chance to influence the future of the payment system within the clothing industry.

Person to contact: Should you have any questions about the research or any related matters, please contact my supervisor, Dr Shane Godfrey: Ph: 021 650 3504. E-mail: shane.godfrey@uct.ac.za. You can also contact me on mobile: 072 797 9559. Email: wesley.maraire@gmail.com.

Consent: By signing this consent form, I confirm that I have read and understood the information within it and have had the opportunity to ask questions. I understand that my participation is voluntary and that I am free to withdraw at any time, without giving a reason and without cost. I voluntarily agree to take part in this study.

Signature _____

Date _____

If you have **concerns about the research, its risks and benefits or about your rights as a research participant in this study**, you may contact the Law Faculty Research Ethics Committee Administrator, Mrs Lamize Viljoen, at 021 650 3080 or at lamize.viljoen@uct.ac.za. **Alternatively, you may write to the Law Faculty Research Ethics Committee Administrator, Room 6.28 Kramer Law Building, Law Faculty, UCT, Private Bag, Rondebosch, 7701.**